

# DPAC chair reviews 2010 as coalition forges ahead into 2011

*EDITOR'S NOTE: The Dairy Policy Action Coalition (DPAC) observed its first year of existence Monday evening, Dec. 13 with a thank you dinner and meeting for the Cream of the Crop businesses that have helped DPAC fund its beginnings in 2010 and its ongoing grassroots efforts. U.S. Congressman Joe Pitts, State Senator Mike Brubaker, and State Representative Gordon Denlinger were on hand for the event, which was held in East Earl, Pa. through the generosity of E-Zee Milking Equipment and Bernard C. Morrissey. Look for a report in the Dec. 31 edition of Farmshine. Below are the remarks given by DPAC chairman Cliff Hawbaker as he reflected on 2010 and the preparation to forge ahead in 2011.*

**By CLIFF HAWBAKER**  
DPAC chairman

The Dairy Policy Action Coalition (DPAC) formed November 19, 2009. It started from the grassroots of dairy producers and will continue from the grassroots. DPAC is focused on active participation, with a unified voice, on the policies and issues affecting milk pricing.

The first year was spent working on a few specific issues that producers agree on and in building a grassroots network across the country. "Daily electronic reporting" was the first big emphasis in keeping with DPAC's focus on market transparency and price discovery, which are a major concern for dairy farmers large and small; east to west.

The daily reporting effort was partially successful with Congress passing "weekly" electronic reporting in September. DPAC will continue working with members of Congress on price- and volume-reporting that is daily. We were successful in getting the attention of lawmakers, as well as National Milk Producers Federation (NMPF) and the International Dairy Foods Association (IDFA).

At our first meeting in November 2009, we organized as a community of dairy producers coming together for the benefit of the greater community of dairy producers.

One main issue that surfaced was the milk pricing system is complicated, cumbersome, and a broken system. This echoes the sentiment of dairy producers all across America. In reality it is a regulated pricing system not a market pricing system.

Producers have little confidence in the current system and no confidence at all in the CME that drives our milk price.

DPAC views milk markets as global, national and regional. Instead of pursuing a one-size-fits-all centralized approach, we are reaching out as a coalition to work with producers and producer groups on a region-by-region basis.

In August and September 2010, we met with dairy producers from 12 Southeastern states. This group of dairy producers formed the Southeast Dairy Coalition (SEDC), and we are working closely together on issues that are relevant to each region and markets. One of DPAC's new 2011 board members chairs the SEDC.

We also met with Family Dairies USA in Wisconsin in June while we were in Madison for the USDA / Department of Justice workshop on market concentration and transparency. Family Dairies covers five Upper Midwest States. We have



**Cliff and Maggie Hawbaker, Hamilton Heights Dairy, Chambersburg, Pa. The Hawbakers operate a 300-cow dairy farm in Franklin County and are partners with their nephew Daniel Lehman in a 100-cow dairy. Their daughter Juanita and her husband Zane Garber also have a dairy farm in Cumberland County. Cliff served as DPAC chair in 2010 and in November was re-elected chair for 2011.**

*Photo by Sherry Bunting*

developed a relationship in which we have very similar issues and concerns in milk marketing and pricing. One of DPAC's new 2011 board members is a board member from that group as well.

In October we accepted an invitation to meet with the Western States Dairy Producers Trade Association and have made new contacts in New Mexico, Texas and Kansas. We also participated in the 15-group coalition paying for the economists' study of three dairy stabilization plans. This put us in direct contact and conference calls with members of groups in New England and California and the states in between.

On the Pennsylvania State level, Zach Meck, Nelson Troutman, and Daniel Brandt have worked with Denny Wolff, other dairy producers across the state, the Pa. Department of Agriculture, and Pennsylvania state legislators to write Senate Bill 1480, which addresses how the state's mandated over-order premium is distributed to farmers as is the intent of the current Pennsylvania Milk Marketing Law.

To accomplish so much in such a short time is the result of dairy producers coming together along with friends of the dairy farmer. This community of farmers is unique in that it expands to include the businesses that operate in our local areas. We need one another to survive and thrive so we can raise our families in the spirit of freedom.

This year would not have happened without the help of professional people who are willing to share their expertise, ability and talents in assisting DPAC. These people are: Sherry Bunting (a free-lance writer), Sec. Dennis Wolff (Versant Strategies), Bernie Morrissey (treasurer), Paige Eshelman (fundraising support), dairy producer board members, and ad hoc members serving on the Action Groups.

## DPAC Update

*'Controlling your own destiny'*

We greatly appreciate the strong efforts of State Senator Mike Brubaker in holding hearings and to introduce S.B. 1480. We also thank State Representative Gordon Denlinger and U.S. Congressman Joe Pitts, who are also here tonight, for their responsiveness to the concerns of dairy producers at the state and national level.

DPAC is funded by donations instead of dues. The 20-member board of directors includes producers operating dairy farms ranging in size from 30 cows to more than 2000 cows. The 2011 DPAC Board of Directors is made up of active dairy producers from Pennsylvania, Ohio, New York, North Carolina, Tennessee, Indiana, and Wisconsin, along with ad hoc producer members serving on action groups from additional regions.

DPAC has received donations so far from producers and producer organizations in 20 states representing an estimated 15,000 dairymen. Donations have also been received from many agribusinesses that serve and supply dairy farms in these states. We thank the agribusinesses for their support of this effort and the continued support of contributors as we forge ahead in 2011.

The future is exciting as we continue to work for DPAC's Cornerstones for Change.

- I. Improve market transparency—dilute CME influence.
- II. Expand price discovery to report more products and reflect broad supply/demand factors.
- III. Simplify milk pricing:
  - \*Simplify the four milk classes to one or two classes.
  - \*Establish a competitive pay price system and move away from end-product-pricing formulas that have the problem of guaranteed "make allowances" and are 98% set by thin trading at the CME.

IV. Redistribute price risk... Producers currently carry all the price risk, and this should be shared among the sectors so that manufacturing decisions that affect producer pay prices are market-driven; not "make allowance" margin-driven.

We currently have a system that encourages the making of product (at a guaranteed margin) for the purpose of building inventory to keep a lid on the price paid to farmers for their milk. We need policies that free producers and manufacturers to be in tune with their markets (global, national and regional).

This includes developing models around the concept of "producing for a market" as a means of sharing price risk, achieving a price into the future, and managing milk production.

At this Christmas time of the year, I want to thank everyone for giving and sharing your talents and finances. May we live in this spirit year 'round.