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EVERS PROPOSES TO INVEST \$43 MILLION IN WISCONSIN AGRICULTURE

Contact: April Yancer, WDATCP Division of Agricultural Development, Farm to School & Institution and WI Foods Program Specialist [Wisconsin Department of Agriculture, Trade and Consumer Protection](#)

608-512-2950 April.yancer@wi.gov

As reported via <http://www.thewheelerreport.com>

Governor Evers is announcing his intention to invest \$43 million in Wisconsin's agriculture as part of his 2021-23 biennial budget proposal. His budget is "aimed at expanding market opportunities, supporting new and innovative farming practices, strengthening the agricultural workforce, and connecting local producers to foodbanks and pantries, and supporting farmer mental health and wellbeing."

The Governor's budget includes funding and initiatives to help farmers and buyers of all types connect. Whether those buyers are national markets, international markets, or local entities looking to provide food for families, schools or food service entities.

Local and International Market

- Creating and funding the Wisconsin Initiative for Agricultural Exports. (\$2 million)
- Increasing funding for the Dairy Processor Grant Program by \$1.2 million over the biennium.
- Investing \$20 million to help connect Wisconsin food banks and pantries with Wisconsin producers.
- Funding the Farm-to-School Grant Program. (\$400,000 over biennium)
- Creating and Funding the Farm-to-Fork to build connections between farmers and non-school entities looking to purchase local food for their cafeterias. (\$552,000 over biennium)
- Increasing the Buy Local, Buy Wisconsin program. (\$350,000 over biennium)
- Providing additional funding for Something Special *from* Wisconsin marketing program. (\$400,000 over biennium)

- Creating and funding a Small Farm Diversity Grant program (support producers adding new products, increasing production of an ag product where market opportunities exist, or starting a new farming operation.) (\$250,000 over the biennium).

Over the past 10-20 years Wisconsin has lost a significant number of local butchers and meat processors. While the loss has been noted over the years, the impact was most significantly felt when COVID hit and shut down several of the large national meat processing plants. The pork industry is a “just-in-time” inventory system, meaning that hogs can only be kept for a few days after they are ready before they have to go to processing. The result of the national meat processing closures was that pork farmers everywhere had nowhere to go with their hogs. National stories from areas like Iowa talked about pork producers having to euthanize 100s if not 1000s of hogs. A huge financial loss to the farmer. In Wisconsin, the combined efforts of DATCP and trade organizations working with local smaller processors helped save or at least reduce the financial loss Wisconsin pork producers had. In his budget proposal, Governor Evers is taking steps to address the need for more processors and development of the meat processing workforce.

Bolster Local Meat Processing

- Creating a Meat Processor Grant Program. (\$2 million over biennium)
- Creating and funding a Meat Talent Development Program (target meat industry workforce development and support growth in Wisconsin’s meat processing industry). (\$2.6 million over biennium).
- Additional food Inspector Positions at DATCP. (\$787,000 over biennium)

Agricultural Innovation & Farmer-Led Conservation

- Creating and funding a Value-Added Agricultural Grant Program (Provide educational and technical assistance related to producing value-added agricultural products). (\$958,000 over biennium)
- Increasing funding for the Producer-Led Watershed Grant Program. (Additional \$500,000 over biennium)
- Creating and funding Water Stewardship Grants. (\$250,000 over biennium)
- Creating and funding a Conservation Grant Program (supporting farmers looking to transition to more environmentally sustainable agricultural practices). (\$640,000 over biennium)
- Providing funding to support additional UW-Extension specialists and county agents. (Additional \$2 million over biennium)
- Providing additional funding to counties in order to support three conservation staff per county. (Additional \$7.3 million over biennium).

Farmer Mental Health & Wellbeing

- Creating a new Regional Farmer Mental Health Program to increase access to mental health support services, coordinate local and regional peer support programs, and provide counseling and assistance. (\$1.1 million)
- Providing ongoing funding to the Farmer Mental Health Assistance Program which provide 24/7 counseling, tele-counseling session, counseling vouchers, and building farmer peer-support networks. (\$200,000 over biennium).

Dairy Situation and Outlook, February 23, 2021

By Bob Cropp, Professor Emeritus, University of Wisconsin Madison

February milk prices will end a little weaker than January. Class III will drop below \$16 to around \$15.60 compared to \$16.04 in January. Class IV will be around \$13.30 compared to \$13.75 in January. Cheese prices have been moving up and down all month and will average lower for the month than the January average of \$1.5141 per pound for cheddar barrels and \$1,7470 for 40-pound cheddar blocks. Currently barrels are \$1.3825 per pound and blocks \$1.57. Dry whey continued to show strength since October when the price was in the high 30's per pound. Currently dry whey is \$0.5475 per pound. This strength has added about \$0.90 to the Class III price but not enough to offset lower cheese prices. Butter averaged \$1.3496 per pound in January. Butter reached a low of \$1.21 per pound the start of February and increased to \$1.55 on February 19th but has now fallen to \$1.4875. While butter will average a little higher in February the nonfat dry milk price weakened some from an average of \$1.1808 per pound in January to the current price of \$1.090 which explains a weaker Class IV price in February.

Where milk prices head for the remainder of the year remain uncertain and cannot be forecasted with a high degree of probability because milk prices can change a lot and quickly with any change in supply or demand. Crucial will be the level of milk production, and how soon the COVID-19 virus comes under control and things start to return more to normal. The level of dairy exports will also be important.

Milk production was running 3% higher than a year ago in November and December. Milk production slowed to just a 1.6% increase in January. Milk cow numbers started to increase month to month back in July and increased another 8,000 December to January. January milk cows were 0.9% higher than a year ago. But the slowdown in milk production was due to just a 0.6% increase in milk per cow which in recent months was running 2%. Looking at the top 5 dairy states milk production which had been running above year ago levels fell 0.7% in California and 0.3% in Idaho due to lower milk per cow. Milk production was 3.1% higher in Wisconsin, 5.3% in Texas and 0.7% in New York. January milk production in other key states showed production up 10.1% in Indiana, 9.6% in South Dakota, 5.7% in Colorado and Minnesota and 4.3% in Michigan. Each of these states had expanded cow numbers from a year ago. Florida experienced a 5.1% decline in milk production as did 8 of the other 24 selected states. While milk production has slowed it is still at a level to put downward pressure on milk prices.

Milk production is likely to slow as we move through the year. Lower milk prices and higher feed costs will tighten margins over feed cost which could slow the increase in milk per cow. The January cattle inventory showed dairy replacements expected calve within the next 12 months 2% lower than a year before. So, cow numbers may stop increasing by second half of the year. USDA is forecasting cow numbers to average for the year 0.6% higher than 2020 with milk per cow up 1.4% resulting in 2021 milk production up 1.9% from 2020. That is a lot of milk and will keep pressure on milk prices.

It looks somewhat encouraging that new cases of the COVID-19 virus are slowing and more will be vaccinated by summer. If so, restaurants should become more fully open, and with the possibility of in person learning in schools and sports returning coming this fall food service will strengthen improving butter and cheese sales. But the return to normal maybe slow as consumers are reluctant to return fully to pre-virus consumption patterns. The level of government purchase of dairy products is not likely to be at the level of last year. The Farms to Families Food Box Program runs through April. It is uncertain if the program will be extended. There remain other government programs where dairy products will be purchased for school lunch and food banks. Anyway, the sale of milk and dairy products should strengthen as we move through the year.

Dairy exports were very positive for milk prices in 2020. Dairy exports on a milk solids equivalent volume basis were up 12.9% and set a record high. Exports were 16.0% of U.S. milk production compared to the previous record of 15.5% set back in 2013. For the year nonfat dry milk/skim milk powder exports were up 15.9% with strong sales to Southeast Asia, whey products up 23.9% as China resumed increased imports, butterfat exports up 7.0% and cheese exports down just 0.1%. Dairy exports in 2021 could continue to be a favorable factor for milk prices. The price of nonfat dry milk/skim milk powder, cheese and butter are currently very price competitive on export markets. The dollar also remains weak to other currencies. Milk production in other major exporters is increasing but overall appears to be less than one percent. So, there will be some additional product available to compete with the U.S. And COVID-19 has slowed economies of most countries. But USDA is forecasting for 2021 increased butter and whey product exports with continued strong exports of nonfat dry milk/skim milk powder.

Stock levels remain at a relatively high level and need to be drawn down for stronger milk prices. Compared to a year ago, January 31st stocks of butter were 33% higher, American cheese 3% higher and total cheese 3% higher. Butter stocks had increased 20% from December but cheese stocks were about at the same level as December.

Currently Class III futures are below \$16 for February and March, returning to the low \$16's by April and in the low to mid \$17's May through December. Class IV dairy futures reach \$14 by March, \$15 by June and the low \$16's October through December as butter prices are expected to increase. Such a price pattern for now seems reasonable with improved milk prices the second half of the year as milk production slows, milk and dairy product sales improve, and dairy exports are positive. But the possibility that milk prices could end up higher or lower than this remains.

Hop Production for the Craft Brew Industry

This is an invitation to all hop growers or those interested in growing hops to learn more about the industry and challenges that face growers here in Wisconsin.

12TH ANNUAL SEMINAR - February 27, 2021

Join Zoom - 9:15AM

Virtual Seminar - 9:30 AM

Registration Link: <https://go.wisc.edu/bnzk51>

Pre-register by noon February 26, 2021

SPEAKERS AND TOPICS:

Don Stanley, UW-Madison Life Sciences Communication Special Interests in Applied Digital Marketing Strategies and Tactics. "Using Social Media for Hop Marketing"

Tim Miles, Michigan State University Small Fruit and Hop Pathology. “Phoma Wilt in Midwest Hop Production”

Scott Harper, Washington State University Small Fruit and Hop Viruses. “ Viruses of Hops: Effects, Movement, & Management”

Chris Baxter, UW-Platteville and UW-Madison Extension Soil Scientist. “Hop Nitrogen Rate Fertility Study and Related Hop Cone Quality”

Charlie Rohwer, University of Minnesota Southern Research and Outreach Center. “Hop Breeding Update”

Breakout Rooms:

Bryan Jensen, UW-Madison Integrated Pest Management “Insect Questions”

Joshua Havill, University of Minnesota Department of Agronomy and Plant Genetics. “Disease Questions”

Presenter TBD Horticulture. “Weed Questions”

ARC/PLC Deadline is Fast Approaching for the 2021 Crop Year

March 15 Last Day to Complete Enrollment for 2021 Agriculture Risk Coverage or Price Loss Coverage Programs

Call Columbia County FSA Today (608-742-5361) About 2021 Crop Year Eligibility

Agricultural producers who have not yet enrolled in the Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) programs for 2021 must do so by March 15. Producers who have not yet signed a 2021 enrollment contract or who want to make an election change should contact their local USDA Farm Service Agency (FSA) office to make an appointment. Program enrollment for 2021 is required in order to participate in the programs, but elections for the 2021 crop year are optional and otherwise remain the same as elections made for 2020.

Please feel free to contact George at the Columbia County Extension Office to discuss your options for selecting ARC or PLC for the 2021 Crop Year. Call 608-742-9682 or email george.koepp@wisc.edu

Review of Coronavirus Food Assistance Program Continues

USDA's review of the Coronavirus Food Assistance Program (CFAP) is ongoing and a decision is anticipated in the weeks ahead. CFAP Additional Assistance, which expanded eligibility for some agricultural producers and commodities, is under review. **The Farm Service Agency is eliminating the February 26 deadline for CFAP** Additional Assistance and will continue to accept applications during the evaluation period. Producers will be given at least an additional 30 days to sign up after any decision is announced. Payments from the CFAP 2 signup that ended December 11 have not been impacted in any way.

USDA remains focused on helping producers who have been hurt by market disruptions due to the pandemic, trade disputes and extreme weather. USDA has been gathering feedback to identify gaps in the previous rounds of assistance.

For more information, contact the FSA staff at the Portage USDA Service Center.

Weekly Emails Online!

<http://columbia.uwex.edu/ag-calendar-and-deadlines/>

The Ag Reporter "Snapshot" is presented to you each week by George Koepp, Columbia County UW-Madison Extension Agriculture Agent. If you have any questions about these articles or need other ag-related information, please contact George at 608-742-9682 or by email george.koepp@wisc.edu.