



insider



Quarterly Newsletter for Members of Minnesota Milk • Also available online at MnMilk.org • Spring 2021

MINNESOTA MILK CUP

Save the Date!

It's our 4th year of Minnesota Milk Cup Tournaments! We are pleased to announce we will be hosting not one, not two, but three different Minnesota Milk Cup Tournaments this summer.

Not a golfer? Now's a great time to learn! Or you can join the fun with an evening away from the farm by enjoying dinner and a celebrating Minnesota Milk. Join us for an afternoon of socializing and fun on the greens at one of three locations this summer:

- **Tuesday, June 8**
Lacoma Golf, East Dubuque, IL
- **Wednesday, July 14**
Mount Frontenac, Frontenac, MN
- **Wednesday, August 14**
The Lynx National Golf Course, Sauk Centre, MN

Registration information will be posted soon at MnMilk.org.





Minnesota Milk's 2020-2021 Board of Directors

Front (L to R):

Dave Buck, Sadie Frericks, Shelly DePestel, Bob Dombek.

Back (L to R):

Aaron Vogt, Ron Miller, Garrett Luthens, Rick Smith.

All Directors and their contact information are published at MnMilk.org.



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New Beginnings

Greetings to my Minnesota dairy family,

It is humbling to introduce myself as your new Minnesota Milk President since December. Thank you for being a member and electing a great group of people to our board. Dave Buck decided to retire as president, but thankfully remained on the board.

A little background for those I have not met yet. I farm in partnership with four brothers, my 3 sons a niece and a nephew. We milk 1500 Holsteins just outside of Lewiston in the southeast corner of Minnesota. We have just recently added the next generation to our farming operation. Dad and uncle Steve are exiting the industry and one thing that I am certain of is that there will always be change.

Many of us are familiar with the decisions to bring about change and it comes with excitement, challenges and always a healthy dose of anxiety or adrenaline. Whether it be a big undertaking like construction, adding robots, succession planning or purchasing land that happens to fit just perfectly, we all know that with the right planning and input from the professionals we trust these can be great opportunities for the future.

In this *Insider*, Lucas will lay out some information that we as Minnesota's dairy industry will have the opportunity to educate ourselves and to potentially give input to future changes to the Federal Milk Marketing Orders (FMMOs). As we all know, the FMMO is a very complex structure. For me, is a bit above my head. Education on this structure would allow us to have a better understanding on how we could develop strategies for better marketing. So, we are beginning a program in partnership with surrounding states and our economist Dr. Marin Bozic to help us all better understand. We see it as a great opportunity to help Minnesota and our very robust Upper Midwest dairy brothers and sisters. I am looking forward to this project and invite you to give us input or ask questions.

As we all anticipate the buzz of spring planting to get underway please remember to stay safe and reach out to your neighbors and check in. The days will be long and we need to make sure everyone is ok physically and mentally.

Sincerely,
Shelly DePestel



Shelly DePestel
President

Minne-Series: Virtual Library available now

Minnesota Milk introduced a new educational offering for members earlier this winter. The Minne-Series contained weekly webinars devoted to four various tracks: People, Production, Policy & Economics, and Conservation & Sustainability. Over 115 members registered for the virtual sessions. Did you miss a session? You can watch the recordings at anytime through our website at MnMilk.org.



Dairy Day 2021 goes Virtual

Thank you to the dozens of Minnesota Milk members who participated in our first ever (and hopefully last-ever) virtual Dairy Day at the Capitol. Over 30 dairy farmers met with over 25 state legislators. But it was clear – even though Minnesota Milk attended these meetings in early February – many legislators and farmers were already “Zoomed out” after 10 months of virtual meetings, connections and conventions. Minnesota Milk will next attempt to connect with all 10 of our federal legislative offices.

Due to the virtual format and Zoom as our primary meeting device, Executive Director Lucas Sjostrom was able to (and obligated to) attend every single meeting, allowing him to get to know more legislators. Lobbyist Daryn McBeth also attended 95% of the meetings.

We look forward to a summer of in-person golf outings, picnics and other activity under warm sunshine.

Also this far in session Minnesota Milk members have been leading in testimony on several subjects virtually. From broadband and beginning farmers to health insurance and providing milk for restaurant meals, as well as the decade-long drivers licenses for all campaign, Minnesota Milk staff and

members virtually testified over a dozen times without leaving the comfort of their home.

We do hope the pandemic allows for these continued remote testifying situations when it is difficult for someone to travel. Often, testimony is about two minutes long despite a four- to eight-hour drive round trip.

In regulatory issues, Minnesota Milk continues to lead on fighting unnecessary regulations. We've joined other agriculture groups throughout Minnesota in fighting poorly calculated state Environmental Quality Board greenhouse gas regulations, supporting the continuation of the AGRETT program and supporting continued funding for invasive species protection.

We've concluded setting up meetings for legislative sessions 2021 and will begin planning our in-person Lunches with Legislators in summer and fall. If you're interested in having lunch with your legislator, let Lucas know at **320-249-8701** or **Lucas@MNMilk.org**.



Clockwise from top left: Membership Director (and constituent) Shannon Watrin, Executive Director Lucas Sjostrom, Arnie Nelson, Marianne Peterson and Representative Nathan Nelson meet for one of the 25 virtual Dairy Day at the Capitol meetings this February.



Bryan B.
Lake Wilson, MN

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Whether it's in your community or at the Capitol, the Minnesota Corn Growers Association is the essential advocate for corn farmers.

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Federal Update

Minnesota Milk begins FMMO education project

By Lucas Sjostrom

In partnership with Wisconsin Dairy Business Association and supported by the Iowa State Dairy Association, Nebraska State Dairy Association and South Dakota Dairy Producers, Minnesota Milk is working with our contract economist Dr. Marin Bozic on Federal Milk Marketing Order education, solutions to negative Producer Price Differentials and discussion about reform options for our respective states' farmers.

While cooperative-funded organizations such as the National Milk Producers Federation and Midwest Dairy Coalition (members AMPI, Bongards, Ellsworth, First District and Lakeshore Federated) will continue to evaluate and vote in any forthcoming federal hearings, Minnesota Milk and other states want to back up to the education role so our farmers know the impacts and outcomes of proposals pertaining to:

- Make allowances
- Producer Price Differentials (PPDs) and pooling/de-pooling rules

- Class I pricing reform
- Changes to classified pricing and price discovery
- Block versus modified block voting
- ...and any other proposals in a single order or affecting all orders

Minnesota Milk, with the help of Dr. Bozic, began exploring some of these proposals pre-pandemic. As the PPDs issue rose, we want to ensure the others do not take a backseat in this important industry-changing discussion.

Our first webinar took place April 13. Watch the recording by registering here: <https://bit.ly/3wh2v5t>

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New Board, New Year, Big changes at Minnesota Milk

By Lucas Sjostrom, Minnesota Milk Executive Director

2021 provides us optimism for myriad reasons. We still have much to battle on the legislation and regulation front, but as the science and the sound bites are getting out there, I feel this is the year we can turn the corner. Humans around the world now have a better understanding of the time, the checks and balances and the process it takes to do science well due to the pandemic.

Here in Minnesota, we see pretty polarized opinions on the job our state and Governor Walz have done on COVID-19. Opinions aside, we were proud to see farmers and farm workers, as well as our processing plant employees, involved in the second phase of the vaccine rollout as Minnesota Milk asked. We can also report Minnesota's Agriculture Commissioner Thom Petersen and Deputy Commissioner Andrea Vaubel have been in constant contact with the industry and Minnesota Milk on both COVID and non-COVID issues since last March.

To my knowledge, despite a few Christmas-time winter storm hiccups, there's been no milk dumped in the state due to a switch in COVID demand. Fluid processors did all they could to shift to grocery back in March or April, and our state's cheese producers did their best to get their hands on milk – taking the risk to turn it into value-added cheese for sale last fall.

Paul Daley retires from farming, MMPA board

We are excited for former board member Paul Daley, Pine Island, to be beginning on his next opportunities with the sale of his family's farm to a neighbor. With the sale, he's resigned from the Minnesota Milk board which the board accepted with some definite bittersweet feelings. Paul was an active and engaged member of the board, and we look forward to him continuing to contribute to the industry for years to come.

The board continues with eight members at the moment, down one from its goal of nine members. They will evaluate appointing a board member at their next board meeting.

MMPA Board makes Structural Events Changes

I joined the Minnesota Milk team in early 2016. Since that time our education committee and board room has debated the future of the Minnesota Milk Dairy Conference and Expo. The event has a great history, but for the past five years has served only about 150 farmers per year, while hosting around 500 to 600 total attendees. Our annual meeting, held during the event, often saw 25 to 30 farms with 50 to 60 farmers in attendance. When coupled with dollars pledged by associate members, the Expo broke even or better, but was a financial loser on its own.

In 2018, the Minnesota Milk board established that we should

continue the Expo, moving it to Red Wing's Treasure Island Resort and Casino for two more years. In that meeting we established the main reasons for an Expo:

- Celebrate our industry and award winners
- Complete our annual meeting
- Provide opportunity to interact with Associate Members and thank them for their sponsorship
- Provide socialization and networking for dairy farmers and dairy industry
- Raise money for our scholarship fund and our Political Action Committee

You'll notice financial gain was not one of the reasons to continue our annual meeting. With the pandemic, we were able to experiment with not having a convention basically by force. We saw other ways to show value to you as our farmer and associate members. And, we've thought of new ideas going forward. So, at their March 2021 board meeting, the board decided to split the five components above, and complete/celebrate them throughout the year. Excitingly, the three new motions made to guide our work are as follows:

- To cease the Minnesota Milk Dairy Conference and Expo.
- To provide mail-in voting for the Minnesota Milk Board of Directors nominations and election process.
- The opportunity to (potentially) hold the Minnesota Milk annual meeting outside the state of Minnesota.
 - *This is not planned, but rather provides staff the flexibility to suggest it if the opportunity arises. The Minnesota Milk board will continue to set the date and time of the annual meeting each year.*

A pivot to the future

These three motions do have implications for many parts of our work. One of the most significant is no raising of scholarship funds through our annual auction, which we do in partnership with the Upper Midwest Dairy Industry Association. Second, we often provided opportunities to fundraise for our Political Action Committee (PAC) at the Expo. Further, some associate members only participated in Minnesota Milk through our annual conference and expo and this written newsletter.

However, the changes also offer great opportunity. In recent years, our golf outings have raised almost a similar amount of scholarships that were raised in our annual Expo auction. Staff estimates that we spent around 160 hours per year planning



Lucas Sjostrom
Executive Director

the Minnesota Milk Dairy Conference and Expo, plus another 90 hours attending it spread across four employees. These 250 man hours can now be utilized for new events – likely in the summer and away from snowstorms – and providing new emphasis to existing events.

One major addition to the calendar is an emphasis on our annual tours. We would aim for a “major” trip on an airplane every other year. Right now, staff are eyeing the first international trip in 2023. In conjunction with these trips and other Minnesota Milk events, we anticipate providing 100 \$500 scholarships to educational events each year. These will be brought to you by our generous associate members and be a member benefit available every two or three years based on demand for our annual trip, or another destination chosen by the committees and board of directors.

A second major change is celebrating our Producer of the Year, and potentially other awards. In the past, we’ve celebrated them at our annual meeting in conjunction with our Dairy Conference and Expo. However, going forth we’ll bring the party to their local community, allowing for a hopeful late-summer or early-fall celebration with the entire farm, vendors, suppliers and local government officials to thank the Producer of the Year for their work.

Third, we anticipate having one golf event per month this summer. While many dairy farmers have never found enough time to golf, this is a great time to start! Or, we hope to hold a banquet at each outing so those who refuse to swing clubs at least join us for an evening meal.

Nominations now open for Minnesota Milk Awards.

Know an outstanding dairy farm family?
Perhaps a lifelong dairy champion?

Nominate them today at MnMilk.org/awards.
Nominations are open until June 1, 2021.

Thank you for your membership!

Minnesota Milk has been able to provide great benefit to our members before and through the pandemic thanks to your written/verbal support and financial membership. Thank you! We are extremely proud that our state ranked as the top major dairy state in federal Dairy Margin Coverage percentage of farm sign ups in 2019, 2020 and 2021 due to our education and the DAIRI program. If there’s more you believe we should be doing for you, please let any board member or staff know. We cannot take action if we do not know the situation.

Here’s to a great next twelve months!

Lucas Sjostrom, *Minnesota Milk Executive Director*
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**Contract lobbyist
Daryn McBeth
Lathrop GPM**

Legislative Update

By Daryn McBeth, Contract lobbyist, Lathrop GPM

Shortly before this Insider went to print:

- House Tax committee passed their tax bill containing MMPA-supported provisions to broaden the Beginning Farmer Tax Credit making immediate family members eligible for the program.
- Senate Agriculture Committee passed its agriculture bill containing MMPA-supported provision to restore NPDES general livestock permits to the same terms for Fall manure application as the previous 5-year permit.
- House Ag passed their bill containing more flexibility in the MDI program, which MMPA supports

The past 12 months have been unusual to say the least, due to the Covid-19 pandemic. However, the Minnesota Milk Producers Association has remained engaged with lawmakers and administrative officials to seize on opportunities and dispel threats through the better part of two legislative sessions hampered by the pandemic.

In March of 2020, we were preparing to re-launch a proposal to broaden the Beginning Farmer Tax Credit, making the measure available to immediate family members so that farm transitions could happen more easily between generations. But then the Covid-19 pandemic began, and the legislature took an extended Spring Break to adjust its rules to allow for remote committee hearings and floor sessions. The regular 2020 legislative session ended with a whimper, and numerous special sessions ensued – operating virtually – and Republicans argued with Democrats mostly about the breadth of the Governor’s executive powers during a peacetime emergency that Governor Walz had declared due to the Covid-19 pandemic. Notwithstanding the difficult operating environment and partisan wrangling, the politically divided legislature and Governor were at least able to agree on passing a measure to bring the state’s Section 179 small business tax deduction and like-kind-exchange provisions in conformity with Federal law, at a cost of over \$800 million. MMPA was very supportive of the fix and worked hard to see it through.

Suddenly the November general election was upon us, where majority control of the Minnesota

House and Senate was at stake. It was a midterm election for Governor Walz, who does not face his reelection until November 2022. Election night was a long one, ultimately resulting in the Minnesota Senate remaining in control of the GOP who increased their margin slightly (in part due to two Democrats who changed their party affiliation to Independent and pledged to caucus with the Republicans). And the Minnesota House also remained in the same party control, although the DFL Party saw its margin reduced by a few seats. All caucus leaders maintained their positions, setting up a familiar scene in Minnesota – with the only divided legislature in the country – for the beginning of the 2021-22 biennium in January 2021.

Minnesota Milk carefully evaluated its opportunities for engagement for the 2021 legislative session due to the prohibitions on visitors to the Capitol, and decided to hold several virtual “Dairy Days at the Capitol.” We held over two dozen constituent-driven dairy farmer Zoom meetings with legislators in February, introducing ourselves to new legislators as well as getting reacquainted with familiar faces. MMPA priorities and discussions centered around a revived Beginning Farmer Tax Credit bill; passing an equitable budget for the Department of Agriculture and Board of Animal Health; several “soil health” proposals potentially offering farmers “green payments” for conservation practices; and a measure returning the Minnesota Pollution Control Agency’s general livestock (NPDES) permit to its previous 5-year terms for the application of liquid manure in the Fall. MMPA also continues to advocate for the ability of foreign-born residents who work on dairy farms to receive a driver’s license if they can show proof of certain qualifications and insurance. All of these issues remain unresolved as of this date.

The dynamics of the legislative agriculture committees, the main place MMPA operates, has been quite different this session, in several ways. First, essentially all committee hearings during the 2021 legislative session have been held via Zoom only, with testimony and participation available only over a computer or phone.

Secondly, the make-up of both House and Senate agriculture committees changed somewhat drastically. While the Senate Agriculture

Committee remained under the control of a familiar face, Chair Torrey Westrom (R-Elbow Lake), the committee was combined to oversee policy and finance (appropriations, or budgeting), lost its former policy chair (Sen. Weber – R, Luverne), and its membership shrank and now also includes several new members including Sen. Dahms (R-Redwood Falls), freshman Sen. Dornick (R-Hayfield), and Minority Lead Sen. Murphy (DFL-St. Paul).

The House Agriculture Committee also changed, more drastically than the Senate Agriculture Committee, with new Chair Mike Sundin (DFL-Esko) at the helm, and several freshman DFL members from the Twin Cities added to the committee – which now has essentially as many members from the metro as from Greater Minnesota. Chair Sundin was raised on a dairy farm, but it has since ceased operating and he has worked more recently in the labor and timber industries.

As a reminder, the legislature changes and creates laws or programs, but the Administration through state agencies carries them out. Of course the Governor also must sign final bills passed by the legislature in order for them to become effective. MMPA is proud to have a very strong working relationship with Governor Walz and his appointed Commissioner of Agriculture, Thom Petersen. Commissioner Petersen was one of the only Walz appointees confirmed by the Senate at the conclusion of the 2020 legislative session – a compliment to both the Governor and Commissioner Petersen.

As the 2021 regular legislative session concludes by May 17, 2021, it remains to be seen if the GOP Senate can come together with the DFL House and Governor Walz to agree on the roughly \$50 billion biennial budget. The budget must be passed and enacted by July 1, 2021, in order to avoid a state government shut-down. The stakes are high for compromising on a budget, especially while conference committees, negotiations, and debates take place mostly without meeting in person and out of the public eye. Fortunately the state's economy has turned around and the budget-finalizing process is crawling forward with a projected budget surplus, taking some wind out of the sails of the DFL Party who are still proposing tax increases. Many policy differences also remain, including the California Clean Cars Initiative, which have to be negotiated or left behind in order to finish the regular session on time.

MN Milk and I will remain closely engaged in the entire process, including any special legislative sessions that may be needed, as we look out for the best interests of dairy farmers and the agriculture economy as a whole.



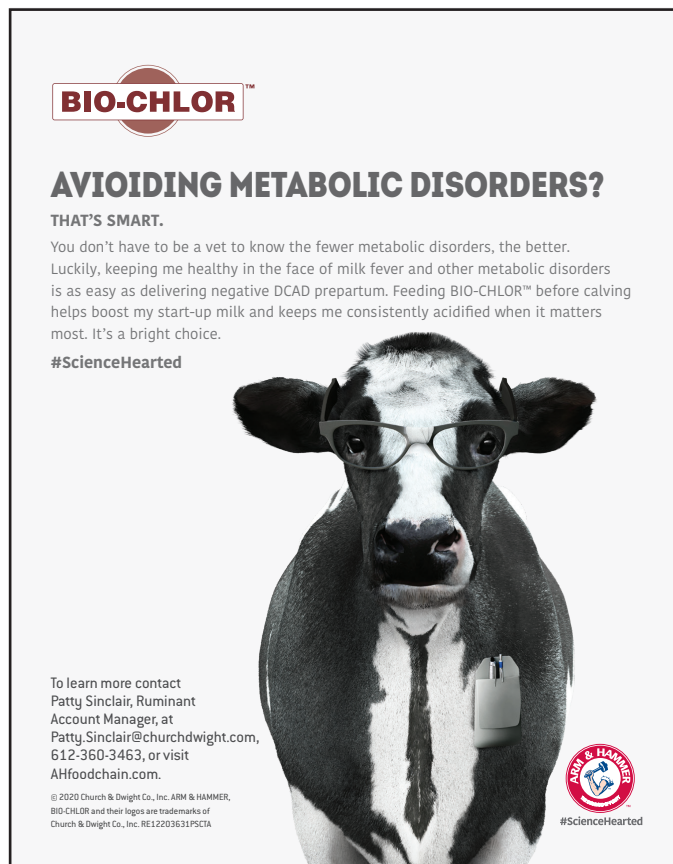
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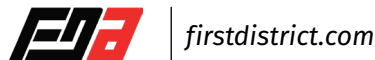
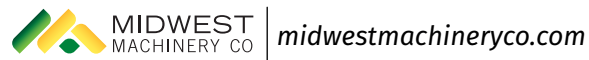
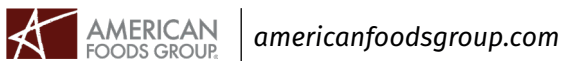
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