

DAIRY MARKET CRISIS AND OTHER PRODUCTION ISSUES



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**Joint Informational Hearing
Assembly Committee on Agriculture and
Senate Committee on Agriculture, Revenue, and
Financial Institutions**

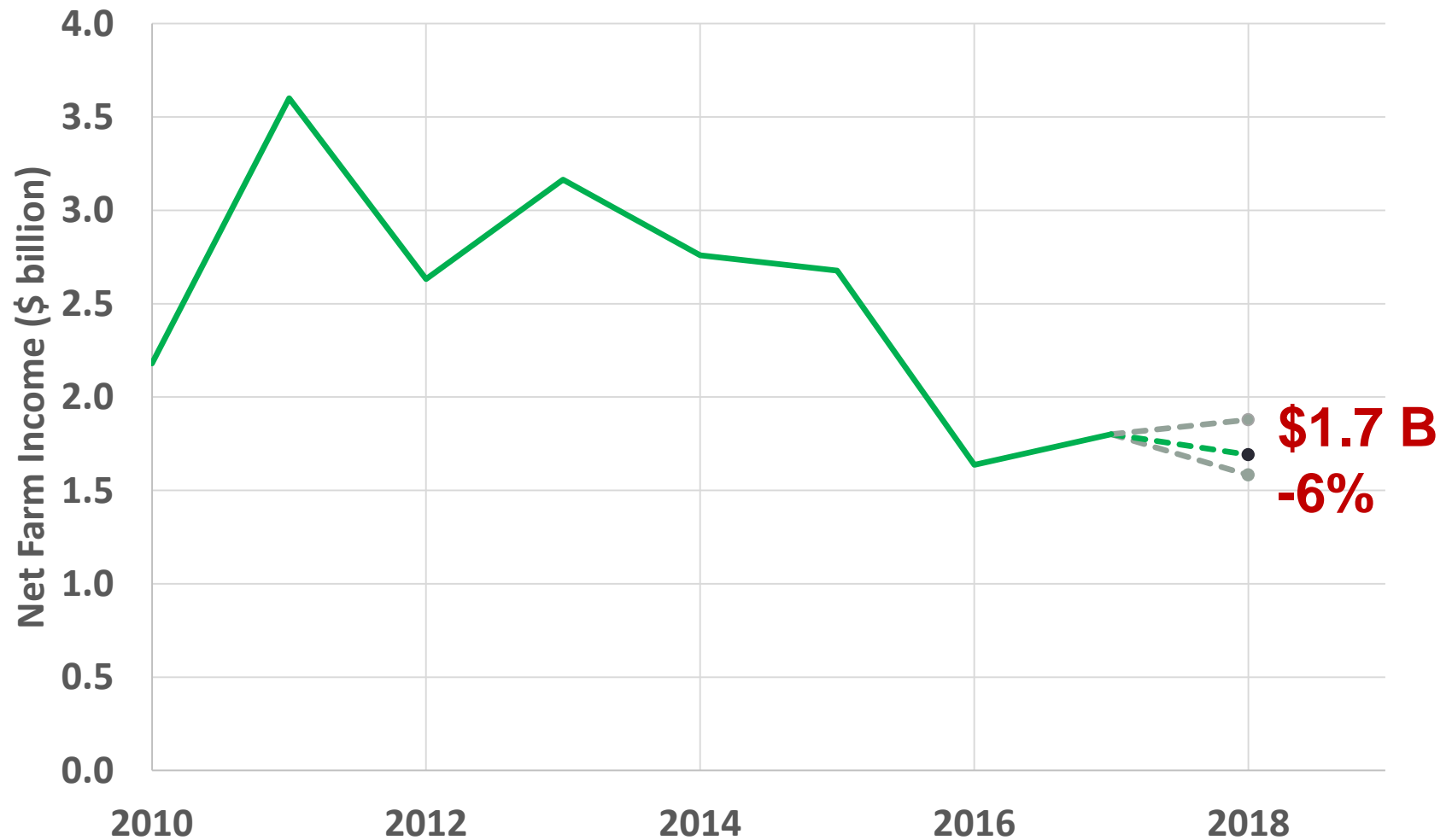
February 5, 2019 Madison WI

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2019 Wisconsin Ag Outlook Forum

- **Paul Mitchell (UW)** Farm Income and the New Farm Bill
- **Situation and Outlook**
 - **Mark Stephenson (UW)** Dairy
 - **Brenda Boetel (UWRF)** Grain & Livestock
 - **Jed Colquhoun (UW)** Specialty Crops
 - **Tessa Conroy (UWEX)** Wisconsin Economy
- **Dairy Consolidation: New Perspectives for America's Dairyland**
 - **Marin Bozic (U MN)** Data & Trends
 - **Pete Kappelman (WI)** – Dairy Farmer Perspective
 - **Dairy Industry Panel**
 - **Phil Plourd** (Bliming and Associates)
 - **Sue Taylor** (Leprino Foods)
- PowerPoint and Video:
<https://renk.aae.wisc.edu/documents/2019-wi-agricultural-outlook-forum-presentations/>

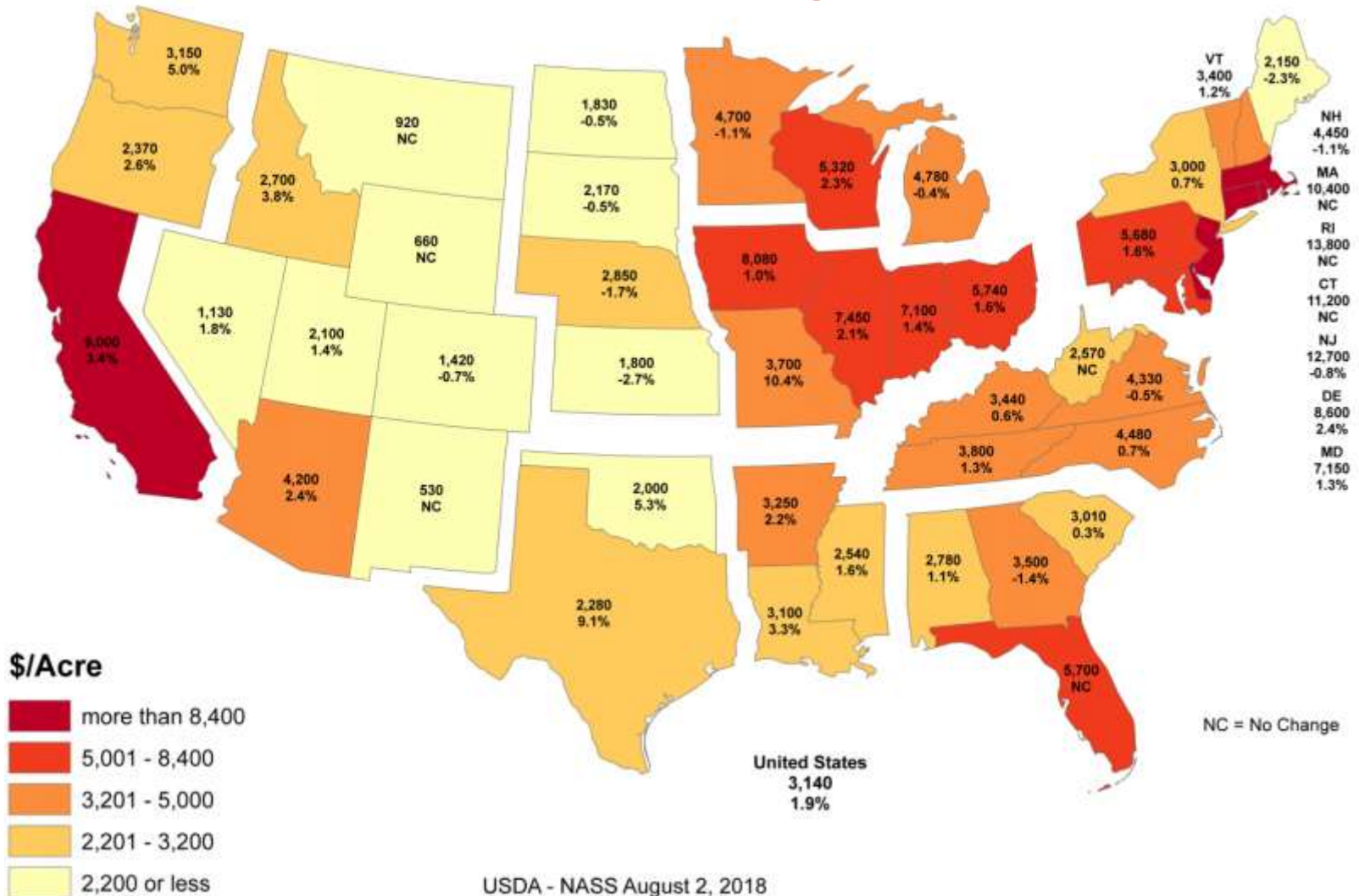
Wisconsin Net Farm Income in 2010-2018F



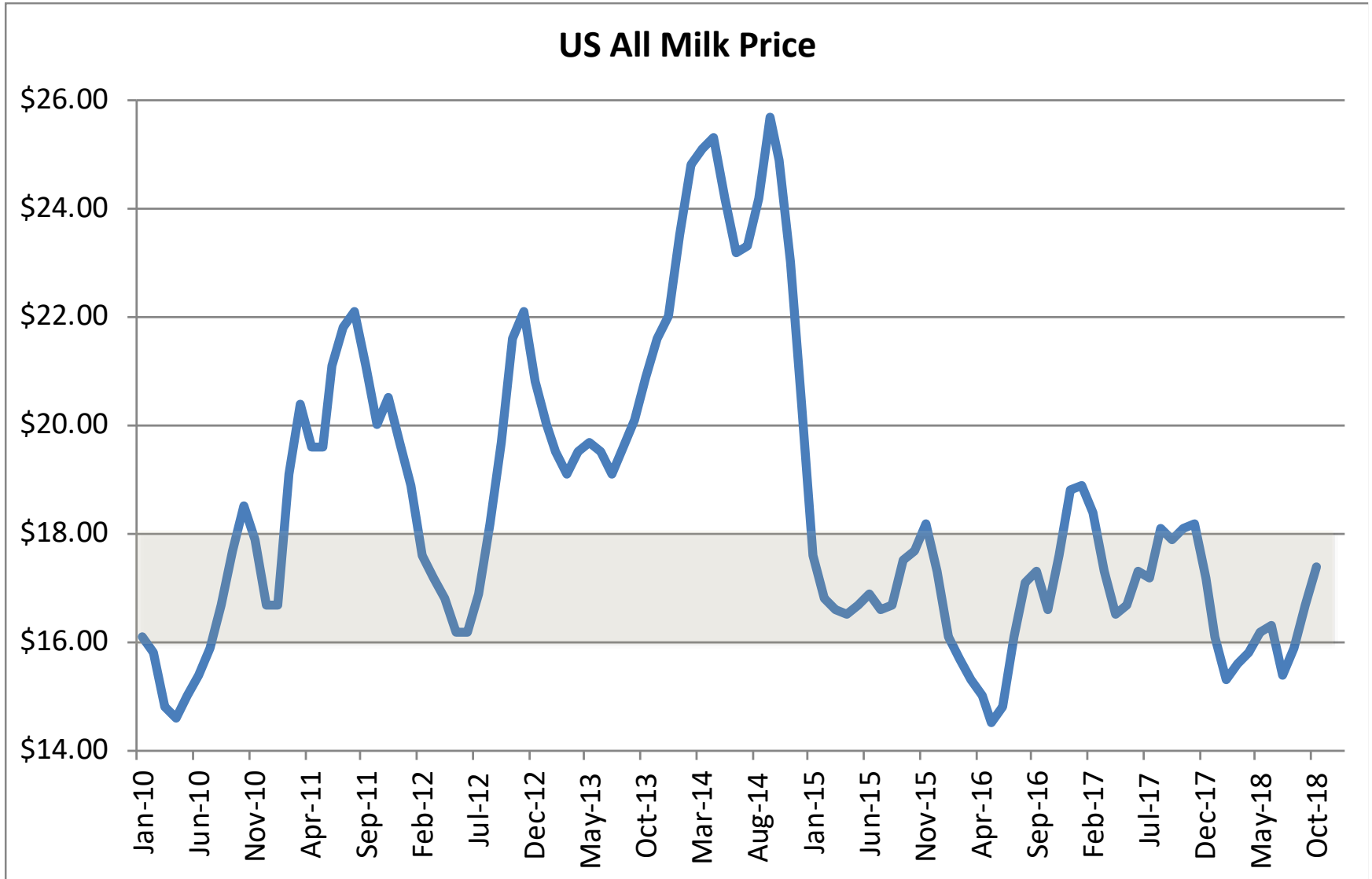
Wisconsin Land Values Up 2.3% in 2018

2018 Farm Real Estate Value by State

(Up 9.5% in 2017, 2nd highest in US)



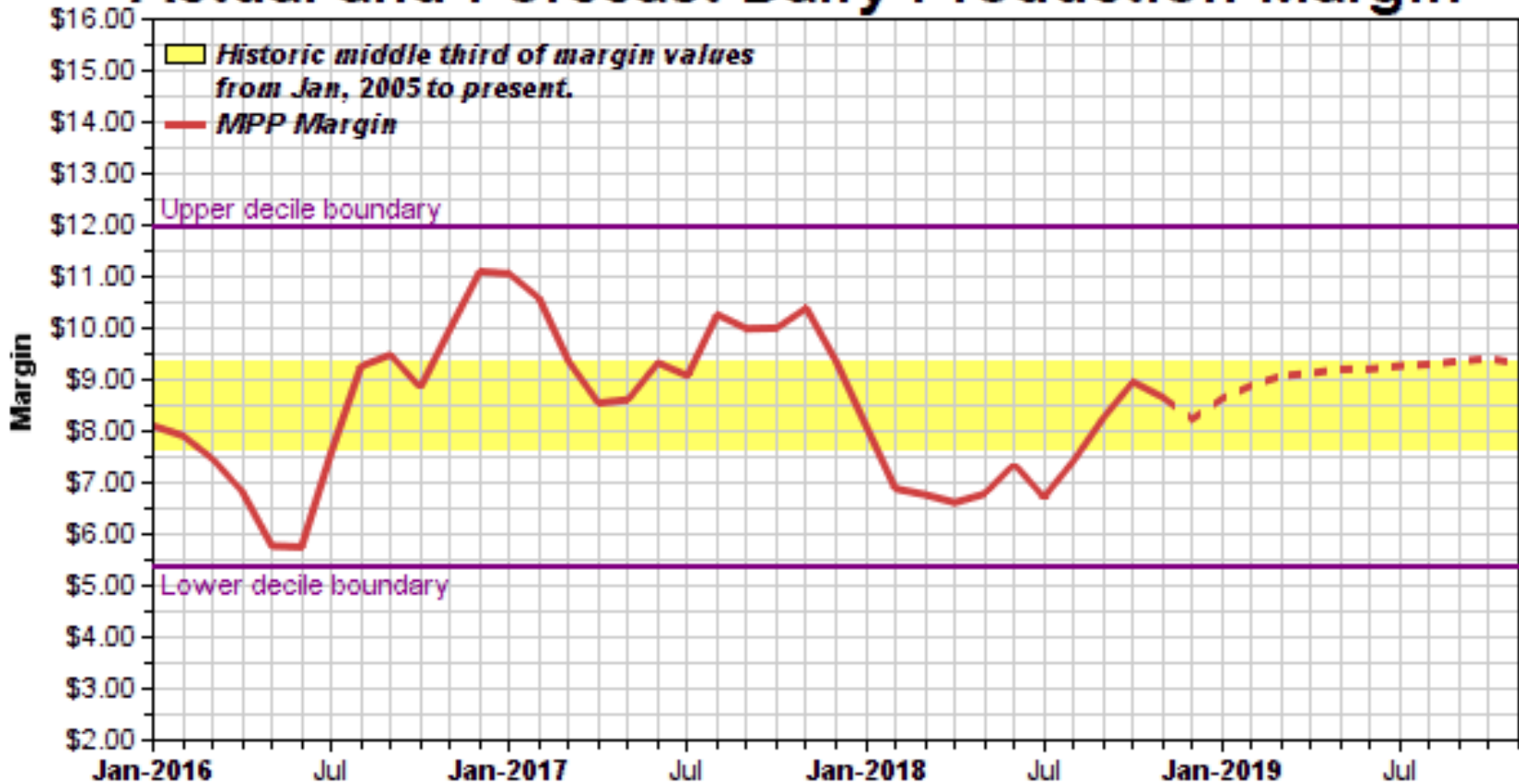
Milk Prices Have Been Range-Bound



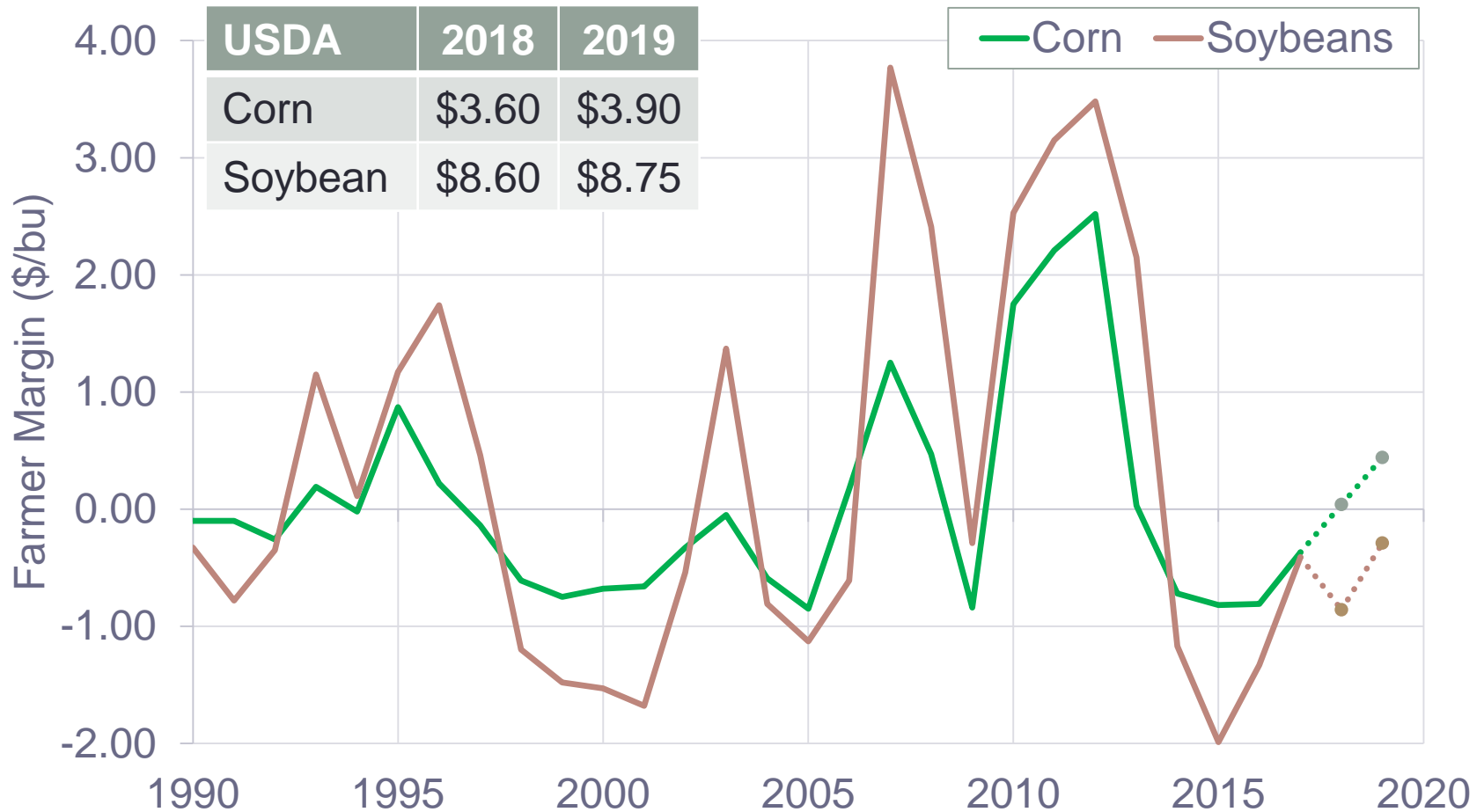
Courtesy of Dr. Mark Stephenson, UW CDP

Projected Dairy Margins into 2019

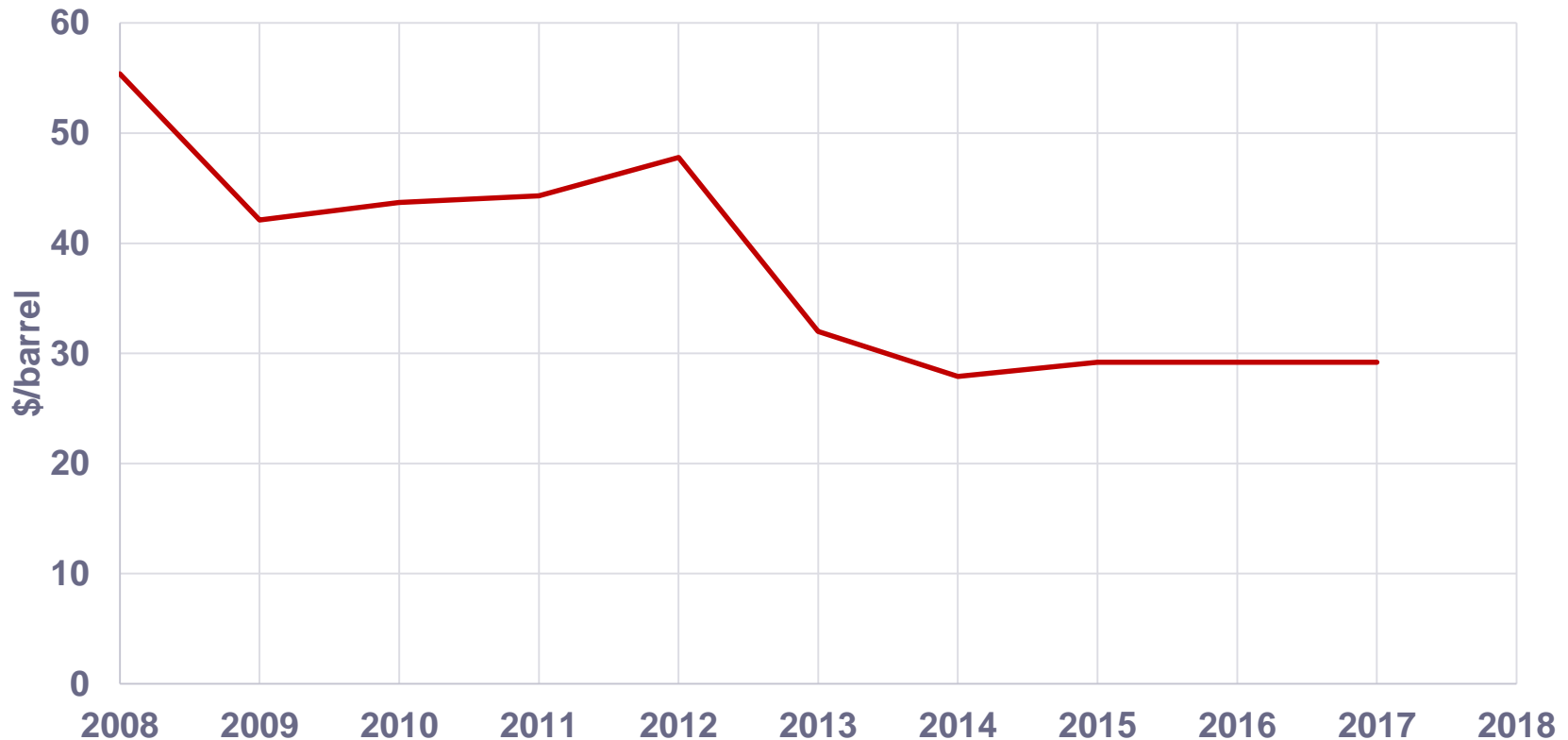
Actual and Forecast Dairy Production Margin



Historical and Projected Margins (\$/bu) for Corn and Soybeans in Iowa (as of Jan 2019)



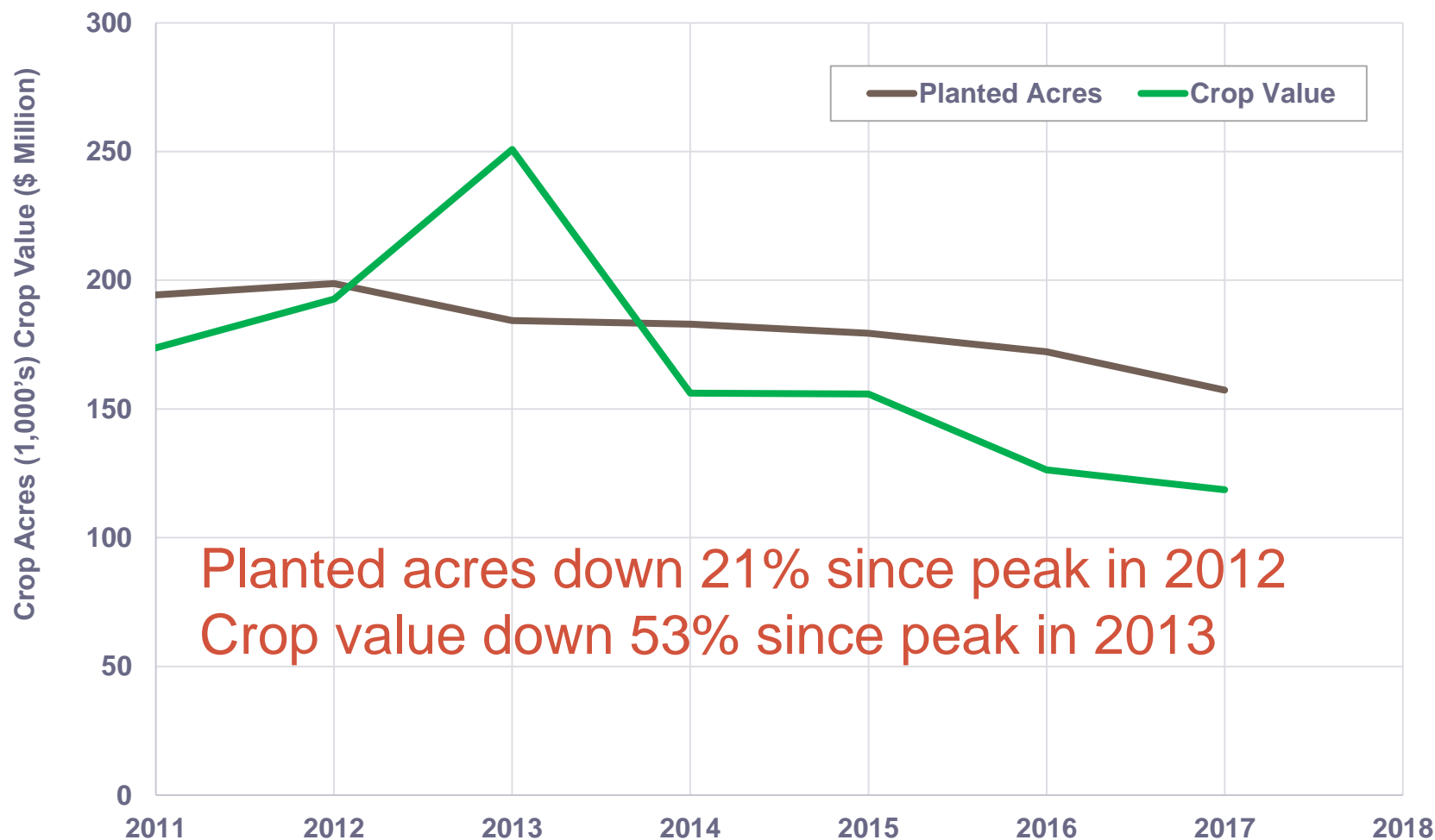
Wisconsin Cranberry Farm Price Down 39% since 2012



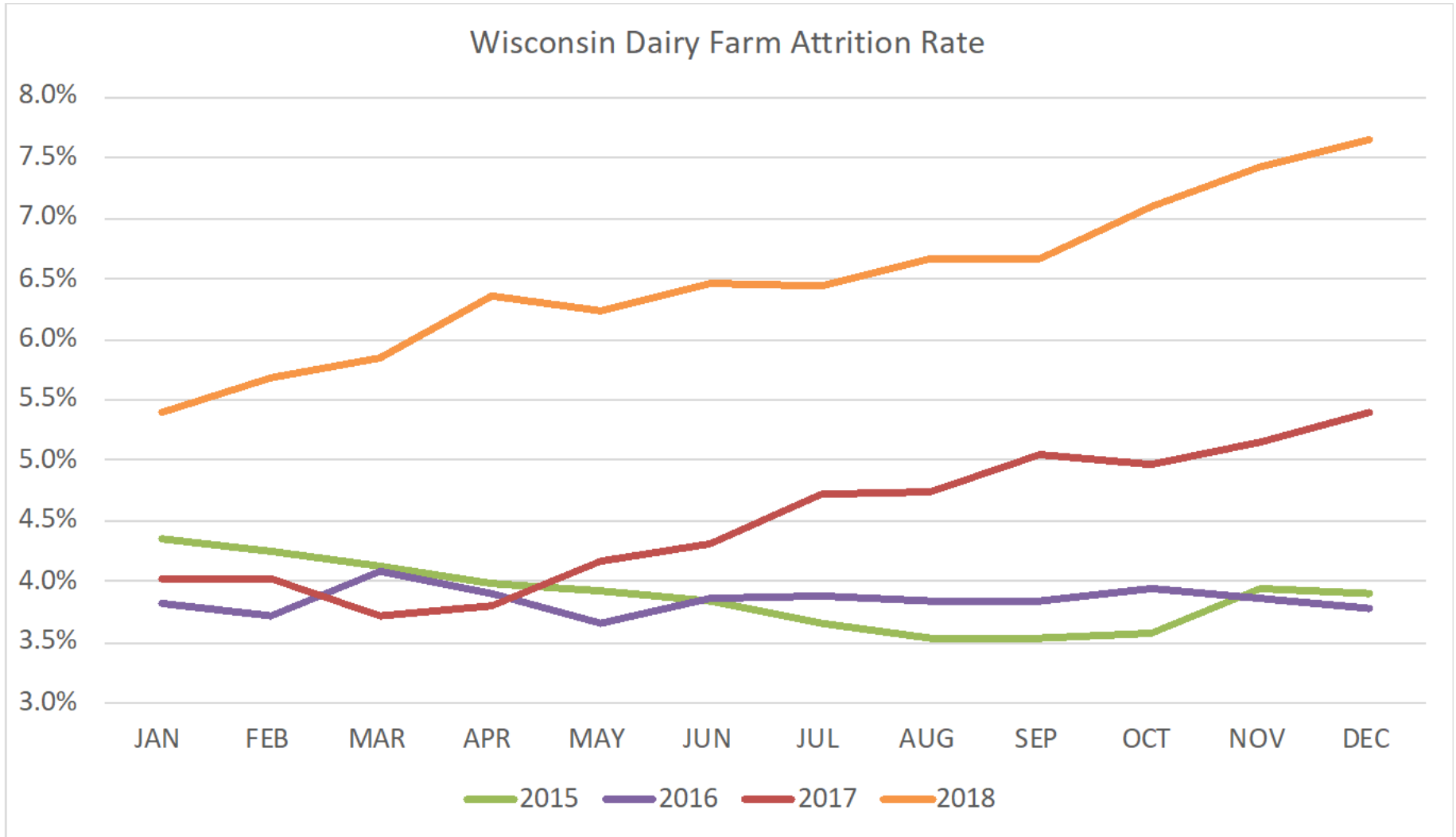
Faced with a glut of cranberries, growers could dump about 25 percent of the crop

Processing vegetables in Wisconsin

(Sweet Corn, Snap Beans, Green Peas, Carrots, Cucumbers)



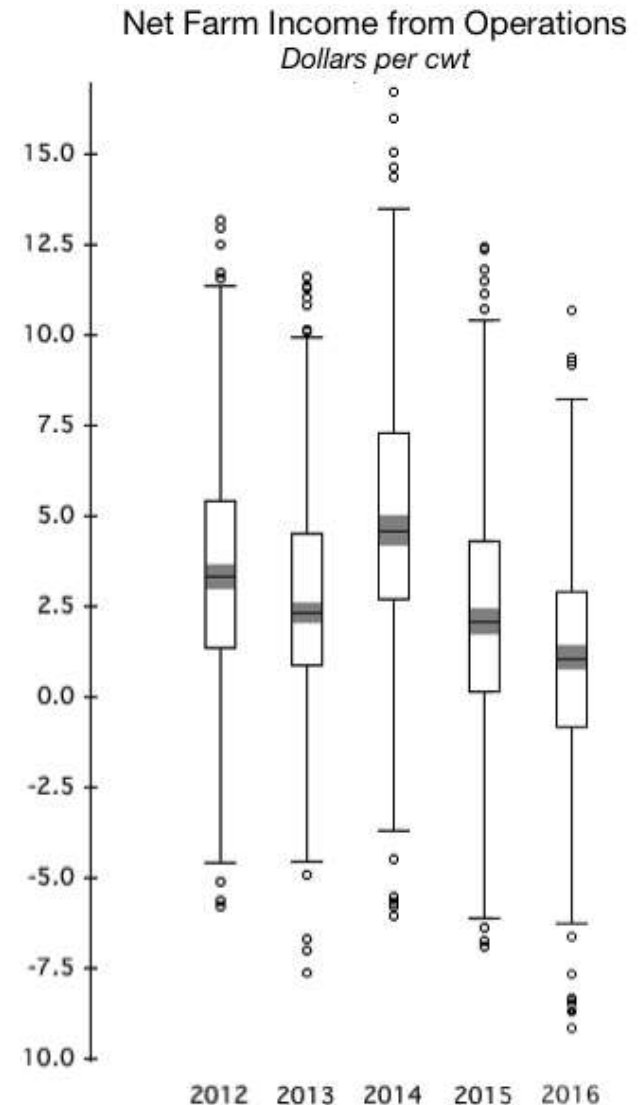
Dairy Farm Attrition Rate is up in WI



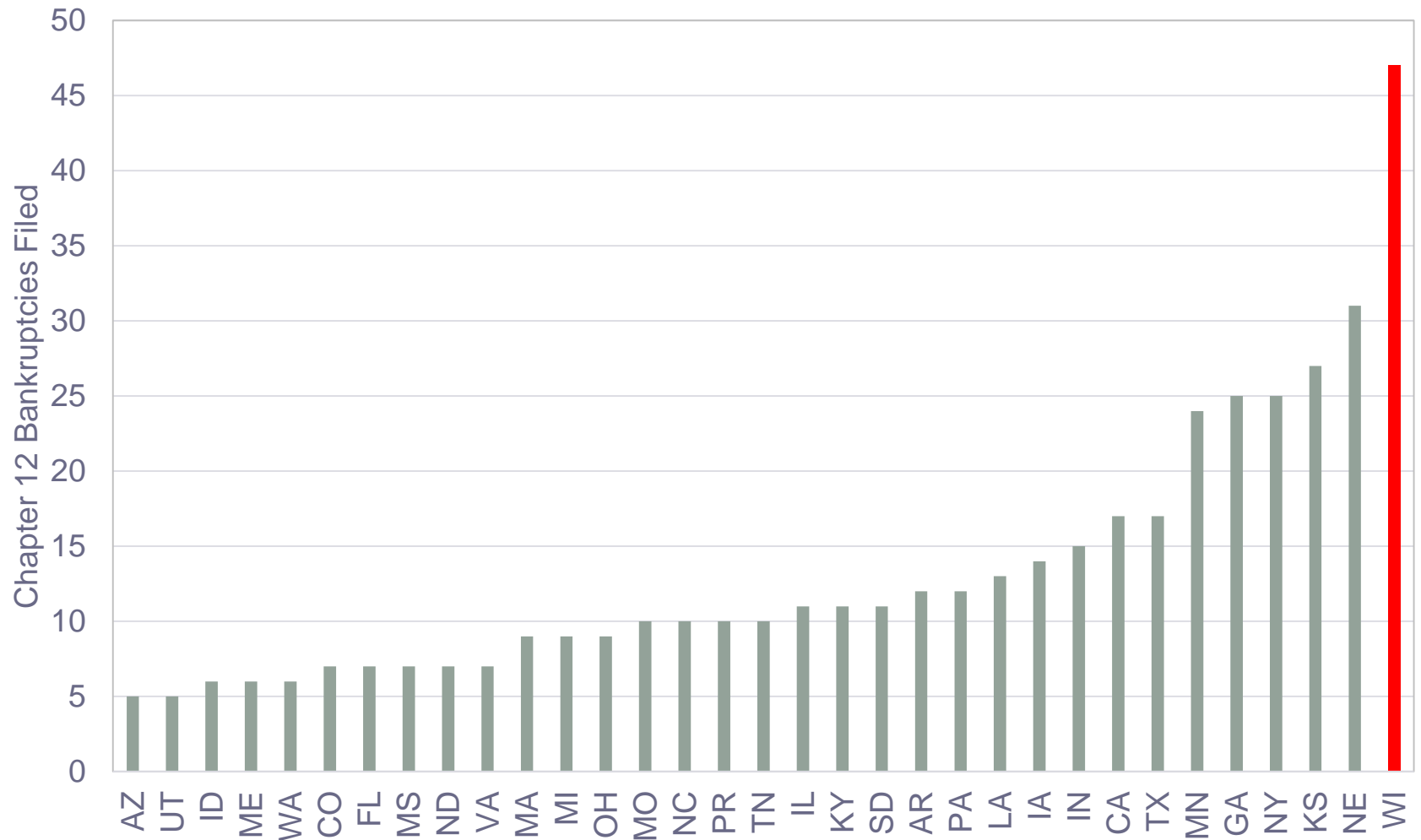
Courtesy of Dr. Mark Stephenson, UW CDP

The “Long Scrape” in Dairy

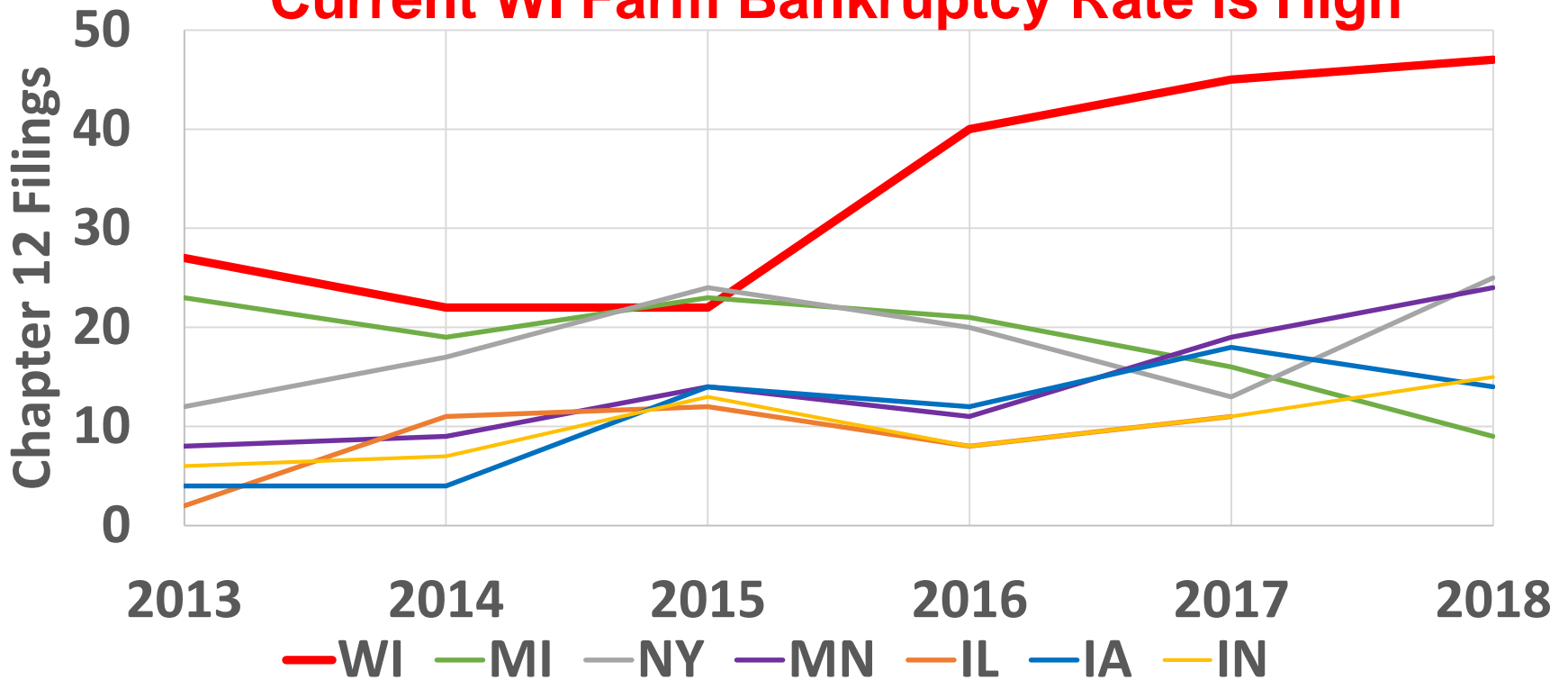
- Based on farm financial data
 - A \$10 range every year in the cash costs of production on Wisconsin dairy farms
- Based on discussion with ag lenders in the state
 - 20% of farms have cash flowed right through this trough
 - 30% have had to borrow more
 - 30% have had to restructure loans
 - 20% are in real trouble



Wisconsin Led the Nation in Chapter 12 Bankruptcy Filings in FY2018



Current WI Farm Bankruptcy Rate is High



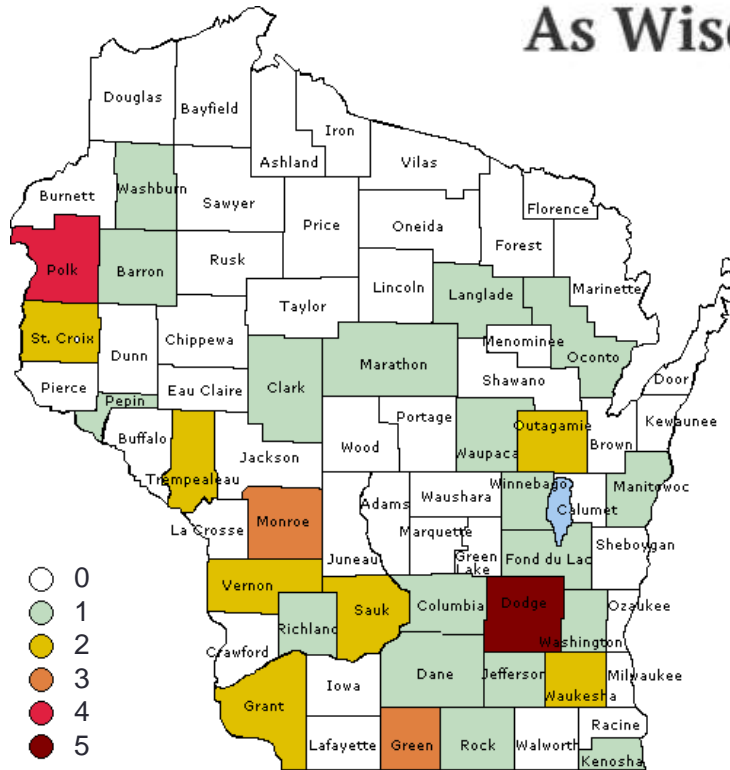
Chapter 12 Bankruptcies per 10,000 Farms

State	2016	2017	2018	Average 1997-2016
Wisconsin	5.82	6.57	6.86	2.98
Michigan	4.09	3.14	1.77	2.98

Chapter 12 Bankruptcy Filings by County (10/1/17 to 9/30/18)

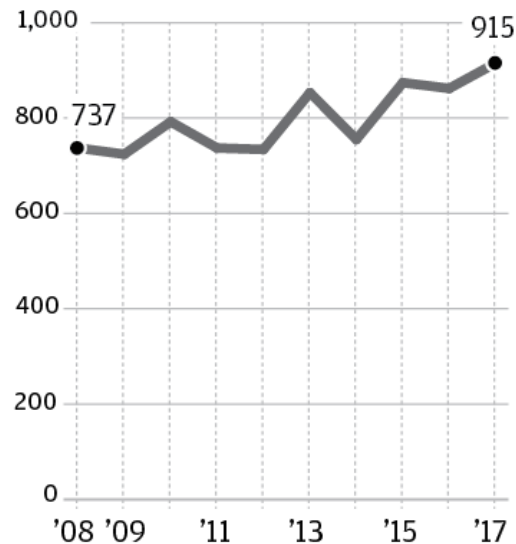
SUICIDE PREVENTION | A POPULATION AT RISK

As Wisconsin farmers struggle, new effort aims to prevent suicide



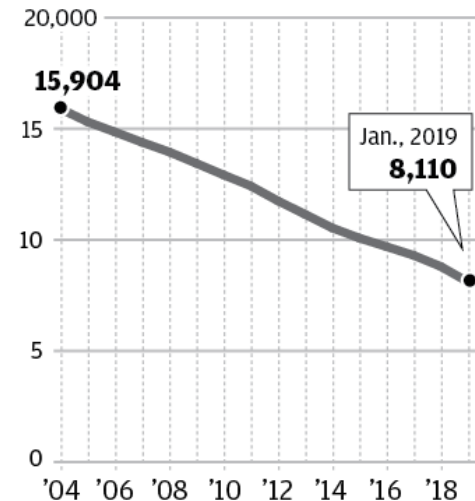
Suicides in Wisconsin

The state had a record number of suicides in 2017:



Wisconsin dairy farms

The state has had a 49 percent decrease in the number of dairy farms over the past 15 years:



Farming and Stress
 Wisconsin Farm Center
 1-800-942-2474

SOURCE: Wisconsin Department of Health Services

State Journal

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SOURCE: Wisconsin Department of Agriculture, Trade and Consumer Protection

State Journal



What is UW Extension Doing

- Mark Stephenson (UW Center for Dairy Profitability)
 - Outreach meetings on Dairy Margin Coverage and Dairy Revenue Protection, new federal programs
 - Set up by local county agents
 - Leading the Dairy Task Force 2.0
- Paul Mitchell (UWEX and Renk Agribusiness Institute)
 - Wisconsin Agricultural Outlook Forum
 - Specialty Crop “Task Force” with Jed Colquhoun (UW Hort)
 - Grain Management Considerations in Low-Margin Years
- John Shutsky (UWEX Farm Safety)
 - Helping Tame Farm Stress (for Ag Professionals)
 - Farm Stress & Decision Making During Challenging Times

Summary

- Wisconsin farmers have been dealing with persistently low prices and negative-to-low margins across most of our major commodities all at the same time
- Many farmers are working through these trying times with varying levels of success, but some are not doing well
 - Lots of evidence farm financial stress
- UW Extension state specialist and county agents are helping as they can

Thanks for your Attention

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