

Task Force to Revitalize the Vermont Dairy Industry
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Questions for Vermont Farmers Testifying August 24, 2021
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The Farm at Wheeler Mountain

1. How many cows do you milk and dry stock? 80
2. Is your barn tie or free stall? Tie stall
3. How is your milking parlor set up? It's not. We bring the machine to the cows in the tie stall. We have a pipeline.
4. How many acres do you farm; meadow and pasture; how much woodland? 250 tillable acres – includes rented and owned; plus 50 acres of pasture, 370 acres timber, including two as yet untapped maple stands.
5. Is your primary farm income milk; do you have income from forest land; maple; other farm products, such as beef or chickens? Primary is milk, secondary beef including local sales, and we also have some composted cow manure sales to neighbors.
6. Do you have off-farm income; do other members of the household have off-farm jobs? Yes, I work off farm. I am the CFO for a dairy farm based in Peru, NY and principal consultant for a group of 10 dairies mostly located in Vermont.
7. Do you crop or custom cut; what would be your preference if you could choose? We do both. There are costs and benefits to both; you must weigh what makes sense/works best for your own situation. For us, we are set up to chop and bale all our own grass and spread our solid manure. We custom spread our liquid manure. This year we decided to try growing corn for corn silage – we will need to custom every part of the cycle for it, however.
8. What innovations in barn and field have you employed in past ten years? We have stopped chopping all our grass and moved to processed round bales with a vertical mixer wagon, while still chopping as much of the first cut as we can. We use genomic testing on our cows. We use milk test pregnancy checks on our herd. For our first year growing corn, we used no-till practices.
9. What would you like to do to improve your farm if you could? If money was no object, we'd love to renovate our barn, retrofit it into free-stalls or a pack barn with a parlor. Our heifer barn is a pack barn already. However, we have instead focused on making small improvements where we can, focusing on cow comfort and ease for labor.
10. Have you considered robotics, computerized animal and feed information management, solar, no-fence fencing, or drones? We have considered a robot. My husband and I feel

our investment horizon is probably too short for our stage of business. While having to purchase the farm at fair market value later in life, we don't have much room in the form of equity to invest in that type of technology without some infusion of cash that is unlikely-like winning the lottery or inheritance from a rich uncle we don't know about. We do not want to saddle the next generation with an ultimately unsustainable level of debt, particularly given that they are still very young and it's unknown whether they would continue to farm here. We certainly hope they would somehow.

11. Have you installed efficiency measures, such as a variable speed pump? We have replaced all lights with LED. Our spot is located in such a place that we can put the cows out day and night as much as possible – even in the very hot weather, and they can go up in the trees on Wheeler Mountain where it is very cool.
12. What is your cost of production over past 5 years? It depends upon how you define cost of production – typically this measure does not include principal payments of debt and a return to owner management – an owner's draw. A better question might be to ask what the farm's breakeven milk price is, which would include non-farm and non-milk income – basically whatever it takes to get the farm in the position to cover all its obligations. It lets a farm owner/operator look at a milk price and know if there will be positive cash flow, or if they need to make other arrangements. Our breakeven milk price has varied between \$17.50 and \$20.00 over the past five years. However, that includes credit for my off-farm income. Without that, it would have been a bit higher.
13. What has been your pay price over past five years? We hit a low of \$13.84 in June of last year to a high of \$21.82 in November of 2019. Prior to that, we had a sustained period of relatively low milk prices – from mid-2015 through the beginning of 2019. We finally thought we'd have a good milk price year in 2020, before the pandemic hit.
14. Is the price paid for your milk the biggest challenge you face? It certainly feels like it from time to time. However, there are many challenges that we face and when they need attention, they feel like the biggest challenge we face – finding good employees, complying with RAPS, keeping up with the FARM program, challenging certain perceptions – like GMOs are bad, especially when they come through a local school's classroom; never mind taking care of a sick calf or helping a cow through a difficult calving, keeping the equipment running well, and of course there's always the weather.

What feels like a bigger challenge than the milk price itself is the lack of options available anymore to dairy farmers with respect to where to sell their milk. We are happy with our cooperative, but I know there are many who are struggling to accept certain changes imposed, or who flat out have been dropped by their milk buyer.
15. What other challenges are you facing as a farm; availability of labor, equipment servicing, other See above.
16. How do you integrate risk management programs into your farm? What programs do you use (FSA, Crop Insurance, VHCB, UVM Extension, private contractor)? The most

effective risk management program starts with knowing your cost of production and how you can affect your breakeven milk price. It starts with the business itself and understanding things like capacity, how to maximize gross revenue, and where you can be more efficient and productive. Building cash reserve is great if you can, then you can ride out the price cycles and maximize profit. However, that isn't always possible. In that case you need to manage to a net margin that makes sense for cash flow, and if you can work with some of the programs that are available, that helps.

We were the first farm in the state of Vermont to try the LGM-Dairy program. We've also tried the Dairy Revenue Protection program. These programs are okay – you have to remember they are a type of insurance, and you really don't want them to pay out. So most of the time, they are an added expense, especially if you don't know what you're doing. We've paid more into those programs than we got out, so we have stopped using them. For us and for our business model the DMC program makes the most sense.

17. Has risk management helped? How? Does it outweigh the cost or vice versa?

The DMC program has helped. The DRP program did not pan out the way we anticipated when we tried it, and the required premium payment has been a drag on our cash flow. However, I know there are some farms who have set up parameters and participated more regularly and have had success with it.

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