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1. Wisconsin Specialty Protein Celebrates Grand Opening in Reedsburg

Little more than a year after breaking ground to build the nation's first facility to process whey from organic cow, goat and sheep cheese, Wisconsin Specialty Protein hosted a grand opening two weeks ago, celebrating its new \$14 million, 20,000 sq. ft. facility in Reedsburg, Wis.

Among the guest speakers congratulating CEO Tera Johnson was Agriculture Secretary Rod Nilsestuen, who called the company a "poster child" for dairy innovation. "Wisconsin Specialty Protein exemplifies exactly what we've been trying to do in the state of Wisconsin in terms of making connections between innovation and opportunity in our strong dairy heritage," Nilsestuen said.

In August, Wisconsin Specialty Protein launched a new line of "teraswhey"™ protein products in a variety of flavors, which have since been accepted into seven of the 11 national Whole Food regions around the country. The powder drinks are derived from fresh rBGH-free cheese whey using low temperature ultra-filtration and a gentle drying process. The process extensively recovers and reuses both heat and water. The product is available in Wisconsin at Willy Street Co-op and Fromagination, both in Madison.

All manufacturing takes place in the Reedsburg facility, which employs a current staff of 13. The unique plant is in the Leadership in Energy and Environmental Design (LEED) certification process and was constructed using recycled materials and uses rain gardens for storm water management. It uses 40 percent less energy than a typical whey plant because of technology advances in a heat recovery system.



Photo by Jeanne Carpenter, DBIC

Agriculture Secretary Rod Nilsestuen and Wisconsin Specialty Protein CEO Tera Johnson celebrate the grand opening of the new \$14 million facility.

2. DBIC Team Column: Dairy Farm Crisis in Wisconsin



This month, we hear from **Paul Dietmann**, DBIC Value Added Agriculture Specialist. Paul is Director of the Wisconsin Farm Center, part of the Wisconsin Department of Agriculture. The center is charged with providing advice and assistance to distressed farmers. It maintains a toll-free hotline and provides a wide range of services including farm financial counseling and business planning, farm mediation, stray voltage assessment, veterinary diagnostics services, mental health counseling vouchers, and more. Paul recently testified before the State Assembly Committee on Agriculture on the current dairy farm crisis. He shares a portion of that testimony with us this month.

The number of calls we are taking at the Wisconsin Farm Center from farmers in financial trouble has nearly tripled this year compared to two years ago. The mood of our callers ranges from frustration to anger to depression to sheer panic. We have taken calls from farmers who were on the verge of suicide. We have received calls from farm wives who were in fear of domestic violence. We have gotten calls from farm families with no food in their homes. We have gotten calls from dairy producers whose electricity is shut off and are milking with generators. We have spoken with farmers who haven't eaten or slept in days because of the stress of their financial situation. The situation for many producers is desperate.

In the past we would often refer our most cash-strapped callers to the Harvest of Hope Fund, a faith-based non-profit organization that provides small grants to farm families in need. Unfortunately, Harvest of Hope's coffers are empty. They have already gifted twice as much money this year as they would in a normal year, and could easily gift triple the amount of a normal year if they had the funds available.

When I testified before the State Assesmbly Committee on Agriculture last Spring, we talked about the tightening of the agricultural credit market. That market is now all but frozen up. Lenders are working with their existing borrowers to the extent they can. They are deferring principal payments or restructuring loans. Under some circumstances, they are extending additional credit but that's becoming rare. Few, if any, are taking on new borrowers. Bankers are concerned about the regulatory environment, particularly about the way bank examiners will classify ag loans to borrowers who aren't able to make scheduled principal and interest payments. I worry about that, too. If bankers are compelled to assign non-accrual status to these loans, they will have less discretion to work out satisfactory terms with borrowers.

It is important to note that we have not yet seen a significant increase in the number of farm foreclosures or bankruptcies. As one speaker at a public hearing recently commented, "Everybody is waiting for somebody else to blink." Much of the credit now being extended to dairy farmers is coming from some very reluctant lenders: farm supply dealers; veterinarians; custom operators; AI technicians. A great deal of farm operating debt is being carried on credit cards and is compounding at astronomical interest rates. I've been working with one farmer who was turned down for a conventional loan, so instead bought breeding livestock using a consumer loan, with an effective interest rate of nearly 30 percent.

What are we doing to help? The Wisconsin Farm Center is collaborating with UW-Extension to offer a series of nine financial workshops this fall around the state and have worked with Extension to develop materials for their "Extension Responds: Farming in Difficult Times" web site. We are providing information to Extension agents about how they can help farmers at the county level provide the appropriate information to support applications for Badger Care Plus and FoodShare. If you know of a dairy farmer in need, please encourage them to call the Wisconsin Farm Center at 1-800-942-2474.

3. Dairy Management Teams Now Available for Wisconsin Farmers

A new pilot program offering technical and financial expert assistance to Wisconsin dairy farmers is intended to help producers bridge the current economy and look to the future. The Dairy Farm Management Team program, a new joint effort between the Wisconsin Department of Agriculture, Department of Commerce, UW-Extension, Center for Dairy Profitability and Wisconsin Technical Colleges, is aimed at bringing farmers together with teams including lenders, agronomists, nutritionists and other specialists. Organizers aim to have 50 producers enrolled in the program by the end of 2009.

“Dairy farmers across Wisconsin have reinvested nearly \$1 billion in the past five years to modernize and improve the profitability of their farms,” says Agriculture Secretary Rod Nilsestuen. “This program is designed to help farmers continue those efforts by providing another tool. During these tough times, it is necessary to focus on controlling things that can be done on the farm, while we also work on actions to improve milk price levels.”

The cost-share program will provide up to \$2,000 to cover such costs as consultant fees and agronomic, milk quality, or veterinary testing. Capital expenses are not eligible. Farmers will contribute 10 percent of the cost. The program will work with any herd size or set-up, anywhere in the state.



Participating dairy farmers will work with a facilitator, who will bring together a team of professionals tailored to the farm's individual situation. Over the course of three meetings, the team will identify issues and opportunities, develop strategies, and provide input for decision-making and long-term planning. The group will consider issues including technology, growth, financial success and sustainability.

Funding is available for 50 pilot teams in 2009, and applications will be accepted until funds run out. More information and application materials are available at <http://www.growwisconsinindairy.org>.

This program is made possible by grants to the Dairy Business Initiative from the U.S. Department of Agriculture, obtained with assistance from U.S. Sen. Herb Kohl and U.S. Rep. Dave Obey. In-kind contributions are provided by the Wisconsin Milk Marketing Board; the Department of Agriculture, Trade and Consumer Protection; and the Department of Commerce.

4. Industry News

- ❖ **DBIC Endowment Fund Kickoff Update:** A November 12 event designed to kick off the new Dairy Business Innovation Center Endowment Fund has been postponed to early 2010. Please make note of this change and mark your calendars accordingly. We look forward to sending updated information to industry partners within the next few weeks. Thank you for your support!
 - ❖ **Dairy Goat Field Day:** More than 100 people attended a Dairy Goat Field Day at the Keith, Jane, and Tylor Schwartz goat dairy at Juneau, on Sept. 19, making it the largest crowd ever to attend a dairy goat field day in Wisconsin. In addition to a tour of facilities, the attendees heard from a number of experts on goat nutrition and how to produce nutritious forages. Currently milking over 200 head, the Schwartz family goal is to build to a herd of 750 by 2015.
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5. Upcoming Important Dates

- **Oct. 17: Dairy Goat Field Day. Monroe, Wis.**
Laura and Antony Jay, W4282 Schutt Lane, Monroe, will host a Dairy Goat Field Day, beginning at 9 a.m. The Jays milk 160 does. The day will feature a tour of the farm, including a new barn added last fall. Veterinarian Chris Duemler will discuss parasites in goats, and Laura Jay will explain her observation and testing procedures to manage milk quality. Admission is free, but advance registration is recommended. Attendees may bring lunch or buy it at the farm. To register, e-mail jeanne.meier@wi.gov or call 608-224-5121.
- **Oct. 30–31: 2009 Focus on Goats Conference. Sinsinawa, Wis.**
“Focus on Goats: A Conference in the Heart of the Nation’s Dairy Goat Industry” will provide information for beginning and experienced farmers. Cost is \$30 per person for one day or \$55 for both days until Oct. 15. After that date, cost is \$40 for one day or \$65 for two days. Highlights include a keynote address by master cheese maker Sid Cook of Carr Valley Cheese, farmer panels, and presentations by experts on goat health, nutrition, kid care, profitability, record-keeping, milk quality, and money-making tips. The conference also features a cheese-making workshop (sign up in advance), vendor show and select buck and doe sale. Register online at: <http://www.datcp.state.wi.us> under “online services.” For information, contact Jeanne Meier jeanne.meier@wi.gov, 608-224-5121.
- **Nov. 13–14: Connecting Threads Conference. Wisconsin Rapids, Wis.**
The next Connecting Threads, Weave the Fabric of Agriculture, a conference for women farmers, will be at the Hotel Mead in Wisconsin Rapids. The event will feature several sessions, including farm succession, holistic farm management and farm business planning for women. For more information, contact Kathy Schmitt at the Wisconsin Farm Center, 1-800-942-2474.

The Dairy Business Innovation Center offers technical assistance to dairy producers and processors in developing value-added dairy products, business planning and market development. For more information, visit www.dbicusa.org or contact Jeanne Carpenter at 608-358-7837, email: jeanne@wordartisanllc.com.

