

Milk

From A1

The reason for the overproduction with less farms is because dairy farmers produce milk more efficiently, utilizing components like genetics, feed and atmosphere management as well as replacing older cows with a less efficient yield with younger cows with a higher production yield.

To make his cattle more efficient, Mike Turner of Baraboo started breeding cattle through artificial insemination using genetics in 2009 when he started to manage the herd of what was then his father's 100 dairy cow farm. It wasn't only the use of genetics, but also a change in feeds rations that he said made his cattle more efficient in milk production. He said these changes caused close to a 400,000 pound increase the year Turner took over the farm with the same amount of cows on their operation. The operation now produces around 6,500 pounds of milk a day.

"I was making stuff more consistent for the animals," said Turner, who also the president of the Sauk County Farm Bureau. "We can't push our animals by any means. For what I am feeding the cows they are actually giving more milk than the rations supports. An animal that stays healthier longer has a longer life."

Ralph Levzcov, who son Kenneth will be the fourth generation of their 170 dairy cow operation in Wyocena, said the lower prices forces farmers to become more efficient.

"You're trying to balance your rations so you get the most out of your cows and you want to get the most production you can per cow," Levzcov said.

His wife, Becky, whose on the Wisconsin Milk Marketing Board for Columbia and Dodge County and was recently appointed to the National Milk Marketing Board, also described about management dairy farmers have taken on their operation to further increase the milk productivity of their herd as well as create healthy and longer living cattle.

"We've gone to where a lot of the farms now have three cell barns," Becky Levzcov said. "They have better ventilation, better atmosphere for the cows to live in. You work very closely with a veterinarian on a health program because a healthy animal produces more products."

Making sacrifices

With milk prices dropping, farmers have had to take a closer look at their expenses and make decisions about what to sacrifice in terms of updating equipment and in some cases switching processors.

Turner said with the low milk prices he's finding ways to save money on fertilizer and seed for crops as well as personal expenses like satellite television and not seeing his wife's family in Westfield as much.

"Basically, it's cutting back some of that stuff people take for granted that you normally don't think about," Turner said. "I've been running everything pretty tight as it was."

Sarah Lloyd and her husband, Nels Nelson, is a part of a 350 dairy operation east of the Wisconsin Dells. She said recent milk prices have not only made it difficult to cover the cost of production but also cover unexpected expenses.

"My husband and I had to put a new furnace in our house this year and when there's no money in the family business it's difficult to cover those larger, unexpected expenses," Lloyd said.

In addition to a base price for milk, dairy farmers receive an incentive for components like high butterfat, protein percentage and other components. However, the oversupply not only affects the base price, it also affects how much is offered for incentives.

In an average year, Kenneth Nolden, who owns a 150 dairy cow operation in Rock Springs, produces over 3.6 million pounds of milk annually, around 9,900 pounds a day. Nolden said his "take home average" was around \$16.84 per cwt of milk in 2017. He estimated premiums were about 60 cents per 100 pounds lower in 2017, contributing to around \$21,000 less in his take home pay last year.

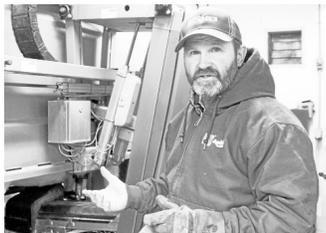
"That's the margin between just scratching by and having nothing and having a decent year," Nolden said.

While he said he's making a profit on his farm, with an estimated \$50,000 of income and \$48,000 of expenses he said margins can get tight. In order to obtain a wider profit margin, Nolden said he will be downsizing to a smaller cooperative that offers a higher incentive for milk contracts. He hopes the switch will contribute an estimated \$30,000



AUTUMN LUEDKE, SAUK PRAIRIE EAGLE

Mike Eng has 700 cows on his dairy farm in rural Sauk City and farms with his two brothers and two sons. Milk prices continue to be a challenge for dairy farmers. Although they can't control the market, Eng said farmers can do things with their product to gain incentives such as improve high butter fat and protein percentages.



ERICA DYNES, CAPITAL NEWSPAPERS

Ken Nolden of Rock Springs shows how an automatic milking machine works on his operation. Nolden will be changing buyers as a result of recent low milk prices.



HANNAH KIRBY, DELLS EVENTS

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These dry cows are from Sarah Lloyd's Wisconsin Dells dairy operation.



AUTUMN LUEDKE, SAUK PRAIRIE EAGLE

Mike Eng, second from left, milks 700 cows on his farm Eng Farms in the Sauk Prairie area. A third generation family dairy farm, Eng farms with two brothers and two sons. Milk prices are proving to be a challenge for dairy farmers. Because they can't control the market, farmers are focusing on improving the components of their milk that gets them incentives like high butter fat and protein percentages. From left, Colton Froese, Mike Eng, JR Coy, Emmanuel Lindo and Elmer Espinoza.

to his annual income in incentives. However, he said the switch doesn't guarantee he will have an increase in profit.

"That's a bit of a risk to make that decision," Nolden said. Eng said their operation plans to cut back inputs on fertilizer and buying cheaper seed for feed. He said they won't cut back on milk production, a lesson he learned from 2009 when prices dropped to around \$9 per cwt. During that time, Eng said they cut back on milk production and ended up losing close to \$1,000 a day on his operation.

"What we did was we pulled out all the goodies," Eng said. "That's what we learned from 2009 is don't do anything that hurts your milk production. That's what we're going to do this year too, cut back in other places but don't cut back where you think you are going to lose milk production."

While premiums are low, Eng said it's the only component they can control in terms of increasing their milk check. Eng said raising butterfat components by one tenth of a point amounts to a 25 cent per cwt increase in pay. If his operation lowers the somatic cell count by 16 points it amounts to a five cent increase per cwt.

"It may not sound like much," Eng said. "But with today's tight margins it may make the differ-

ence of profit or loss at the end of the month."

Providing security

While farmers keep an eye on their expenses and focus on incentives, state and federal legislatures are working to try to address providing more security to farmers while the dairy industry is finding new exports and uses for products.

A bill introduced late last year in the state senate is hoping to create some flexibility for Wisconsin dairy farmers. Introduced by State Sen. Howard Marklien, R-Spring Green, Senate Bill 599 makes changes to the Agricultural Producer Security Program administered by the Department of Agriculture, Trade and Consumer Protection and will allow dairy farmers defer a portion of their pay for up to 120 days. Marklien said it could reach the Senate floor this month or next month and head to Gov. Scott Walkers desk for signing.

Marklien said the bipartisan bill would give farmers the "flexibility they do not currently have right now."

"In years when prices are really, really good there are farmers who have wanted that option to delay some of that income into the following year," Marklien said. "Current statutes do not allow them to

do that."

On the federal level, United States Sen. Tammy Baldwin, D-Madison, has been pushing for a better Dairy Margin Protection Program in the 2018 Farm Bill. While there was a dairy margin protection program passed in the 2014 Farm Bill, Baldwin said the program "hasn't been working as well as it should."

"Farmers have been paying in but it hasn't provided the meaningful insurance coverage that they want and we need to fix that as soon as possible," Baldwin said.

Looking forward

Focusing on exports and finding new markets has been a major focus in addressing the oversupply of dairy in hopes of increasing milk prices. But it's something Koeps said isn't going to happen overnight.

"We've got to try and increase market share and come up with products that people will buy that are dairy products find some new uses and manage the supply, demand situation," Koeps said.

Becky Levzcov said the Milk Marketing Board at the state and national level has been increasing the promotion to spread awareness of the value of Wisconsin dairy products at a domestic

level to restaurants, delis as well as working with dietitians and attending trade shows to not only increase domestic consumption, but also focus on obtaining additional exports.

Research is also being conducted to find ways to expand the uses of dairy products. Levzcov said there's ways the market is working on expanding its uses in the pharmacy industry by using components of dairy products in coating of pills and researching about the benefits of adding dairy components, like whey, into nutrition drinks and health products.

"There's a lot of different applications for the use of dairy products," Becky Levzcov said. "Right now it's just a challenge trying to find a market for all this milk... we have a lot of surplus out there."

However, behind the economics, trade, politics and concern facing the industry, area dairy farmers continue to work hard and remain optimistic the markets will one day improve.

"We just deal with the low times and hope we get good times again soon," Kenneth Levzcov said. "You just keep working at it."

Contact Erica Dynes at 608-393-5346 or on Twitter @EDynes_CapNews.