



### *Wisconsin Farm Bureau Federation*

## **May the Best Navigator Win**

By Dale M. Beaty, WFBF Chief Administrative Officer

In 1928, **John A. Shedd** wrote “a ship in harbor is safe, but that is not what ships are built for.”

In 2017, Wisconsin agriculture isn't a small sailboat safe in harbor; it's a huge ocean-going cargo vessel carrying a variety of food and agricultural products across our nation and around the world. Annually, agriculture contributes \$88.3 billion to the state's economy.

As we head into a new year, Wisconsin farmers face new challenges. Those farmers who best navigate the changing tides by using risk management tools will be the winners in this new age of agriculture.

Low farm prices from 2017 are sure to carry over into 2018, as will the uncertainties surrounding key farm-related legislation.

The Farm Bill is a prominent piece of agricultural legislation that renews, on average, every five years. It is a multilayer piece of legislation which governs farm and nutrition programs. Of critical importance to farmers, the Farm Bill provides a safety net in difficult times.

It is imperative the 2018 Farm Bill becomes law in a timely manner in order to provide certainty for farmers and consumers and to maintain a plentiful and strong food system. The Farm Bill is somewhat of a misnomer because only 20 percent of Farm Bill funds go to farmers, while 80 percent of Farm Bill funds go to federal nutrition programs such as the Supplemental Nutrition Assistance Program (SNAP).

Mother Nature is every farmer's temperamental business partner, so risk management options are a must. Crop insurance is a vital risk management tool for farmers. The two farm safety net programs created in the 2014 Farm Bill, Price Loss Coverage and Agricultural Risk Coverage, are needed to provide certainty for farmers.

In addition to the anxiety Mother Nature causes, dairy farmers found themselves in uncharted waters this year when milk processing companies notified some farmers they would no longer take their milk because there was too much supply and too little demand. Milk prices are expected to be slightly lower in 2018, and many dairy farmers are already in survival mode.

Dairy farmers have long been challenged with milk price variability and fluctuating inputs such as feed costs. Today's risk management programs do not manage milk price risk directly. Without some better protection, dairy farmers will continue to struggle.

American Farm Bureau is proposing a new concept which helps dairy farmers manage their risks. It is a program based on futures markets which allows farmers to set a floor below which their milk price will not fall. The program would be run by USDA's Risk Management Agency, and rates would be based on market signals. The new proposal would give farmers another tool in the toolbox.

When discussing uncertainties, farmers are watching international trade discussions very intently. In 2015, exports of agricultural products contributed \$2.8 billion to Wisconsin's economy. With one of every nine tankers of Wisconsin milk heading outside of our country, trade is critical to our farmers' success in 2018 and beyond.

While uncertainties have taken the wind from our farmers' sails, crop and animal breeding technology and water management are the winds filling their sails and propelling them into a new era driven by data.

Farmers have never had so many options when it comes to genetics. Whether concerning animals or plants, there is little they can't tell you about

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what they raise and grow.

Water management practices are also setting our farmers up for success. With more than 10 producer-led efforts in Wisconsin, our farmers are more conservation-focused and future-thinking than ever before.

This past year showcased the ability of our farmers to improvise, adapt, and overcome all obstacles to excel in feeding, fueling, and clothing our nation and the world. They improvised by using technology to grow more of the safest and healthiest food using less land, less water, less fertilizer, less fuel, and fewer chemicals. They adapted to challenging weather during the entire growing season. They overcame high input prices and low sale prices.

Over the next year, Wisconsin's farmers will likely be forced to continue navigating rough economic seas; however, by using the right risk management tools, they will be successful doing what they do best: farm.

*WFBF is the state's largest general farm organization, representing farms of all sizes, commodities, and management styles. There are more than 46,000 members that belong to the Wisconsin Farm Bureau. Voting Farm Bureau members (farmers) annually set the policy the organization follows, and are involved in local, state, and national affairs, making it a true grassroots organization.*