

MILKLINE

NEWSLETTER



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Develop a Vision Today for Tomorrow's Success



Turning the page on the calendar to a new year is refreshing and invigorating. It is a new year filled with ample opportunities to improve what we do and how we do it. It's a chance to learn more about ourselves and to support others in achieving their goals.

With a brand-new year ahead of us, there are a few things we should consider on how we can make it our best year yet.

Prepare for the Best by Preparing for the Worst

While it is uncomfortable to discuss what a farm business would do if the worst would happen to any family owners or partners in the business, it is still important to not leave that conversation to a rainy day. Worst-case scenarios never give warning that they're about to take place and being

prepared helps make the best of any situation.

Building a farm-succession plan helps ensure the transition to the next

“No matter who we are, what style of operation we have or what our goals are, there is always ample opportunity to learn and help support others in becoming better.”

generation is carefully thought out and helps build ideal conditions for it to take place. Asking the tough questions now allows for everyone's goals to be heard and sets up the plan up for success in achieving each of the objectives outlined.

Begin by having a simple conversation with the other family members or partners involved in the farm and immediately schedule when the next conversation will take place. Dedicate time to building a thorough succession plan, regardless of how busy life seems at the time. Involve legal counsel to ensure the plan is properly vetted before moving forward and include your financial institution as well. If a will needs to be established, make a priority to do so. Have the uncomfortable conversations now so the tough decisions are already made without having to also deal with heartache and grief.

Delegate More to Stress Less

The number of tasks a farmer would set out to accomplish on any given day often gets mired in new tasks that pop up during the day, with plenty more

waiting for attention tomorrow.

Become a master at your to-do list by delegating tasks to others on your team. As the lead decisionmaker on

your farm you'll want to keep up to date on finances, nutrition programs, dairy markets and so much more. Your time might not be best spent gathering information and reviewing data. Empower another team member with the responsibility of doing those things and to share their perspective with you on what is best for the farm. By involving them in the decision-making process, they will feel your confidence and trust in them. It'll also lessen the load on your shoulders.

Work with professionals that can utilize their expertise and experience to get tasks done efficiently on the farm. Occasionally, the task might be best to outsource beyond the talent working on the farm. A great example would be building a dairy price-risk-management plan. Certainly, any dairy farmer can study the markets and make decisions but working with someone who has studied the markets and has several years of experience can provide the perfect insight to build a solid risk-management plan using a variety of the dairy insurance

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Dedicated to serving and representing you, our family farm members, FarmFirst Dairy Cooperative represents farms in Wisconsin, Minnesota, South Dakota, Michigan, Iowa, Illinois and Indiana through policy advocacy, dairy marketing services, laboratory testing opportunities and industry promotion.

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Develop a Vision Today for Tomorrow's Success *(Continued from Page 1)*

options available today, including Livestock Gross Margin (LGM), Dairy Revenue Protection (DRP), and Dairy Margin Coverage (DMC).


Often times, a dairy risk-management plan gets set on the back burner because farmers don't fully understand it and honestly don't quite have the time. The truth is there is far more to understand than a farmer will ever have time for and leaning into the talents of a seasoned expert is the best way to get started and to manage your risk strategy.

Take Time for Yourself

Every great leader paves the way for expectations on their farm leading by example. That is true in nearly every regard - animal care, sustainability efforts and especially the foundation of everything getting accomplished, through your work ethic.

Establishing a strong work ethic in your team is important and ensures that work is done well and efficiently. It is incredibly important for team members to have a strong work ethic on a farm, where there is always plenty of work to be done. However, taking time to rest and relax is also important.

Lead by example and show your team that as important as the farm is to you and as passionate as you are to be a farmer it is important to take time away from the farm's responsibilities. Family and team members will realize themselves that taking a break away allows them to come back to the farm with a renewed sense of purpose and focus. Maintaining the work-life balance will also make them better, happier employees.

Make the most of the year ahead by embracing the concepts here beginning with the new year. No matter who we are, what style of operation we have or what our goals are, there is always ample opportunity to learn and help support others in becoming better. 

Article by Julie Sweney,
FarmFirst Dairy Cooperative


2022 Scholarship Applications Now Available



Scholarship applications are available once again for the 2022 FarmFirst Dairy Cooperative scholarship program. The application deadline is **March 31, 2022**. Please review the application for student eligibility and criteria. Applications are available online at www.FarmFirstDairyCooperative.com or by calling 608-286-1909.

Use the online application for an easy and quick submission process!

Applicants can once again submit their application directly online via our online submission form. Visit www.FarmFirstDairyCooperative.com/scholarships to access the form. Please confirm receipt of your application.

Winter break is the perfect time for students to complete FarmFirst's 2022 Scholarship Application! Encourage your son or daughter to take a few minutes to review the application requirements today before second semester begins. 

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Federal Orders - What Happened and What's Next

Federal Update by General Manager Jeff Lyon



Large negative Producer Price Differentials (PPDs) in 2020 caught the attention of dairy farmers, and the unusual pandemic-induced market

conditions renewed discussions about federal milk marketing orders, their purpose and whether changes were needed.

Federal orders are generally unnoticed when they are performing as intended, but the pandemic changed all that. We experienced wild fluctuations in the supply and demand for milk and in dairy product prices, partly due to the government buying surplus dairy products for citizens experiencing food insecurity. While these dairy purchases were necessary, their makeup resulted in unintended consequences.

In the Upper Midwest, we saw tremendous demand for milk to make into cheese and little incentive for cheesemakers to pool milk in the federal order because the Class III price (cheese) was significantly higher than the Class I price (fluid). For areas of the country with higher Class I utilization, the demand for milk became challenging because fluid processors were competing for milk that was going into cheese and fewer processors were pooling, reducing funds available for producers who remained in the pool.

The Class I mover issue garnered the most attention in conversations in 2021. If you recall, the Class I mover was changed legislatively in the 2018 Farm Bill. The National Milk Producers Federation (NMPF), which has estimated the Class I skim revenue losses to dairy farmers at \$750 million, developed a plan this spring that would have readjusted the Class I mover to recoup the \$750 million over time. While a supporter of having any hearing to address all federal order issues, FarmFirst suggested that if there was going to be an emergency hearing on the Class I mover, then the “higher of” the Class III or IV price, which had been used for the Class I mover since 2000, should be considered.

The plan was to ask USDA for an emergency hearing to address to the Class I mover issue. NMPF opted to not submit a request for a hearing, and instead worked with USDA to address the problem. The result was the Pandemic Market Volatility Assistance Program which will return roughly \$350 million back to dairy farmers and is being implemented now.

Where are we now? Over the last several months, NMPF has surveyed its members and convened its Economic Policy Committee, which I serve on, to evaluate federal order reform issues. At our last meeting at the NMPF Annual Meeting in mid-November, the Committee decided to create a FMMO Task Force to examine the numerous issues in depth. By the time you read this article I will have returned from the first task force meeting in Washington D.C.

The issues to discuss and resolve are numerous. They range from milk price determination issues like component formulas, incorporating other products for Class III use, the block/barrel spread,

updating make allowances and yield formulas to reflect higher component content of farmer milk to the Class I mover.

The purposes of federal milk marketing orders are many and include, but are not limited to, regulating the minimum price paid to farmers in an order, requiring payments for milk that is “pooled” so processors can receive funds from the pool to pay their farmers a blend price, and setting payment dates and minimum payment levels to producers and processors.

The biggest challenge we have coming up with solutions to make federal orders work better for producers is that we have a national program to ensure that fluid milk, which has had declining consumption for years, be available across the country at a time when regional federal orders have their own needs and issues of importance.

During a recent dairy stakeholder visit to Wisconsin, USDA Secretary Tom Vilsack made it clear that the dairy industry needed to be in general agreement on what needs to be changed before USDA would accept a request for a national federal order hearing.

The federal order process never moves as fast as we would like, and can be quite cumbersome, but it is the structure that is currently in place. FarmFirst will continue to be an active part of the discussions to make sure federal orders meet their purpose and benefit Upper Midwest dairy farmers. 🐄



Dairy Leads Discussion on School Meals Rule

The White House Office of Management and Budget (OMB) met in mid-December with dairy industry leaders to discuss a USDA proposal that the agency is currently reviewing to determine school meal standards for the 2022-23 and 2023-24 academic years. While the rule is still being finalized, the National Milk Producers Federation (NMPF) is urging USDA and OMB to continue to allow schools to serve low-fat (1%) flavored milk, which is consistent with the current Dietary Guidelines for Americans and therefore required by current law.

Schools have the ability to offer low-fat flavored milk thanks to a rule currently in effect, which is poised to be extended once Congress completes work on the Fiscal Year 2022 appropriations process, which must be addressed by February 18, 2022.

In addition to the discussion on low-fat flavored milk, NMPF also raised concerns with sodium reduction targets that would undermine consumption of nutrient-rich cheeses in schools and emphasized the important food safety role salt plays in cheese. Following completion of this temporary rulemaking, USDA may begin work on a longer-term school nutrition standards rulemaking based on the 2020 Dietary Guidelines for Americans. NMPF will continue to engage in that process to ensure key dairy and nutrition priorities are reflected in the outcome. 🐄

Sign Up for 2022 DMC Coverage, Enrollment Open Through Feb. 18


Enrollment in the 2022 Dairy Margin Coverage program is open and will run through February 18, 2022. With a proven track record and recent enhancements made to the program, FarmFirst strongly encourages producers to sign up for the 2022 program. Simply put, the DMC is a cost-effective, inexpensive level of catastrophic coverage for dairy farmers.

The DMC program in 2022 will use the premium-quality alfalfa price into the DMC feed cost formula, which is an improvement from the current structure that used a 50-50 blend between the premium-quality price and the regular price. Additionally, USDA will make retroactive payments on this premium alfalfa calculation to producers to January 2020.

There is also the new Supplemental Dairy Margin Coverage program will enable some producers who are also enrolled in DMC to receive additional payments reflecting increases in their production since 2014 retroactively to January 2021. If you have more pounds of milk production in 2019 than in prior years, you can increase your production history base so it more accurately reflects what your production history is moving forward. These opportunities to update production histories are not common, so you will not want to miss out on your chance to do this now.

Farmers wanting to update their production history should complete this task first at their FSA appointment. The Supplemental Dairy Margin Coverage will provide retroactive payments from January 2020 through 2021, so the next step will be to enroll in this part of the program. Lastly, producers should enroll in coverage for 2022.

ARM Services, a dairy and crop risk manager and FarmFirst partner highly recommends that dairy farmers sign up for their first 5 million pounds at the \$9.50 level. For any additional coverage beyond the first 5 million pounds, they recommend selecting coverage at the \$5.00 level. This additional coverage should only cost about \$0.005/cwt, which makes it an incredible option of coverage during volatile markets. ARM Services has back-tested the program to see how it would have performed before it was created, and every year except one, payment levels would have exceeded the cost of the premium levels.

For more information on DMC or other risk management tools including Livestock Gross Margin (LGM) and Dairy Revenue Protection (DRP) contact ARM services at 715-456-5607. To enroll in the 2022 DMC program, contact your local FSA office. 

FarmFirst Dairy Cooperative Applauds Decision on USMCA Dispute

FarmFirst Dairy Cooperative is elated at the decision published today by the USMCA Dispute Settlement Panel, which found Canada is improperly restricting access to its market for U.S. dairy products in violation of its U.S.-Mexico-Canada Agreement (USMCA) tariff-rate quotas (TRQs) commitments.

"This landmark decision is a victory for all U.S. dairy, including farmers, processors and exporters," says John Rettler, dairy farmer from Neosho, Wis. and president of FarmFirst. "The dairy provisions in the USMCA were heavily discussed and hard-fought by our U.S. trade ambassadors. The decision today should send a clear message to Canada to follow through on the agreements they make, and to be an honest trading partner."


"We are grateful for Ambassador Tai's leadership on this important issue and for the bipartisan support received by Congressional leaders. U.S. dairy farmers and processors deserve to utilize the full market opportunities that were sought after for them in the USMCA," says Jeff Lyon, General Manager at FarmFirst. "We look forward to working with Canada as they address the concerns highlighted by the panel."

TRQs are a system of tariffs negotiated between countries that allow a predetermined quantity of imports at a specified tariff rate, where that rate is often at or near zero. Any additional imports above that predetermined quantity are subject to significantly higher tariffs. In the case of U.S. dairy products, these additional Canadian tariffs typically price U.S. dairy

products out of Canada's market, making fair access to Canadian dairy TRQs (imports at near zero tariff rate) vital to maximizing exports to that market.

When the Office of the U.S. Trade Representative (USTR) brought the case in May 2021, it argued that Canada has maintained dairy TRQ measures that run counter to its market access obligations under USMCA. USMCA specifically requires that Canada open its TRQ application process to anyone active in the Canadian food and agriculture sector. Yet USTR noted that Canada designates the bulk of the TRQs to Canadian dairy processors who have little incentive to import, does not provide fair or equitable procedures for administering the TRQs, and does not give retailers any access to the TRQs. These measures deny the ability of U.S. dairy farmers, workers, and exporters to utilize the TRQs and realize the full benefits of the USMCA.

While the United States tried to resolve the matter through consultations with Canada before initiating the Dispute Settlement Panel, Canada refused to change its policies. NMPF and USDEC engaged USTR and Congress, achieving broad bipartisan support from more than 125 members of the House and Senate for bringing this matter to the USMCA Dispute Settlement Panel. There, a panel of legal experts evaluated Canada's current dairy trade policies against its commitments under USMCA and found Canada was not meeting its USMCA obligations.

FarmFirst remains engaged as the discussions continue. Canada has until February 3 to comply with the decision or face U.S. retaliation. 

ARM Services Hosts Annual Winter Ag Conference on Jan. 18



ARM Services invites all dairy and crop farmers to attend their 12th Annual

Winter Ag Conference being held January 18, 2022 at the Stout Ale House in Menomonie, Wis. Registration opens at 9 a.m. with the conference kicking off at 9:30 a.m. and running until 3:30 p.m. The event is free to all dairy and crop farmers.

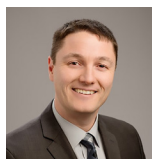
ARM Services, a risk management agency based in Barron, Wis., is bringing together industry thought leaders to share their perspectives on the year ahead. As an organization dedicated to providing the right tools and resources to help farmers succeed, ARM Services believes it is important to explore the insights on leading experts and professionals as farmers build their management plans. This year's conference speakers include:



Damian Mason is a speaker, author, and agribusiness consultant who will dive into the challenges that the year 2022 will have in store for agriculture, and how farmers can best prepare and address them.



William Tierney, the Chief Economist at AgResources Company, will share his perspective on the grain markets and how the global economy will impact demand.



Eric Snodgrass serves as the Principal Atmospheric Scientist at Nutrien Ag Solutions and will provide insight on important weather patterns that farmers can anticipate in the next few years.



ARM Services will also discuss important changes impacting crop and milk insurance, in addition to sharing important dates and Farm Service Agency data.

"The industry continues to evolve. As it does, it's important for farmers to have the latest information made available to them. This is the exact reason why ARM Services hosts this annual conference - to provide valuable information to our clients and every interested farmer. They can make better management decisions when they have better data made available to them from industry experts," says Travis Glaser, co-owner and agent at ARM Services.

Interested dairy farmers should register by contacting ARM Services via phone (715) 418-2676 or emailing RSVP@agriskman.com. Registration is required for lunch purposes. Register by Monday, January 17. 🐮

Attend FarmFirst's Producer Discovery Workshops on Friday, Feb. 11 in Onalaska



FarmFirst Dairy Cooperative is looking forward to gathering with members and delegates at

the 10th Annual Meeting set for February 11-12, 2022 at the Stoney Creek Hotel & Conference Center in Onalaska, Wis.

'Today's Vision, Tomorrow's Success,' this year's annual meeting theme, will help members prepare for and gain some fresh perspective on the year ahead through the workshops, business meeting and resolutions session.

The cooperative's annual event kicks off with our Producer Discovery Workshops on Friday afternoon, which are open to all dairy farmers regardless of cooperative membership.



Dana Coale, Deputy Administrator of the Agricultural Marketing Services - Dairy Program with

USDA in Washington D.C., will be speaking at 1:15 p.m. In her role, Ms. Coale oversees a wide array of programs and services that establish and maintain orderly dairy marketing conditions through federal milk marketing orders to ensure that consumers have adequate supplies of pure and wholesome milk at all times. She'll provide a review of the structure of federal orders, how they operate, and their value to the industry. Ms. Coale will also discuss proposed changes to the orders that are being considered by the dairy industry.



Insuring the Future of Farming.

Travis Glaser, agent and co-owner at ARM Services, LLC, a dairy and crop risk management company, will present at 2:15 p.m. to share his insight on building a risk management strategy while reviewing the milk market forecast for 2022. With an in-depth knowledge of past dairy market trends and a passion for risk strategy, Mr. Glaser will share his insights on how to best prepare for what 2022 has to offer using the tools available to dairy farmers.

You won't want to miss these great educational opportunities! There is no cost to attend the workshops; however, to ensure sufficient seating space, please contact us at 608-286-1909 to reserve your spot. 🐮



NOVEMBER 2021

	UPPER MIDWEST	CENTRAL	MIDEAST
Order Name and Number	Order 30	Order 32	Order 33
Producer Milk (lbs.)	1,922,682,738	1,140,869,788	1,669,230,353
Producer Price Differential @ base zone	\$ 0.18	\$ 0.22	\$ 0.50
Statistical Uniform Price/cwt @ 3.5% BF*	\$ 18.21	\$ 18.25	\$ 18.53
Class I Price/cwt	\$ 19.78	\$ 19.98	\$ 19.98
Class II Price/cwt	\$ 18.40	\$ 18.40	\$ 18.40
Class III Price/cwt	\$ 18.03	\$ 18.03	\$ 18.03
Class IV Price/cwt	\$ 18.79	\$ 18.79	\$ 18.79
Component Prices & Test Avg. % aves			
Butterfat/lb.	\$ 2.1541	4.16%	4.16%
Protein/lb.	\$ 2.7536	3.38%	3.38%
Other Solids/lb.	\$ 0.39490	5.77%	5.77%
SCC Adjust Rate/1000	\$ 0.00088		
Producer Milk Classified %			
Class I	32.26%	32.26%	33.80%
Class II	11.24%	11.24%	18.10%
Class III	45.32%	45.32%	40.60%
Class IV	11.18%	11.18%	7.50%
	100.00%	100.00%	100.00%



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**Attend an Educational Workshop
Near You - More Info Inside!**

The Rally Continues!

Take advantage of the continued rally in milk prices



Call Travis Glaser at
ARM Services to learn
more: 715-456-5607

As a dairy farmer, you want the greatest price for the product you work so hard to produce. Our studies show that over time producers get the greatest price at the bulk truck which means capitalizing on rallies such as the one we are experiencing. How do you capitalize on these rallies while still being protected? LGM-dairy and Dairy-RP are both tools that put a floor on your milk giving you the peace of mind while participating in price rallies.

ARM Services, LLC is an ag risk management company dedicated to serving farmers by providing dairy, crop and farm insurance options that work for your needs and that meet the goals for your farming operation.

Let ARM Services help you analyze these tools to build a successful plan. **Call Travis Glaser at 715-456-5607 to learn how they can protect your milk price.**

