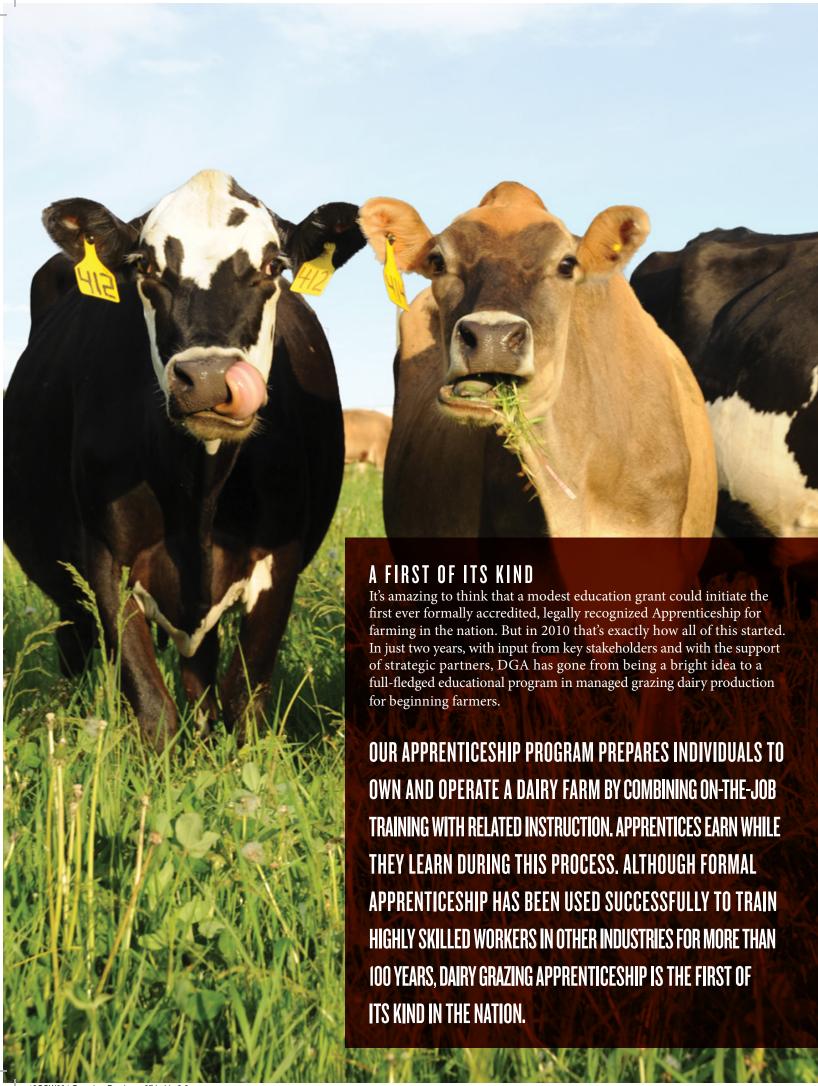


A NEW DIRECTION IN FARMER EDUCATION

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THIS IS THE PLACE, NOW IS THE TIME

Despite the economic and cultural significance of dairy farming in Wisconsin, the state continues to lose small and mid-sized dairy farms. Beginning farmers are not entering the profession at a rate that offsets the loss of retiring producers. Because the average age for a primary farm operator in the state is 57 years old, farm loss is expected to continue. With fewer producers to meet industry needs, confinement dairy operations have expanded by increasing the number of cows on a single site. "Modern confinement" dairy operations have largely accepted this model of expansion in order to stay competitive.

While 80% of Wisconsin's dairy herds have fewer than 100 cows per farm, the number of 400-1,000 cow dairies has increased significantly. The trend toward consolidation and expansion leads to highly capital-intensive farming, which results in more farm labor and fewer primary owner-operators.

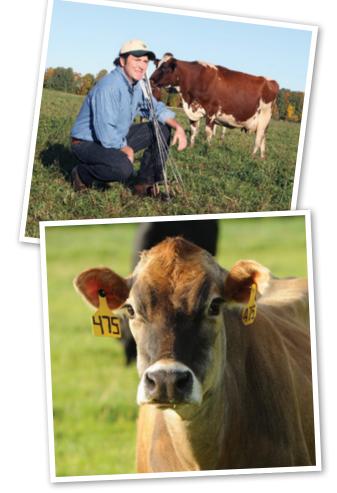
ALONGSIDE THE CHALLENGE OF SO MANY FARMS ON THE EDGE OF EXPANSION OR RETIREMENT LIES THE OPPORTUNITY TO TRANSITION THE INDUSTRY TO A NEW GENERATION OF PROFITABLE AND SUSTAINABLE DAIRY PRODUCERS. THE WINDOW OF OPPORTUNITY IS IMMEDIATE AND FOR ONLY ABOUT A DECADE,

The transition will require broad implementation of management systems that can be sustained and replicated on moderately sized farms. The most efficient, productive and profitable dairy farming method suitable to small and mid-sized farm is managed grazing.²

While managed grazing farms often have modern milking parlors and milk as many as 150-300 cows, successful graziers have few opportunities for investment, because biological constraints limit the number of animals and farm size. And, as with conventional farms, well-established grazing farms are expensive for beginning farmers to buy outright.

The health and longevity of grazing animals means that dairy graziers often have excess replacement cattle and time for management. This creates the possibility of setting up a second spin-off farm or milk-sharing arrangement with an Apprentice. Such models provide new investment opportunities for entrepreneurial dairy farmers and more retirement options for late-career producers.

Dairy Grazing Apprenticeship, which includes alternative models for generating managed grazing dairy farms, will bring more farmers into ownership, retain farm numbers, maintain rural communities, and help to restore natural resources.

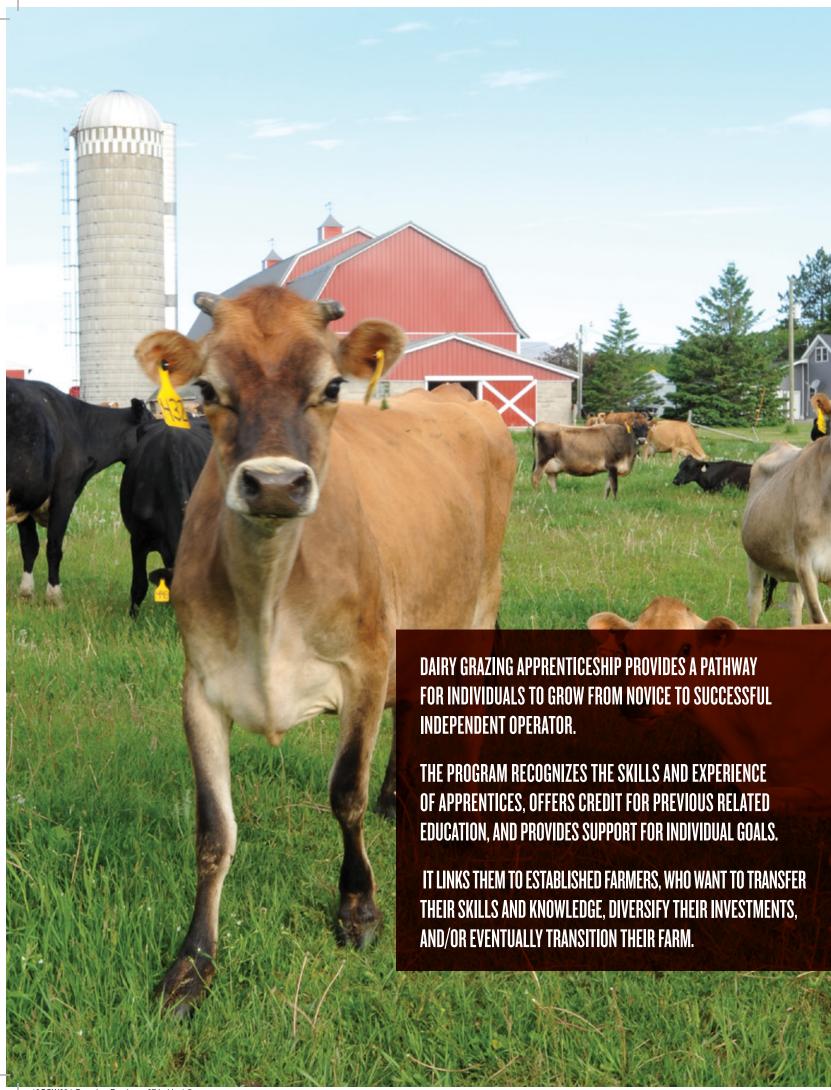


The goal is not only to create a highly trained pool of individuals but also to facilitate the move into independent ownership. To this end, DGA is developing alternative models of equity building, investment, and farm transfer.

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¹ National Agricultural Statistics Services, Wisconsin. (2007).

 $^{^{\}rm 2}$ Tranel, L.F. (2005). Who Wants to be a Dairy Millionaire?. Iowa State University Extension.



FROM APPRENTICE TO INDEPENDENT FARMER

While each Master-Apprentice pair is unique, Dairy Grazing Apprenticeship is developing the following alternative economic models that may be adapted to suit a given situation.

SPIN-OFF FARM

The Master Dairy Grazier (and/or other established dairy farmer) invests in new farm operated by The Journey-level Dairy Grazier at another location. Not all apprentices may want to buy a farm and may prefer to live a farming lifestyle, manage a farm, raise a family and make a living without the responsibility of ownership.

EXPANSION

The Master Dairy Grazier expands operation in current location and establishes milk-sharing partnership with The Journey-level Dairy Grazier. Here, the latter would manage the farm and the milk check would be split between the partners. As with any business arrangement, steps must be taken to ensure partnerships are transparent and lawful.

TRANSFER OF OWNERSHIP

The Late-Career/Retiring Master Grazier transfers ownership of existing farm to The Journey-level Dairy Grazier. Either of the above scenarios might lead to farmer transfer. A Journey-level Dairy Grazier may build equity in cattle, bring equity or manage a farm, as equity is gradually acquired.

FARM MANAGER

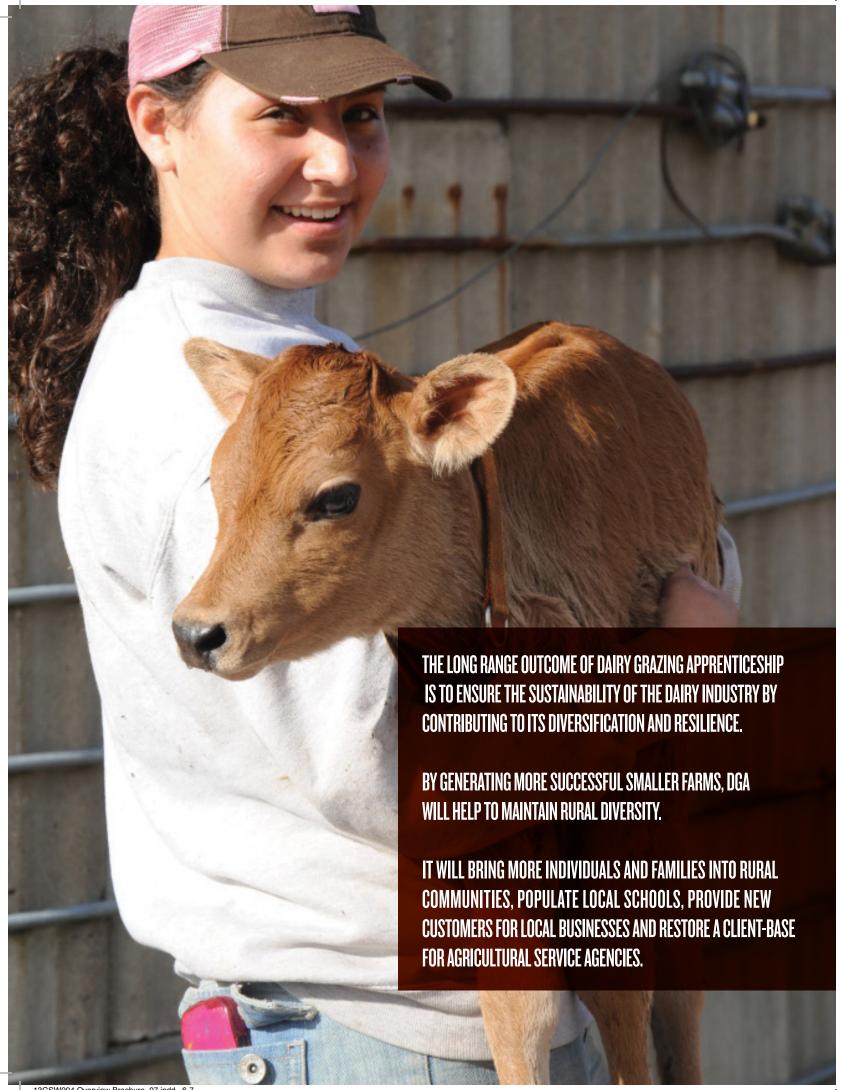
The Journey-level Dairy Grazier attains managerial position on one or more grazing dairy farms. DGA graduates who do not yet want to commit to a particular farm or a specific location will be able to find employment as a dairy manager. Although management alone is unlikely to lead to an equity position, it is an important way to gain experience and maintain contacts with local service providers.

The specific career path and eventual outcome will depend on the goals and interests of the individual Journey-level Dairy Grazier and Master Dairy Grazier. In the case of a business partnership, consultant Tom Cadwallader will assist in developing a legal and transparent business plan and contract. Cadwallader also provides business planning service to graduates seeking to buy their own farm, possibly with a Beginning Farmer Loan through Farm Services Agency (FSA). DGA is an approved vendor for the FSA Financial Management Training Program.



DGA is composed of 4,000 paid hours of training over two years (the equivalent of a full-time job). 3,712 of these hours are on-farm employment and guidance under a Master Dairy Grazier. 288 hours are paid related instruction.

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Gabrielle Rojas developed a business plan and built equity in cattle during her Apprenticeship, which helped her qualify for an FSA loan to purchase her own farm.

DGA provides beginning farmers with the skills, knowledge, experience, relationships, professional support and entrepreneurial confidence that they need to make decisions, seize opportunities and reach their goals.

A NEW ERA OF SUSTAINABLE DEVELOPMENT

Although formal apprenticeship in managed grazing dairy farming is unprecedented in the United States, successful examples can be found elsewhere, in Germany, the Netherlands and other European countries. In New Zealand, as well, formal farmer career training through well-integrated, institutionalized structures has been extremely successful in generating new farmers and has resulted in steady, sustainable growth of grass-based dairy farms.¹

In Wisconsin, the apprenticeship model benefits from a well-established agricultural infrastructure as well as strong peer-to-peer education networks among dairy graziers. DGA draws on existing programs and services, while placing experienced dairy farmers at the center of the education process.

Because managed grazing builds natural resources and improves long-term productive capacity while minimizing the use of off-farm inputs, it addresses many of the challenges that face our state and our nation. More well-managed grass-based farms will not only help meet production demands and diversify the industry but also contribute the overall health and well-being of rural communities and ecosystems.

We all have a stake in maintaining the health and well-being of America's agricultural lands. Dairy Grazing Apprenticeship looks forward to developing partnerships, in both the public and private sectors, which will expand and strengthen this innovative program and help transfer the dairy industry to the next generation of sustainable farmers.

Find out more about how you can invest in the next generation of dairy farmers at www.dairygrazingapprenticeship.org

¹ Cadwallader, T. (2000). The farmer's career path: A framework for developing a community's capacity to grow another generation of farmers. University of Wisconsin Extension.

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United States Department of Agriculture National Institute of Food and Agriculture

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Dairy Grazing Apprenticeship is a program of GrassWorks, Inc.

GrassWorks is a producer-directed non-profit membership organization that promotes managed grazing.

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