

MILKLINE

NEWSLETTER



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Even When You're Busy, Say Yes



I don't have the time. There's hay to make. I need to change the oil in the tractor. As farmers, we are good at coming up with reasons why we can't do something. It's easy to use our occupation as a crutch to say no. There are times when it's healthy to say no or when life really is in the way, but, then there are other times we need to say yes when asked.

This summer, our family was approached with two such situations we said yes to, and by saying yes, we have been able to network and share our story.

Our first yes was to Professional Dairy Producers of Wisconsin. We were asked to host one of their ACE Twilight meetings at the end of August. People came to our farm for a tour and a chance to visit with local and state officials about what is on their minds regarding dairy and agriculture. It was an honor to be asked to host this event,

and we thoroughly enjoyed it.

The second yes was to FarmFirst Dairy Cooperative. We received a short-notice phone call asking if we would be available to meet with our congressman since the top trade ambassador for the U.S. Ambassador Katherine Tai was coming to Wisconsin for a visit with Congressman Kind to learn about our agriculture industry and what our concerns were regarding trade. Without hesitation, we said yes. Due to haymaking, my husband and I decided that I would attend along with my son, Randy. The National Milk Producers Federation held a session to update us on the current trade situation regarding dairy, and then it was off to the dairy farm host to visit and share our story.

Even in our busy life, both on and off the farm, we felt it was important to say yes to these opportunities. You never know what can result when you say yes. So, if an opportunity presents itself, say yes! 🐄



Christina Winch,

FarmFirst member and dairy farmer from Fennimore, Wis. is featured in this month's cover story. Christina

and her husband, Peter, along with their three sons, manage their dairy Winch's Pine Grove Farms, LP. In recent years, the Winches have embraced technology and automation across their farm, including updating their milking system to a set of four DeLaval milking robots.

Thank You For Saying "Yes"

All of us at FarmFirst would like to extend our appreciation to **Christina Winch**, for sharing her message as the cover story in this month's MilkLine. It originally appeared in Progressive Dairy Issue 14 in late August. We are hopeful that her message resonate well with other FarmFirst members, as we look forward to your involvement, direction, and participation as your cooperative addresses the challenges ahead.

We also want to extend our appreciation to members who have said, "Yes!" to running for a position on the board of directors, the Districting & Resolutions Committee or as a voting delegate during our 2022 Annual Meeting. Saying "Yes" and participating in these leadership positions ensures the cooperative's foundation remains grassroots.

Lastly, please say "Yes" to attending one of our 2021 Fall District Meetings. Kicking off in early November, these meetings are a great opportunity for members to gather together, celebrate the cooperative's past year of accomplishments while looking to the year ahead. After all that we've experienced this past year, we hope you'll join us at a District Meeting near you. You can find the details to make your meeting reservation on page 5. 🐄



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Instrumental to the Industry - Snapshots of World Dairy Expo from FarmFirst's Perspective



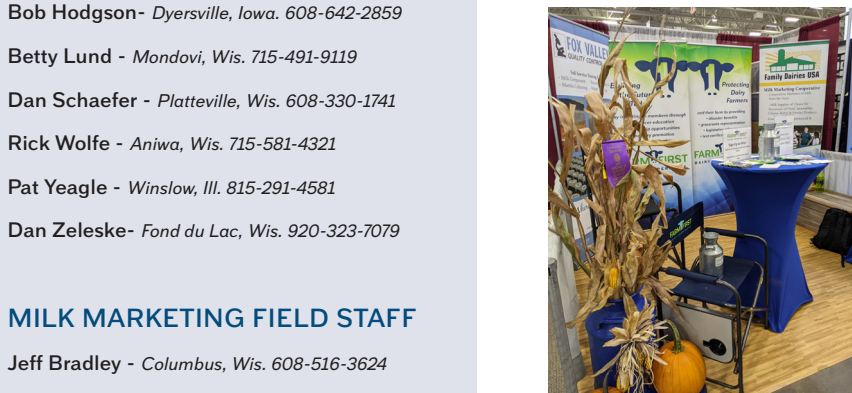
The grounds at the Alliant Energy Center were full of energy and excitement during World Dairy Expo from Sept. 28 - Oct. 2. FarmFirst was there throughout the week in many forms, from the youth awards we sponsored to the visitors we had at our booth to connecting with media. Enjoy this collection of snapshots from our week!



▲ Youth competing in the fitting contest, racing against the clock to finish fitting their animals. ▶



◀ FarmFirst has been a long-time supporter of the youth competing at World Dairy Expo. Julie Sweney, Director of Communications, is pictured here with one class of the fitting contest winners that FarmFirst sponsored.



◀ Our booth was decorated for fall, featuring all three divisions including Family Dairies USA and Fox Valley Quality Control Lab. As well, our grand prize giveaway of an embroidered chair was showcased. ▶



Prize Winners
Daily Winners to Receive a FarmFirst Softshell Jacket:
Todd Marten, Brugger Dairy,
Charlie Warzynski, Caryn Sager
and Ronald Getz.

Grand Prize Winners to Receive FarmFirst Embroidered Chair:
Glen Meier and John Offer



▲ Farm radio broadcaster, Brian Winnekins, interviewed General Manager Jeff Lyon for some updates on FarmFirst's policy advocacy efforts.



◀ 'Instrumental to the Industry' was the 2021 World Dairy Expo theme, and the scene in the showing resembled that of a concert in a park.

Stepped-Up Basis Over First Reconciliation Hurdle After NMPF, Farm Groups Pressure Congress



NMPF and other farm groups have thus far successfully protected the current tax policy referred to as “stepped-up basis” during the ongoing budget reconciliation negotiations, with the House Ways and Means Committee excluding any change to current policy in its contribution to the reconciliation package.

The reconciliation bill, which has been actively worked on since August, will only pass Congress with unanimous support from Senate Democrats and near-unanimous backing from their House counterparts, due to united Republican opposition. Reconciliation has become the vehicle for the Democratic legislative agenda, and its final form will include critical provisions to raise the revenue required to pay for various programs and projects. One proposal initially floated to raise these funds was to change when capital gains on inherited assets are taxed as well as altering the basis for evaluating the amount of capital gains to be taxed. NMPF and other farm groups have been working to prevent these proposed changes from becoming law and protect stepped-up basis.

While many provisions currently in the mix for the final reconciliation package are popular within agriculture – such as funds for rural development, climate change research, biofuel investment, and forestry – agriculture has solidly opposed any proposals to eliminate or otherwise change stepped-up basis because it would likely increase taxes heirs have to pay on inherited farm assets. NMPF and the agriculture community are hopeful the committee’s preservation of current policy will be maintained in the final package and will continue work to ensure that outcome, although circumstances can change rapidly as last-minute negotiations occur.

One area of special interest to dairy, funding for conservation programs with emphasis on climate-smart ag practices, will likely be included in the bill. The plan will invest nearly \$28 billion in such programs, which will benefit dairy’s proactive sustainability efforts to become carbon neutral or better by 2050 and to improve water quality and optimize water use. NMPF previously led 12 agricultural and conservation organizations in advocating for this important new funding.

FarmFirst understands how vital it is to maintain “stepped-up basis” and is actively working to ensure it remains intact as the reconciliation negotiations continue. 🇺🇸

False Rumors Circulate Regarding a Methane Tax

Adding to the confusion surrounding the bipartisan infrastructure bill, a false rumor was started recently that the larger reconciliation bill, which contains several greenhouse gas mitigation programs to address climate change, also contains a methane tax targeted at livestock. Last week, Rep. Markwayne Mullin (R-OK) published a column criticizing the spending bill and asserting it includes a methane emissions fee on agricultural emissions. He stated that this fee will cost “\$6,500 per dairy cow, \$2,600 per head of cattle, and \$500 per swine each year.” This piece has since been amplified online, and national policy leaders have received a number of inquiries asking if it’s accurate.



To put it simply, it is not accurate. The House’s current draft of the spending bill does not include any sort of fee or tax on methane emissions from agriculture. It does, however, require the imposition of a fee on methane from petroleum and natural gas systems. This provision falls under the jurisdiction of the House Energy & Commerce Committee, on which Rep. Mullin serves, but does not pertain to agricultural emissions. There are several other references to methane within the larger bill, but nothing to levy a fee on emissions from farmers. Working in stride with NMPF, FarmFirst will continue to closely monitor this topic as the legislative process moves further along. 🇺🇸

Administration and Congress Pressed to Address Port Problems

A coalition of agricultural associations, led by NMPF and USDEC, are keeping up pressure on the White House and Congress to take immediate, substantive actions to relieve worsening problems with port delays and costs.

NMPF and USDEC wrote a letter to President Biden, that was cosigned by 75 ag organizations and cooperatives. NMPF also organized a coalition meeting to discuss additional specific steps the White House and Transportation Department could take to force a change in carrier behavior and improve the conditions facing agricultural exporters, including to “vigorously enforce” guidelines on reasonable detention and demurrage fees.

Throughout these discussions, NMPF, USDEC and coalition members have also urged the administration to work to extend terminal gate hours and push for the integration of key technology to optimize port efficiency, among other key funding and enforcement steps. The Los Angeles and Long Beach ports announced Sept. 17 they were incrementally increasing their hours operations – a step in the right direction but not yet enough to provide the capacity needed to process increasing shipping flows.

NMPF Trade Policy staff is continuing to build bipartisan support in Congress for the Ocean Shipping Reform Act (H.R. 4996), which would address the unfair practices and charges implemented by ocean carriers. 🇺🇸

Four Key Steps in Farm Succession Planning

Steimle Birschbach, LLC shares valuable insight to ensure a successful transition to the next generation

Simply transferring a farm to the next generation is quite easy. Successfully transitioning a farm business for the mutual benefit of all parties involved, however, is much more complicated. It takes time, planning and considering a multitude of issues. Here are some simple steps to begin the succession planning process.

Step One is to identify the successor. Will the farm be transitioning to family or to a third party? If to family, does s/he understand the commitment it takes to own and operate the farm business? Does s/he have support and “buy-in” from their immediate family? Can the successor support any bank financing?

Step Two is to identify goals and objectives.

1. What are the goals and objectives of the parents? Are Mom and Dad on the same page? How active do they want to be in the farm operations going forward and for how long? What financial needs do they have (i.e., how much money do they need to support their retirement)? What financial wants do they have? (i.e., desires above and beyond basic support). Are there any needs for children not part of the farm that they want or need to address?
2. What are the goals and objectives of the successor? Are they expecting the farm business to entirely support them and their families or are they working off farm? What changes does the successor want to make to the farm business (i.e., any expansions, improvements, deferred maintenance, additional employees, and the like)?

Step Three is to determine if the goals align. Assuming the succession will happen, does the farm cash flow? Banks, bills, employees, and taxes have to be paid. Mom and Dad’s financial needs and wants have to be satisfied. The succeeding owners’ goals are equally important. If the resulting succession does not cash flow, then goals and objectives have to be adjusted if possible or the succession will not succeed.

Step Four is to consider and address all of the other factors that can adversely affect or successfully enhance any business succession. While this is not an exhaustive list, other factors may include:

- A. Banks and certain creditors will need to provide permission for the transition to happen or you risk being in default of your lending obligations. Banks need to be satisfied with the transition (and its terms) or it may not be willing to release Mom and Dad’s personal guarantees and/or issue additional debt as requested.
- B. An accountant must be consulted. Payments, debt relief, or even certain restructuring can have significant income tax consequences and/or opportunities will be missed. Additionally, depending upon the size of the business and the parents total net worth, federal and state

death transfer taxes (i.e., estate and/or inheritance tax) needs to be considered.

C. What protections should be adopted to secure Mom and Dad’s financial payments (i.e., mortgages, entity pledges, and the like)?

D. How is business management being transitioned? Can the successors work together, or should there be one person in charge and/or a clear demarcation of duties? Has Mom and Dad transitioned all of their knowledge and know-how to the successors?

E. If there is more than one successor, a buy-sell agreement should be in place identifying what happens to the ownership based on certain triggering events. For example, Is full-time, on-farm employment a requirement to be an owner? Can an owner’s employment be terminated? What happens upon the death of one owner? Is there life insurance in place to pay debt obligations or a deceased owner’s families? What if an owner just wants out - prior to a retirement age vs. after a retirement age? How will the business be valued and what are the buy-out payment terms (i.e., cash at closing; installment note)?

F. All parties should have their estate plan in place to address what happens if a party dies or is determined incapacitated. Designations to or for the benefit of off-farm children should be clearly articulated so there is no misunderstanding.

G. Should any “gifts” made as part of the succession be reasonably protected particularly if a successor gets divorced? This could be accomplished with a prenuptial or postnuptial agreement or via the use of certain trusts.

H. If Mom and/or Dad end up in a nursing home, how will that be addressed? Is there sufficient cash flow to pay privately? Should the risk be insured?

This type of planning can be quite overwhelming because of all the factors to balance. Taking the time and expending the funds and energy to carefully address all of these factors exponentially increases the likelihood of success!

This article was written by Attorney Michelle L. Birschbach, a partner at Steimle Birschbach, LLC, with offices based in Manitowoc and Sheboygan, Wis. Learn more about the legal services they offer and contact them at <https://steimlebirschbach.com/>.



This article is provided for informational purposes only and by its very nature is general. This information is not intended as legal advice.




Steimle Birschbach, LLC
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Business, Trusts & Estates, Real Estate.

Make Your Reservation Today! Attend a District Meeting Near You!

FarmFirst Dairy Cooperative is preparing for its 2021 Member Meetings taking place this fall. Join other FarmFirst members at a district member meeting near you to learn more about cooperative divisions, activities and advocacy being done on your behalf on federal legislative and regulatory issues. General Manager, Jeff Lyon, will be in attendance and looks forward to connecting with members.

There will be ample time for questions with board members and staff. Registration for the noon meetings begins at 11:30 a.m., with registration starting at 7:00 p.m. for the 7:30 p.m. meetings. Please take time to attend and help set the direction and public policies for your cooperative. Member elections will be taking place. There will also be time for discussion on resolutions that will be considered by delegates at the annual meeting next February.

Members are welcome to attend any meeting that best fits their schedule! Make your reservation by calling 608-286-1906 or going online to FarmFirst's website. For those of you that cannot attend, election ballots will be available by request or online. 

Date	Time	Location
Wednesday, November 3, 2021	7:30 pm	Iron Ridge Inn, Iron Ridge, Wis.
Thursday, November 4, 2021	Noon	Fox Valley Quality Control Lab, Kaukauna, Wis.
Friday, November 5, 2021	Noon	Belgiumtown Restaurant, Stephenson, Mich.
Monday, November 8, 2021	Noon	Hotel Hillsboro, Hillsboro, Wis.
Tuesday, November 9, 2021	Noon	Rib River Ball Room, Marathon, Wis.
Friday, November 12, 2021	Noon	Dodger Bowl, Dodgeville, Wis.
Monday, November 29, 2021	Noon	Locals Bar & Coffee Shop, Epworth, Iowa
Tuesday, November 30, 2021	Noon	River Boat Lanes, Wabasha, Minn.
Tuesday, November 30, 2021	7:30 pm	Stout Craft Company, Menomonie, Wis.
Wednesday, December 1, 2021	Noon	Pooch Corner Pub, Freeport, Minn.
Wednesday, December 1, 2021	7:30 pm	Pizza Ranch, Pipestone, Minn.
Thursday, December 2, 2021	Noon	Pizza Ranch, Watertown, South Dakota
Friday, December 3, 2021	Noon	Pizza Ranch, Sioux Falls, South Dakota
Monday, December 6, 2021	Noon	The American Legion, Greenwood, Wis.
Monday, December 6, 2021	7:30 pm	Village Haus, Boyd, Wis.
Tuesday, December 7, 2021	Noon	The American Legion Hall, Marshfield, Wis.
Wednesday, December 8, 2021	Noon	Pizza Ranch, Fond du Lac, Wis.
Thursday, December 9, 2021	Noon	Moose Lodge, Monroe, Wis.

Why LGM Is Better Than Standard Insurance

"I don't like insurance." This is a phrase I commonly hear when talking to farmers while on the road. It seems insurance has become a larger and larger piece of farm risk management and it can be unbearable at times, even to me, an agent. Though we feel swamped in insurance premium talks, it is something we need to be considering in these times of slim margins and high risk.

Livestock Gross Margin (LGM) Insurance is one of these insurances that is worth considering and learning more about. LGM provides producers a means of locking in a margin on their milk.

LGM is a federally subsidized insurance product just like the crop insurance most of us carry. Like many insurance products, it seems extremely complicated at first glance but it is straight forward when you break it down. To determine the expected margin, we look at the price the CME futures closes for class 3 milk, corn and soybean meal. There are no hidden equations or complicated math. All data comes from the closing prices on the CME. An indemnity

would be paid when the final margin is less than the

expected margin. For every hundredweight of milk insured, we protect feed also. Feed is an important piece of LGM because it enhances the chance of an indemnity due to how feed markets trend over time. This allows producers to ease their mind on both milk price and feed inputs.

Like all insurance, LGM is not meant to make the producer money - although it has done just that. LGM is meant to bridge a gap when milk drops drastically, or feed prices rapidly increase. For example, in the spring of 2020 LGM paid \$2.23 and \$3.28 in April and May when milk prices dropped. Early in 2021 during January, February and March, payments were based on a drastic increase in feed value. From 2008 to 2020 on a plan protecting milk seven months out, LGM has paid back on average \$.38 per hundred weight per year after expenses.

When a producer consistently protects themselves from a drastic drop such as we saw in 2020, or feed increases in 2021, LGM helps them from playing catch-up for months to come and has provided a

net return over time.


We are fortunate to have many farmers who have experienced these benefits; they are great advocates for this product.

LGM Dairy purchased consistently can protect you and your farm from the ever-increasing volatility in today's markets.

FarmFirst has partnered with ARM Services LLC to provide resources and expertise on dairy risk management.



Call Travis Glaser at
ARM Services:
715-456-5607

Whether you are wrapping your head around risk management for the first time or asking questions about a new strategy, we are confident that ARM Services can answer your questions and build a plan that works to meet your goals. 



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AUGUST 2021

Federal Milk Order
Market Information

	UPPER MIDWEST	CENTRAL	MIDEAST	
Order Name and Number	Order 30	Order 32	Order 33	
Producer Milk (lbs.)	2,076,925,193	1,274,690,190	1,750,825,978	
Producer Price Differential @ base zone	\$ 0.27	\$ 0.55	\$ 0.90	
Statistical Uniform Price/cwt @ 3.5% BF*	\$ 16.22	\$ 16.50	\$ 16.85	
Class I Price/cwt	\$ 18.70	\$ 18.90	\$ 18.90	
Class II Price/cwt	\$ 16.51	\$ 16.51	\$ 16.51	
Class III Price/cwt	\$ 15.95	\$ 15.95	\$ 15.95	
Class IV Price/cwt	\$ 15.92	\$ 15.92	\$ 15.92	
Component Prices & Test Avg. % aves				
Butterfat/lb.	\$ 1.8508	3.89%	3.82%	3.81%
Protein/lb.	\$ 2.4582	3.09%	3.13%	3.09%
Other Solids/lb.	\$ 0.37350	5.80%	5.77%	5.76%
SCC Adjust Rate/1000	\$ 0.00078			
Producer Milk Classified %				
Class I	9.70%	28.02%	29.50%	
Class II	2.90%	11.30%	21.10%	
Class III	80.10%	39.19%	39.90%	
Class IV	7.30%	21.49%	9.50%	
	100.00%	100.00%	100.00%	



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You're Invited! Attend a District Member Meeting this Fall!



- Enjoy a great meal at the member meeting near you, and learn more about:
- * Cooperative development and membership programs
 - * Industry news and innovations with dairy promotion
 - * Cooperative's efforts on advocating for issues important to you including trade, exports, dairy labeling and the Dairy Margin Coverage program among others.

Ballots will also be at each meeting for you to cast your vote on future cooperative leaders!

Attend a member meeting near you! Make Your Reservations Today!

Reservations are due a week prior to each district meeting.

Call 608-286-1906 or visit www.FarmFirstDairyCooperative.com. A full list of meeting locations can be found on page 5.