

Cornell Cooperative Extension

South Central NY Dairy and Field Crops Program

2nd Quarter Report

April—June 2019

Update: The State of Dairy

Janice Degni, Team Leader

Low milk price is still a challenge for most farms. The accompanying article by Josh Loomis captures the sentiment by many farm families. Additionally, there are myriad cultural and policy issues that farmers are faced with. When working with farmers on management decisions and direction we often like to use a framework identifying sources of opportunities and challenges from external and internal sources. One typically does not have direct control of things coming from external sources, while the opposite is true of internal sources. As an example, one cannot control the cost of a particular grain, but one can institute controls for reducing losses and/or allocate to the animals that will provide the biggest payback.

There are several issues generated by government policy actions. Some offer opportunity; many are creating challenges. The New York State legislature passed the Farm Laborers Fair Labor Practices Act June 19 which becomes effective January 1, 2020. Key provisions of the bill

include: the granting of collective bargaining rights, workers' compensation and unemployment benefits, a requirement for overtime pay after 60 hours and a day of rest each week. If the employee chooses to work on their day off they must be paid at a rate of time and ½. The senate held several hearings around the state and ag interests were able to negotiate base pay up to 60 hours, which most farmers agree they can live with.

Milk price is still low but has improved over last year by about a dollar per hundredweight, and predictions are estimating a possible two-dollar average increase over 2018 by the end of the year. Unfortunately, because of the terrible wet spring across the country which caused delayed and/or prevented planting, grain acreage in the heartland of the country is much lower than normal. Grain prices have already crept up, and by fall are expected to be even higher, which will likely offset any gain in milk price.

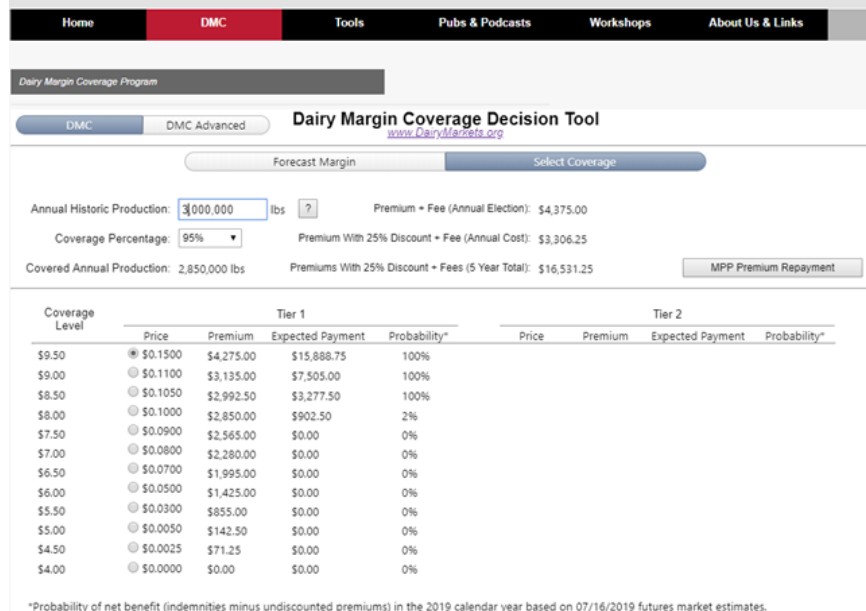
Since 2004, export markets have been an important factor in buoying milk price by reducing the supply of dairy products in the domestic market. Unfortunately, suspended trade policy with Mexico, our largest foreign purchaser of dairy products, has had a negative influence on price as well as the loss of China as a buyer. NAFTA 2.0 or the United States-Mexico-Canada Agreement (USMCA) awaits passage by Congress. Mexico, Canada and the US signed the deal last November, but the bill is waiting to be ratified

by all three governments. Once passed, this should help our dairy farmers. At an Agricultural Advisory Committee meeting in March with Representative Brindisi, he explained that discussions with labor representatives needed to occur.

Ongoing trade wars have also negatively affected soybean producers. Nearly 90% of NYS produced soybeans are exported and our key customer was China. USDA is offering a subsidy to producers of selected crops again in 2019 which will help take some of the sting out of the loss of a buyer [See Press Release page 2].

Figure 1.

Program on Dairy Markets and Policy



*Probability of net benefit (indemnities minus undiscounted premiums) in the 2019 calendar year based on 07/16/2019 futures market estimates.

Cornell Cooperative Extension links the research and extension efforts at Cornell University, the Cornell University Agricultural Experiment Station and the New York State Agricultural Experiment Station, providing the knowledge to maximize New York State's agricultural and natural resources.

SCNY Dairy & Field Crops Extension Program

THE DAILY NEWS

PRESS RELEASE:

USDA Announces Support for Farmers Impacted by Unjustified Retaliation and Trade Disruption

(Washington, D.C., May 23, 2019) – U.S. Secretary of Agriculture Sonny Perdue today announced that the U.S. Department of Agriculture (USDA) will take several actions to assist farmers in response to trade damage from unjustified retaliation and trade disruption. President Trump directed Secretary Perdue to craft a relief strategy to support American agricultural producers while the Administration continues to work on free, fair, and reciprocal trade deals to open more markets in the long run to help American farmers compete globally. Specifically, the President has authorized USDA to provide up to \$16 billion in programs, which is in line with the estimated impacts of unjustified retaliatory tariffs on U.S. agricultural goods and other trade disruptions. These programs will assist agricultural producers while President Trump works to address long-standing market access barriers.

USDA Dairy Margin Coverage Program (DMC)

The 2018 Farm Bill authorized DMC, a voluntary risk management program that offers financial protection to dairy producers when the difference between the all milk price and the average feed cost (the margin) falls below a certain dollar amount selected by the producer. It replaces the program previously known as the Margin Protection Program (MPP) for Dairy. Sign-up for this USDA Farm Service Agency (FSA) program opened on June 17.

We are able to demonstrate the cost and risk benefit with producers by demonstrating the use of the official USDA decision tool that was created by the Program on Dairy

(Continued on p 3 bottom)

My name is Joshua Loomis. I am 14 years old, a middle schooler at Fabius-Pompey, and live on a 300 cow dairy that has been in my family for 141 years. I have been making farm dioramas for about 8 years and every year I try to make it more realistic. This year was a hard year and lots of things happened to our real farm such as our forage harvester catching on fire and the late spring this year because of the weather.

This spring was challenging for EVERY FARMER out there. Every week it would rain and every time there was a chance to get in the field to do field work, the farmer took it. I know this year at the time we normally were chopping hay, we were just beginning to plant corn and we were hoping nothing went wrong so we could get done fast. We had to repair our forage harvester too. When the old one went up in flames we saved many parts, luckily all the parts the new one needed. That project took 3 weeks. In other words, this spring was hard for every farmer.

I know our neighboring farm that is much bigger is usually just starting hay as we are planting corn. This year we were passing each other's tillage equipment on the road. The same with hay. The way the saying goes, "Is the corn is knee high by the fourth of July?" Well many farmers were lucky to be even close to that. This year I wanted to somehow import that hard spring into my farm diorama. So I made it my theme. On the project the farm is a 300 cow dairy that has just started hay because they want to get it off before it turns to waste but at the same time they are still planting corn. You may say that is unrealistic but I can say otherwise with the spring of 2019.

I love farming, it is what I want to do when I am older and now it is hard in this day and age. There is too much milk and not enough people consuming it. In 2018, thousands of farms went out of business in the span of a year. That is a scary statement but it is true. How you can help support the dairy business is drink milk, or eat dairy products. And in all support the dairy farmers. And it's interesting to say that in the 1700s and 1800s about 90 percent of the U.S. were farmers. That number has gone to LESS THAN 2 PERCENT. But in all I hope you enjoy the project and take something from it like a lesson.

DAIRY IS GOOD.~

-Joshua Loomis, 15 yrs old,
County Fair Entry 2019

NY Certified Organic Community NYCO -26 Years Strong

Fay Benson, Abbie Teeter, Small Dairy Technology Educators

Compaction can be a serious issue on farms resulting in soil erosion and declining productivity. Because compaction worsens over time, it is often present without the farmer's knowledge, and therefore not managed. It is unique because the level of compaction changes with the moisture of the soil, and therefore compaction measurements cannot be compared from one day to the next. This makes it difficult to know if efforts to improve compaction are successful. Compaction can occur in all land on the farm, but the Northeast SARE Project *Identification and Remediation of Compaction on Northeast Pasture Soils* has a unique proposal to measure compaction on pasture soils to know just how severe the problem is.

Fay Benson was granted a 3-year Northeast Sustainable Agriculture Research and Education Grant in early 2019 to study the compaction on grazing farms in the Northeast, with various tools including the NY Soil Health Trailer and penetrometers. By enlisting the help of 30 other grazing educators in New York, Pennsylvania, Vermont, New Hampshire and Maine, we will take compaction measurements under a permanent fence line and from the corresponding pasture on 4 different dates in order to develop a Pasture Compaction Ratio. The fence line and the pasture measurement will be compared to each other from each visit to create a ratio, and the ratio will be compared to other ratios over time to look for changes.

This Spring, Fay Benson and Abbie Teeter put on two trainings for grazing educators in the Northeast. The trainings began with a presentation from Fay Benson, Project Lead. Fay introduced the project team and the other trainers, and offered an overview of the grant activities. Additionally, Fay gave a review of the topic of pasture soil compaction. Next, Larry Hepner, Emeritus Professor of Agronomy & Environmental Science, Delaware Valley University,

presented "Identifying Soil Structure Changes when Compacted" and went over handouts trainees could use in the field. Bob Schindelbeck, Cornell Soil Health Lab Director, finished the morning presentations with "Plant/Soil Interaction and how it is Affected by Soil Compaction." After lunch, in the pouring rain, the 25 educators traveled to a nearby grazing dairy farm for demonstrations of the Soil Health Trailer, a soil pit, using an Infiltration Ring, and collecting data for the Pasture Compaction Ratio.

After completing this training, the educators will plan a pasture walk or on farm event in their area with the Soil Health Trailer. At the event, the participants will use penetrometers to take readings for the Pasture Compaction Ratio. In addition, the educator will make three separate trips to the farm to take additional readings, so ratios can be compared to each other. There will also be more in-depth data collected by members of the project team throughout the 3-year project. ~



State of Dairy, continued from p. 2

Markets and Policy at the University of Wisconsin. Since sign-up was delayed for six months, producers can see their expected payment, with the actual probability based on their production, for the range of coverage levels from \$4.00 - \$9.50. (See Figure 1. Dairy Margin Coverage Decision Tool.)

How does our program address these issues?

When we work in consulting roles with a farm family, exemplified by the Dairy Acceleration Program (DAP), elements of strategic planning, reviewing the farm's mission and a SWOT analysis is

included, as well as a comprehensive overview of current financials, including cost of production and breakeven along with a number of "what if?" scenarios.

Our education efforts for the new USDA dairy program DMC has included webinars and a comprehensive newsletter article, as well as personal consultations to inform decisions of whether to participate and at what level. We include risk management topics throughout the year in workshops and in our newsletter the Dairy Digest.~

Strengthening Farm Decisions

Betsy Hicks, Dairy Management Specialist

Dairy farms today are faced with difficult decisions that impact their day-to-day operations in both short-term and long-term business viability. During this drawn-out low in milk prices, attention to these decisions can be the difference between a farm being able to cash-flow through the lows, or a farm losing thousands of dollars of equity that was earned during better times.



To help our producers make these decisions, the team has been able to facilitate profitability conversations through two means: the Dairy Acceleration Program and dairy profit teams. The Dairy Acceleration Program (DAP) “is designed to enhance long-term viability of New York dairy farms while maintaining a commitment to environmental stewardship.” Funds for business planning are provided through the New York State Department of Agriculture and Markets, and cover 80% of the planning costs. Often, farms that participate in DAP utilize dairy profit teams to make decisions, based on the collective knowledge of the people sitting around the table and the best interests of the dairy. NY Farm Viability Institute (NYFVI) has also put money on the table for dairy farmers to use to start

up a dairy profit team, which has been utilized in a number of cases in the region.

Farms that have utilized DAP have used their farm “team” to make decisions surrounding purchase of lines of equipment instead of using custom hire to harvest forage, determining the number of cows the farm should milk for highest profitability, and lowering the cost of production to improve profitability. Decisions around custom heifer boarding, forage harvest, cow health and labor are all common themes in meetings. Several farms have utilized DAP and profit teams to determine how they should add on and size a new facility, all while keeping in mind the future of the farm’s expansion including feed storage, manure storage and future barn projects. The profitability of the farm and maintaining equity, profitability and future sustainability is always at the forefront of the meeting.

DAP and profit teams have helped dairies become better record keepers, kept them and their farm team accountable on projects they want to undertake, and provided a way to take some of the mental decision load off of the farm’s shoulders. These conversations, prompted by initial dollar investment by DAP and NYFVI, have continued in many cases because of the value the producer sees in using their farm team as a sounding board to help make big decisions. ~

Ag Awareness Education Focused on Youth

Melanie Palmer, Agricultural Educator

Who teaches our youth about agriculture? Do they know where their food and clothing come from? Do they only know that the grocery and department stores have everything that they need? Do they know that if it were not for agriculture, the groceries and clothing in those stores would not exist? If not, then it is time for some education and exposure to the real source of their food and fiber.

Several members of the SCNYDFCT participated in three recent events that gave us the opportunity to share agriculture with youth from Cortland and Onondaga Counties.

Agriculture Awareness Day was held at the Drumm Farm, Onondaga County, on May 31st. This was the 21st year for this event. One hundred five 4th grade students, as well as teachers and assistants from Tully and Fabius Schools, attended the farm for the day and visited several agricultural based stations around the farm, learning along the way.

AgStravaganza was held June 12th and 13th at the Cortland County Fairgrounds. Five hundred 4th grade students from several Cortland County school districts attended. With a similar set-up to Ag Awareness Day, the classes rotated through 13 agricultural based stations including dairy cows, beef cows, livestock, crops, soils and honey bees, to name a few.

The third of these youth agricultural events took place June 17th and 18th and had all team members on deck at McMahon’s EZ-Acres Dairy Farm. The Cortland County 5th Grade Visit completed its 23rd year of giving students a real taste



of the daily life of a dairy farmer. The stations were set at the actual places on the farm - cow barn, calf hutches, milking parlor, feed bunks – and youth learned details at each station that built the story around what each part plays in the production of milk and dairy products that they consume every day. Three hundred students rotated through the stations.

So, the SCNYDFCT spent a couple of weeks focused on the opportunity to educate youth about the agriculture that abounds in our region. An added bonus was educating the adults that accompanied the students as they asked questions, as well. Exposing our youth to agriculture can have lifelong impacts by contributing to their understanding of agriculture’s economic importance to communities, the source of food and clothing that we all depend on, future career opportunities, and a general support and appreciation for how agriculture affects our daily lives.~