

# DPAC begins second year as grassroots coalition

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Special for Farmshine

EPHRATA, Pa.—It has been one year since grassroots dairy producers, who had been meeting informally throughout 2009, came together in Ephrata, Lancaster County, Pennsylvania, to launch the Dairy Policy Action Coalition on November 19, 2009.

Through the Coalition's efforts in 2010, market transparency and price discovery — two of DPAC's immediate priorities last fall — have been pushed to the forefront of state, regional and national dairy policy actions.

In Pennsylvania, this has resulted in Senate Bill 1480 under statewide discussion with the goal of capturing the 'stranded' premium paid by consumers at retail and ensuring it is returned to dairy producers at the farm gate.

At the national level, DPAC drove the 2010 discussion on daily electronic reporting. Even though Congress passed a bill in September that would implement weekly electronic reporting, "daily" reporting is still very much in play as more stakeholders and lawmakers are beginning to understand it as a way to dilute the influence of the thinly-traded cash markets on the Chicago Mercantile Exchange (CME).

At the same time, DPAC has participated with 15 other organizations this year to fund the economic model developed by dairy economists to analyze the three main dairy stabilization proposals, including the National Milk Producers Federation (NMPF) Foundation for the Future.

On Thursday, November 11, 2010, the DPAC board had its monthly meeting in person and by teleconference. In addition to approving the 2011 DPAC board of directors and officers, the coalition spent time kicking the tires on the NMPF Foundation for the Future.

The Coalition also named a "global issues" action group, which will be chaired by Dave Forgey, a Logansport, Indiana dairy producer who is one of five new incoming DPAC board members for 2011.

In addition to Forgey, DPAC welcomed

## DPAC Update

*'Controlling your own destiny'*

Laura Covert of New York, Ben Shelton of North Carolina, Jack Fritz of Tennessee, and Sue Schultz of Wisconsin to the 2011 board of directors.

To understand the activities of DPAC, one must first understand how the Coalition came to be. Throughout the 2009 economic disaster on dairy farms in the U.S. — on the heels of extreme price volatility throughout the 2000 to 2009 timeframe — informal groups of rank-and-file dairy farmers met with each other and invited their lawmakers to hear their concerns.

Nine such high-profile meetings had occurred in Pennsylvania and Ohio during the first 10 months of 2009. Each of these meetings drew between 50 and 500 dairy farmers and supporting agribusinesses, as well as several lawmakers and/or their staff. At these meetings, lawmakers and/or their staff indicated how complex dairy policy was to them and how it was difficult for them to determine what areas of policy dairy producers agree on.

They indicated they wanted to keep meeting with their state's dairy farm constituents to better understand the specific concerns of dairy farmers, instead of relying totally on the traditional national dairy lobby to speak for grassroots dairy farmers.

It is, in fact, the tremendous complexity of the federally-regulated milk pricing system — and the extreme volatility that has occurred since the reforms of 2000 — that has caused more dairy farmers to become interested in dairy policy and to recognize they do not have an adequate national "dairy producer voice" in the policy decisions that affect the future sustainability of their family dairy farms.

It was this process of active participation from the grassroots that led to the formation of DPAC and a board of directors that ranges from operators of small family dairy farms

of 30 cows to operators of larger family dairy farms with 2000 or more cows.

Over the past year, DPAC has been involved in more than 100 meetings. Some of these meetings were with lawmakers. Others were with USDA or the Dairy Industry Advisory Committee. Others were opportunities to present testimony at public hearings on dairy policy, including the USDA / Department of Justice (DOJ) hearing on market competition and transparency in Madison, Wisconsin on June 25. Still others were the important opportunities to meet together with both industry leaders and rank-and-file dairy producer members of existing organizations in the Northeast, Southeast, Midwest, and Western States.

In recent months, DPAC has also developed new opportunities to meet with other sectors of the dairy industry, from cooperative leadership to processors to consumers.

As the mainstream industry discussion of future dairy policy centers on stabilizing volatility and on providing an adequate safety net for dairy farmers, DPAC has worked hard to keep price discovery as a focal point.

Through a conference call this week with members of more than 30 organizations, including National Milk, DPAC has learned that the Federal Order reform piece of Foundation for the Future is being refined. The details of some changes to this proposal have not yet been released, but it has been the tireless work of DPAC board and ad hoc members, and supporters around the country, that has kept the milk pricing issues at the forefront.

DPAC's first year was spent working on a few specific issues that dairy producers agree on and in building a grassroots network across the country. After successfully getting the attention of lawmakers, NMPF, and the International Dairy Foods Association (IDFA), the Coalition is continuing to work on these market reporting and pricing issues, while pushing forward in other areas of reform. Some of DPAC's ongoing Cornerstones for Change are:

1) Expand the product price reporting to in-

clude more products and audit the reports quarterly instead of yearly.

2) End the government's dairy product price support purchases and the pre-set, guaranteed "make allowances" that are part of the current end-product-pricing formulas. Having this guaranteed "make allowance" and also having the government as a "fail-safe" buyer, together, send the wrong production signals and place all of the price risk onto producers. This has to change because the risk in the market should be shared by all sectors, and U.S. companies should have the incentives to produce products the market wants instead of products the government will buy.

3) Simplify the number of milk classes and establish a competitive pay price system that encourages movement of milk to its highest value use. Milk pricing methods should encourage market-based manufacturing decisions and help producers develop the concept of "producing for a market."

4) Find ways to identify locally-produced or U.S.-produced dairy products so producers and consumers can benefit from having a choice.

5) While DPAC has kept its focus on the milk pricing issues, the Coalition will continue communicating with other organizations about stabilization plans and managing growth.

6) As NMPF moves forward with its Foundation for the Future plan, DPAC will continue to help influence the final outcome, and is presently compiling, in one document, the comments received from each region at the November meeting.

7) In Pennsylvania, DPAC continues working on milk marketing law changes.

DPAC is funded by donations. These ongoing donations are critically important to carry out the work of this grassroots coalition. To date, donations were received from producers and producer organizations in 20 states representing an estimated 15,000 dairymen. Over 50 agribusinesses serving dairy farms in eight states have also contributed. For more information, visit [www.dpac.net](http://www.dpac.net) or call 800.422.8335.