



Written oral testimony for: **United States Senate Committee on appropriations, subcommittee on Agriculture, Rural Development, Food and Drug Administration and related agencies.**

Hearing entitled: *“Diversifying on-farm income: opportunities to strengthen rural America”*
Thursday April 29, 2021

Thank you, Chair Baldwin, ranking member Hoeven, and Senators/subcommittee members.

Hello, my name is John Lucey and I am a professor at the University of Wisconsin-Madison and Director of the **Center for Dairy Research (CDR)**. The CDR was founded in 1986 and supports the US dairy industry with training, technical support and applied product research. The CDR is the largest dairy foods center in the US and annually works with over 300 dairy companies. The Center was set up as a partnership between the dairy farmers, cheese industry and the University, and is proud to be largely dairy farmer funded. The CDR has played an integral role in growing the Wisconsin cheese sector, which in 2019 produced more than 818 million pounds of specialty, or value-added, cheese. Last year CDR trained nearly 60% of all winners of the World Championship cheese contest. The new \$72M CDR facility was made possible by a partnership between the University/State of Wisconsin and the dairy industry.

In 2018, the Dairy Business Innovation Initiative was launched as part of the 2018 Farm Bill, by Senator Baldwin and others. The objectives of this initiative are to establish regional centers that would support dairy businesses and farmers with the development, production, marketing and distribution of dairy products. The program includes direct grants to dairy businesses and dairy farms support for creating specialty products. The CDR, in partnership with the Wisconsin Cheese Makers Association (WCMA), was named by the USDA as one of these centers after a competitive selection process. The other centers are in Tennessee and Vermont. We work closely with the other two centers in this initiative. We call our center the **Dairy Business Innovation Alliance (DBIA)** and we support the upper Midwest states of Illinois, Iowa, Minnesota, South Dakota and Wisconsin (we have collaborators in each State’s Department of Agriculture that assist the DBIA). We had over 40 letters of support from various dairy companies and dairy organizations across our region. Our overall goal is to improve the profitability of dairy farmers and dairy businesses. The initial grant to establish the DBIA in 2019 was for \$460,000 and the current award is for \$6.13M over a three-year period.

The three overall objectives of the DBIA are:

- a) To increase on-farm diversification
- b) To create more value-added dairy products, such as, specialty cheeses
- c) To encourage more exports of dairy products

We deliver on these objectives by: (a) technical assistance and (b) direct grants to businesses.

Rebekah Sweeney of the WCMA will be talking next about the DBIA business grant program (these grants are at least 50% of the total value of each award).

This past year the DBIA has provided free entrepreneurial webinars to a total of 563 attendees that were dairy farmers, farmstead producers and other small dairy businesses. The focus of these training



webinars is to identify and share the local, State and Federal resources, expertise, connections and technical assistance to help individuals develop and implement their own ideas. Our dairy farmers are experts in areas like cow management, sustainability and animal health/nutrition but need our support to learn how to successfully make and market dairy products. This past year we provided a series of eight webinars (called *Let's Get Started*). These webinar topics included:

- Introduction to the DBIA (“*who we are and how we can help*”)
- Business Planning (“*how to setup a business*”)
- Marketing and Branding (“*what to sell to consumers*”)
- Product Development (“*making a new food product*”)
- Regulatory Issues (“*getting your plant inspected and licensed*”)
- Food Quality and Safety (“*making safe, high quality products*”)
- Economic Development Financing (“*getting financial assistance*”)
- Exporting Dairy Products (“*how to export my products*”)

These topics cover the broad range of issues or challenges facing farmers that want to start their own on-farm dairy product manufacturing or expanding a small business. These webinars are available on-demand for everyone on the DBIA website, <https://www.cdr.wisc.edu/dbia>. This website also hosts recorded interviews with farmers and processors that share their own experiences, lessons learned and real-life success stories. The DBIA is expanding its webinar program to provide more in-depth training that will help dairy businesses expand their knowledge base as they look to commercialize their ideas and grow their businesses.

The DBIA also supports several technical staff at CDR that work directly with dairy businesses to help them diversify and to develop value-added products, such as, specialty cheese and new dairy beverages. Thus, dairy businesses will have access to expertise in product development, and licensed facilities to make small batches or prototypes for consumer testing. These are critical factors in the successful development of new value-added dairy products.

The DBIA is also looking at additional cheese opportunities in international markets. To help our industry develop cheeses that will meet the taste and texture required by overseas consumers, we will first generate marketing intelligence and consumer analysis for key export markets. Currently, the US dairy industry exports only about 6% of total cheese production. We believe there is significant room to grow cheese exports. The goat and sheep cheese industry is a small but growing sector in the US, dominated by small artisan-sized businesses. To help grow this sector, the DBIA will identify import substitution opportunities by analyzing the characteristics of imported sheep/goat cheeses and assisting artisans in development of equivalent, or superior, domestic versions.

I truly believe this initiative provides dairy farmers that wish to diversify with the relevant technical and business advice, as well as financial grants to support a new/expanded dairy business. This initiative is very timely with the serious challenges that US dairy farms have faced in recent years. As someone who grew up on a dairy farm, strengthening dairy farms is something that I am passionate about. I thank you for supporting this initiative and welcome any questions that you might have.