updated June 2017

Wisconsin Farmers Union Dairy Producer Survey Summary of Results

The Wisconsin Farmers Union (WFU) Dairy Producer Survey, conducted between August and October 2016, was the first survey of its kind to directly ask dairy farmers across the state of Wisconsin how low milk prices were affecting their farming operations. Farmers were also asked to share their thoughts on oversupply management, the Trans-Pacific Partnership (TPP), Dairy Margin Protection Program (MPP), concentration within the agricultural industry and foreign or corporate ownership of Wisconsin farmland.

Some general highlights:

- The survey was sent out in Aug. 2016 to every dairy farmer in the state – a total of 8,442 farms.
- WFU received 1,050 surveys, equaling a 12% rate of return and surpassing the desired goal of 10%.
- The survey was very successful in its efforts to reach out to dairy farms of differing sizes across the state, and the quality of the additional comments and attached notes provided valuable insight on what is helping them succeed and what is hurting them.
- One respondent sent in a draft of his own plan to manage milk overproduction in the market.
- The average year respondents began farming was 1986.
- 63% of dairy farmers reported a negative profit margin from their milk costs.

This summary is broken down into sections generally following the order of questions presented on the survey. Summary statistics from the responses to each question are included as well as some findings on analysis of trends within the data. Charts, tables or graphs have been inserted where appropriate. [1]

About Your Farm

Farmers were asked when they began farming and to give some information on their farming operations. The average year respondents started farming was 1986 based on all respondents who answered the question. Dairy farmers were then asked if their farm was supported in any other ways besides milking. The table below (Fig. 1) shows the eight possible options along with the distribution of responses based on yes, no, or no answer (N/A).

[1] Note: The survey was sent out to farmers twice in order to boost the response rate, but for the purposes of data collection and compilation the two rounds of responses have not been separated in any way.

	Figure 1: Is your farm supported by any activities other than dairy?							
	Raise bull calves or steers	Sell cash grain, hay, or other forage	Sell breeding stock, embryos, bulls, etc.	At least one household member works off the farm	Raise other livestock (specify)	Rent farmland to other farmers	Custom crop work for other farmers	Other (specify)
Yes	417	449	124	466	115	48	158	44
No	587	555	880	538	889	956	846	960

Having at least one person working off the farm was most common – equaling 44% of all surveys received, followed by the selling cash crops (43%) and raising bull calves or steers (40%). Raising heifers, hogs, beef or chickens were common responses for farms that raised other livestock.

The survey also asked farmers to provide their current milk price, estimated cost of production and amount of crop land owned or rented. The average milking herd size was 126 cows based on all surveys received. The average acreage of crop land owned was 270 acres, and the average acreage rented or leased was 176 acres. 51% of respondents indicated their access to rented crop land had changed in the last 5-10 years, and virtually all who provided an explanation cited an increase in land rent prices. The most commonly-cited factors for increasing land rent prices were expanding large dairies, high prices for cash crops and loss of available farmland.

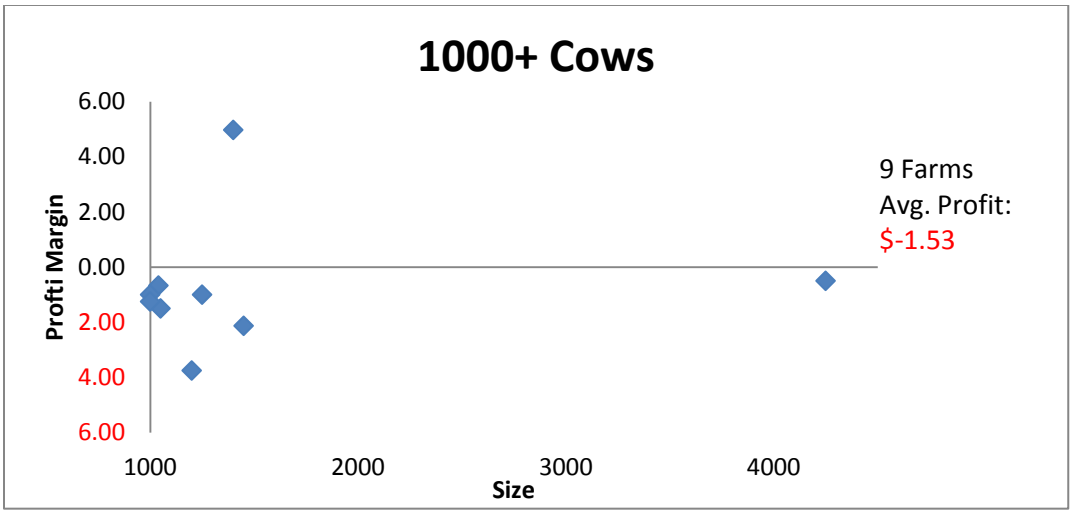
The average estimated cost of production reported by respondents for conventional milk was $15.77 per hundredweight, while the average conventional pay price reported by respondents was $14.81.

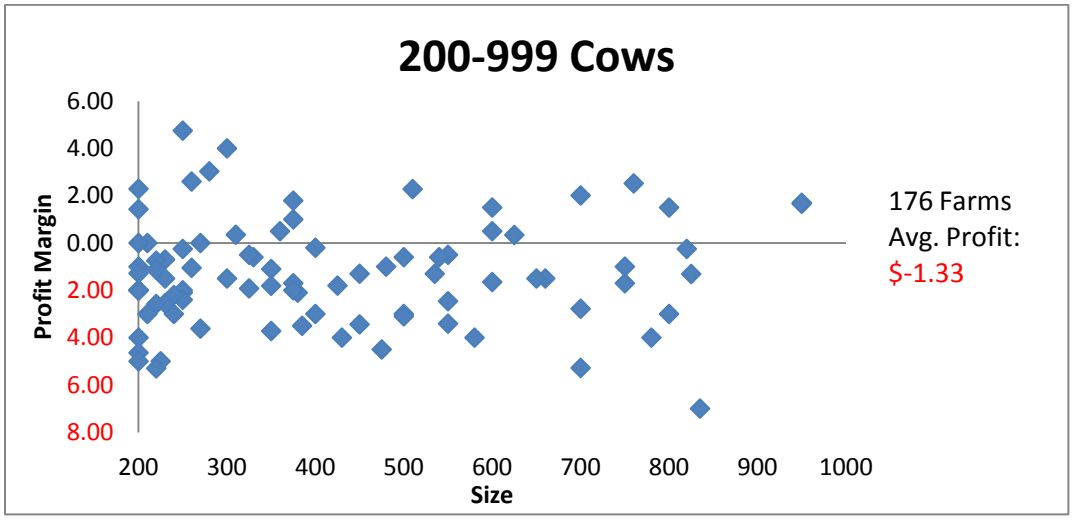
Sixty-six out of 1,050 survey respondents (6%) indicated they receive some sort of milk certification affecting their price – 31 of those farms being organic and not in the process of converting – compared to 870 farms without any certifications. Distinguishing between respondents who identified as being organic and those who did not, results showed organic farms receiving much greater profits from their milk. Average profit margins were calculated from farms that provided both an estimated production cost and most recent milk price.

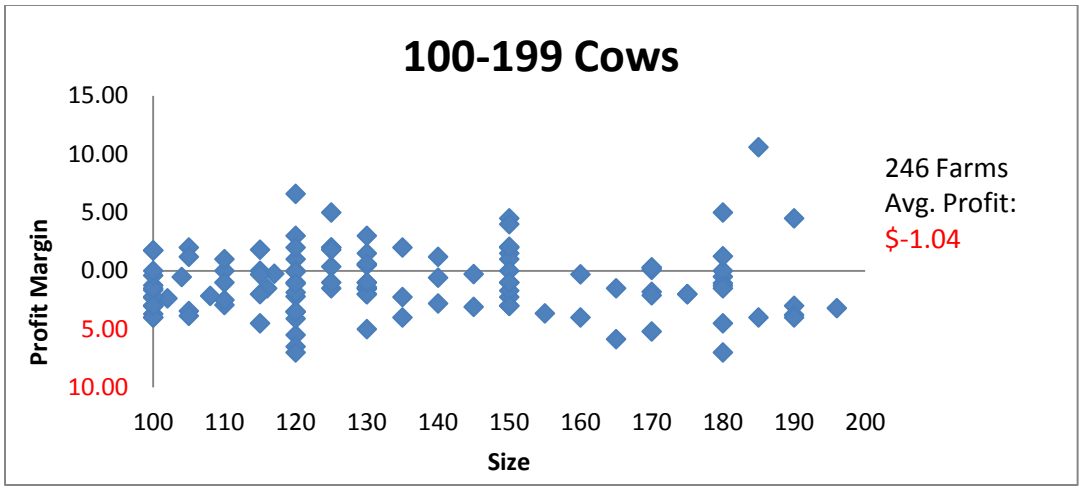
	Number of farms	Avg. Herd Size	Avg. Estimated Cost of Production	Avg. Milk Price Received	Avg. Profit Margin from milk
Certified Organic	31	69	$19.98	$33.27	$13.29
Non-organic with other milk certifications	27	116	$15.90	$15.63	-$0.27
No milk certifications	871	129	$15.77	$14.81	-$0.96

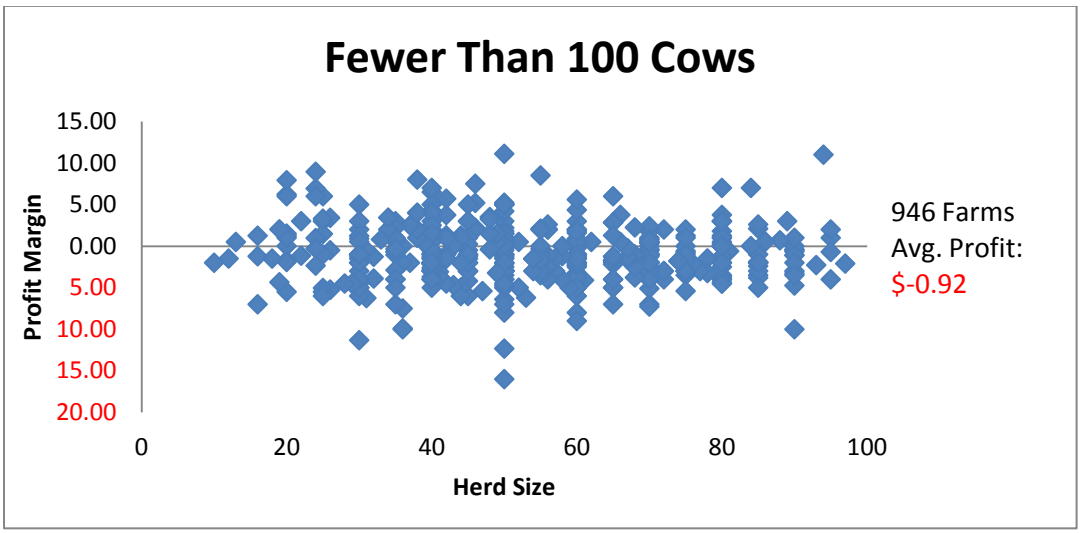
A closer look at the non-organic farms showed only 219 dairies (24%) were recording a profit. Of that subset, the average herd size was 110, with an average estimated cost of production at $12.81 and average milk price received of $15.27. The average profit margin was $2.46. The idea that bigger is better when it comes to the dairy industry fighting low prices does not seem to apply here, as just 20 of the profiting farms milked more than 200 cows. 164 farms (75%) had a herd size of 100 cows or less, with 60% of those dairies milking 50 cows or less.

Continuing the analysis into the relationship between profitability and herd size with the conventional dairies, the four graphs below show the relationship between herd size and profitability isolated in four different size groups. Dairies were included only if they provided information on their size, estimated cost of production, and milk price received.






100-199 Cows
15.00
10.00
5.00
0.00
5.00
10.00
Profit Margin
100
110
120
130
140
150
160
170
180
190
200
Size
246 Farms
Avg. Profit:
$-1.04


Fewer Than 100 Cows
15.00
10.00
5.00
0.00
5.00
10.00
15.00
20.00
Profit Margin
0
20
40
60
80
100
Herd Size
946 Farms
Avg. Profit:
$-0.92

Overproduction Management

Questions on overproduction asked dairy farmers how swings in dairy prices since the 1980's had affected their farming operations, how confident they felt that they or someone in their family would be farming in 5 years, whether or not they supported implementing overproduction management measures through a price support program in the next Farm Bill, or if the state of Wisconsin should manage oversupply in periods of lower prices, rather than incentivizing even greater milk production.

The table below (Fig. 2) shows the distribution of responses for how low prices affected farming operations.

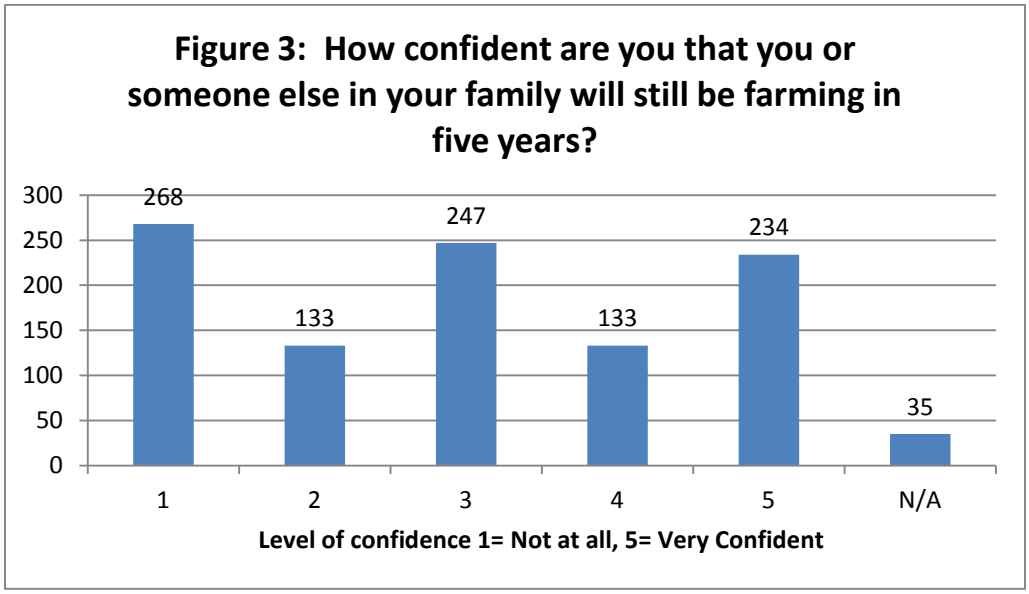
Fig.2:

	Discouraged the next generation from farming	Made it more difficult for you to obtain financing	Prevented you from investing in needed equipment	Caused you to lay off employees, reduce their hours or pay, or delay hiring new employees	Lowered the quality of care or nutrition for your herd	Forced an unplanned facility upgrade or herd expansion to increase milk volume	Prompted over-investment when prices were high, followed by difficulty paying back loans when prices dropped	Impacted your health from undue stress	Caused you to consider exiting from dairy farming
Yes	516	331	748	293	300	170	267	545	572
No	487	671	255	707	703	833	736	456	430
N/A	47	48	47	50	47	47	47	49	48

Seventy-one percent of respondents reported being prevented from investing in needed equipment, with 54% of all respondents considering exiting the industry and 52% being impacted by stress. In additional comments farmers generally wrote about increased difficulty budgeting upgrades and repairs on the farm as a result of unpredictable and inconsistent milk prices. A heavier reliance on debt and more problems paying off loans, along with tighter budgets that often restricted paying for necessary everyday items and bills seemed to be common causes for discouraged farming prospects and added stress.

Young and beginning farmers – anyone farming for 10 years or less according to the Farm Service Agency definition – have been a particular focus of the USDA and industry groups in recent years. A closer look at the results showed 108 farmers with 10 or fewer years farming experience out of the total number of surveys received, with 39% of those young farmers reporting an increased difficulty in accessing credit.

In response to how confident farmers' felt they or someone else in their family would still be farming in five years, a score of 1 (not at all confident) was the most common. Figure 3 below shows the distribution of responses. While the number of respondents who selected 1, 3, or 5 is similar, approximately 62% of all respondents answered with a "Somewhat confident" (3) or less.



When farmers were asked whether or not they supported implementing any overproduction management measures, over 70% supported all three forms of overproduction management, with support for the State of Wisconsin working to manage oversupply of milk receiving the largest proportion. The similar distribution between the three questions makes sense because most respondents were either in favor of overproduction management measures and selected "Yes" for all three, or were in favor of relying on the supply and demand of the market to fix it and selected "No."

Fig. 4	Implement overproduction measures?	In the next Farm Bill?	Through the State of Wisconsin?
Yes	745 (71%)	749 (71%)	759 (72%)
No	196 (19%)	189 (18%)	198 (19%)
Maybe	22 (2%)	14 (1%)	11 (1%)
N/A	87 (8%)	98 (10%)	82 (8%)

Based on the additional comments on the overproduction management questions, most responders could be grouped into one of three categories: pro-management including measures to support prices and limit supply; pro-management but very against any government involvement; and free market advocates in favor of letting the market and supply and demand solve the overproduction problems. However, there was a strong consensus from members of all three groups that expansion and constant growth by large dairies or "mega dairies" and their unlimited lines of credit from banks was directly leading to many of the supply problems, and that they should be stopped or more strictly regulated.

Because most organic dairy farmers in Wisconsin belong to a co-op that limits their milk production and are faring better in the current low price period, organic producers were singled out to see what percentage favored supply management measures. 84% of the 31 farms who responded were in favor.

When asked to consider what elements of a federal dairy program were important to Wisconsin dairy farmers, respondents could choose on a 1-5 scale (1 being not at all important and 5 being very important) between six options as shown below.

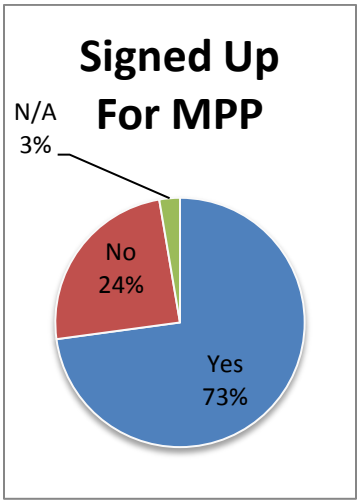
Fig. 5

Level of importance	Provides more stable market prices	Provides relief in the event of a natural disasters	Provides a support price above the cost of production, in exchange for limiting output	Makes it easier to maintain cash flow in crisis periods	Leads to milk prices that are above the cost of production a greater percentage of the time	Program is fiscally responsible
1	88	123	123	101	94	87
2	44	86	43	65	47	44
3	118	206	151	174	130	150
4	112	134	176	176	172	146
5	527	308	379	337	430	389
N/A	161	193	178	197	177	234

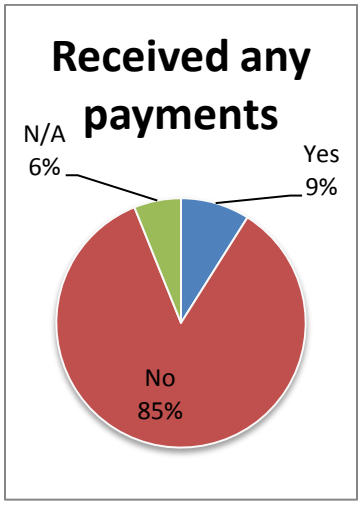
Providing more stable market prices and milk prices that are above the cost of production a greater percentage of the time received the greatest amount of support, with 50% and 41% of all survey respondents indicating those elements were very important respectively. Providing relief in the event of a natural disaster and providing a support price above the cost of production in exchange for limiting output were seen as least important in a federal dairy program by all respondents.

Margin Protection Program

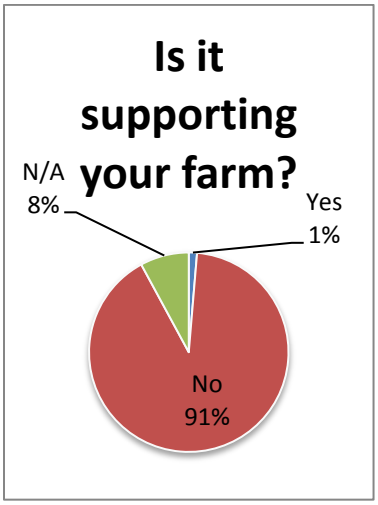
Dairy farmers were asked three questions about the federal Dairy Margin Protection Program (MPP) from the 2014 Farm Bill: if they had signed up for the MPP, if they had received any payments from the program to date, and if they thought the program was successfully supporting their farm during the low-price period. The charts below show the responses from all 1,050 responses. "Yes" is shaded blue, "No" is red, and "N/A" is green.



Of 1,050 survey respondents, 765 were signed up for MPP.



Of those 765 respondents, 93 had received payment from the program.



Of those 93, only 5 said the program supported their farm.

A total of 765 respondents said they signed up for the MPP. Of those 765, only 93 farms (12%) said they had received any payments from the program, and of those 93 farms only five indicated they considered the program to be supporting their farm – less than one percent of all farms who signed up. The average milking herd size for the 93 farms receiving payments was 117. Between the five farms who consider the program to be successfully supporting their farm the average profit margin was $3.71, and all five farms were milking under 100 cows (43.8 on average).

Additional comments offered on the MPP tended to involve phrases like "It sucks," "It's a scam," or "Total waste of money that could've been spent elsewhere." Many commenters noted how they liked the Milk Income Loss Contract (MILC) program better and that it had provided better payouts. Frustrations with the way the program calculated payments based on feed costs were also common, as many dairy farmers stated that the program does nothing for many Wisconsin farmers who grow their own feed and is merely a boon to the large 1000 cow dairies.

Trans-Pacific Partnership (TPP)

Dairy farmers were asked directly about their thoughts on the TPP and how it might affect their dairy markets. The questions focused on whether or not Congress should reject or place a moratorium on the agreement, how concerned farmers were with the U.S. entering into trade agreements with known currency manipulators, and how worried farmers are about the loss of U.S. sovereignty resulting from the Investor-State Dispute Resolution provision in the TPP.

Seventy-nine percent of all respondents were in favor of Congress rejecting or placing a moratorium on the TPP until concerns over low-cost milk imports and protein concentrates are resolved, compared to just nine percent against rejecting it. Twelve percent did not respond to the question.

Regarding concerns over currency manipulators and loss of U.S. sovereignty, the table below shows how survey respondents answered the questions. A score of "1" indicated not at all concerned, a score of "5" indicated very concerned. Results showed a strong sense of concern for both questions, with 71% and 70% of all survey respondents selecting either "4" or "5" for currency manipulators and loss of U.S. sovereignty respectively.

In written comments, respondents called for a greater sense of putting the interests of farmers first rather than processors or corporations. Fair trade as opposed to free trade was a popular request, as was the need to craft better deals for the American people. Respondents in favor of passing the TPP generally cited the export potential of foreign markets as a way to solve the increased supply of milk in the U.S.

Ag Concentration and Foreign or Corporate Ownership of Wisconsin Farmland

Dairy farmers who responded to questions regarding concentration in agricultural markets and limiting foreign and corporate ownership of Wisconsin farmland showed strong disapproval of both. Eighty-two percent of all respondents agreed that federal and state regulators should enforce and strengthen existing legislation to ensure fair market pricing and avoid non-competitive monopolistic control. Eighty-eight percent of all respondents were in favor of farm organizations like WFU continuing to stand up for laws limiting foreign and corporate ownership of farms. A note in the survey made it clear that this question was directed at laws targeting *non-farmer* ownership by foreign or domestic corporations, not family farm LLC's or partnerships.

Additional thoughts or comments tended to focus on the effects of increased prices in fertilizer, seed, feed, and machinery markets, including the need for competition and the benefits of the free market in agricultural markets. Additional comments to the question of foreign or corporate ownership of farms usually stated that it should be illegal or not allowed and that Wisconsin farmland should be protected for Wisconsin farmers, not large investors without any connection to the operations.