

DPAC meets with House Subcommittee Chairman Rooney

'What we need is a functioning market'

By SHERRY BUNTING
Special for Farmshine

WASHINGTON, D.C.—While the Foundation for the Future (FFTf) proposal, put forward by National Milk Producers Federation (NMPF), has been on the fast track this month enroute to Capitol Hill, the Dairy Policy Action Coalition (DPAC)—a nationwide farmer-led grassroots voice on dairy policy—learned Tuesday that no member of Congress has “bought in” to a particular dairy proposal, yet.

During a meeting in Washington with House Livestock, Dairy and Poultry Subcommittee Chairman Tom Rooney (R-Fla.), DPAC became part of the process. “You are the first people I’ve met with on dairy policy,” said Rooney. “We can create an opportunity and environment for you to be part of this.”

DPAC also learned that members of the House Ag Committee are “keeping their minds and doors open” and are hearing the plans as the dairy industry develops consensus, according to John Goldberg, senior professional staff member of the Committee for the past 17 years. In this role, he has served as an advisor to House Ag Committee chairmen since the mid 1990s, and today, that means he is a key dairy staffer for Chairman Frank Lucas (R-Okla.).

The DPAC contingent in Washington on January 25 consisted of five dairy producers—Rob Barley and Daniel Brandt from Pennsylvania, Ben Shelton from North Carolina, Dave Forgey from Indiana and Joe Borgerding from Minnesota—along with dairy equipment supplier Amos Stoltzfoos, DPAC’s treasurer Bernie Morrissey and the coalition’s secretary.

The morning began with a visit to Congressman Joe Pitts (R-Pa.) who chairs the Health Subcommittee. Congressman Pitts and legislative assistant Ben Stoltzfoos had at-

tended the pasture meeting of 500 farmers in Lancaster County, Pa. in August 2009, which was one of several meetings that later led to the formation of DPAC.

Driving and flying-in for the one-hour meeting, the Coalition greatly appreciated Chairman Rooney taking time on a busy day to hear from dairy farmers on dairy policy.

“The good news is, I’m sort of a clean slate when it comes to dialog on dairy,” said Rooney. “Anything is on the table.”

DPAC vice-chair Rob Barley, a dairy producer from Lancaster County, Pennsylvania stressed that, “Our (DPAC’s) focus is different from National Milk’s. We understand their plan and are in agreement with some of the pieces, but our focus is on market transparency, a simplified pricing system, and improving the price discovery process. We want to peel back the layers, not put more layers onto it. Until we have fundamental change in price discovery, we’re not interested in a centralized government-mandated supply management plan. We don’t think a one-size-fits-all program—even though it may make you feel better—is the best thing for us.”

“We don’t have a functioning market that discovers the price of milk,” echoed DPAC board member and Southeast Dairy Coalition chair Ben Shelton, a dairy producer and veterinarian from Iredell County, North Carolina.

While NMPF’s Foundation for the Future focuses on margin insurance coupled to a national margin-triggered supply management plan, “producers are most concerned about having functional markets and tools we can use,” said Barley. “The piece of Foundation for the Future (Order reform) that we are



Congressman Tom Rooney (R-Fla.), center, who chairs the House Subcommittee on Livestock, Dairy, and Poultry, met with DPAC producers Rob Barley (Pa.), Daniel Brandt (Pa.), Ben Shelton (N.C.), Dave Forgey (Ind.), and Joe Borgerding (Minn.) Tuesday to talk about dairy policy. Also at the table were House Ag Committee dairy expert John Goldberg, aide to Chairman Frank Lucas (R-Okla.), along with Ben Stoltzfoos, ag staffer for Congressman Joe Pitts (R-Pa.), who chairs the Health Subcommittee under Energy and Commerce. DPAC’s “working draft”—Cornerstones for Change: A preliminary report about U.S. dairy policy and the global realities of the 21st century—is posted under Updates at www.dpac.net, or call 800.422.8335 to request a copy.

most interested in is missing, and we’re being told daily reporting and price discovery must wait.”

“Daily electronic reporting is already authorized in Section 1510 of the current Farm Bill but not implemented. That’s the transparency piece,” added DPAC vice-chair Daniel Brandt, a dairy producer from Lebanon County, Pennsylvania. “Our price is figured off the CME, which sells a tiny fraction of surplus products. There’s a make allowance and advantage to pile more into that surplus and drive down the cost of milk for every other product moving out there. It’s no wonder the farmer’s share of the consumer’s dairy dollar has gone from 42% to 27%.”

“The quarterly auditing of price and volume reports is the other part of Section 1510,” said Shelton. “It’s important because producers distrust this system.”

Goldberg noted that stepped-up reporting and auditing would cost \$2 to \$3 million a year, and USDA’s budget is tight. “AMS is a fee-based agency. That \$3 million has to come from somewhere,” he said.

“Even if it’s one or two cents per hundred-weight,” Shelton figured high as it would be

less than a penny per cwt., “I think we could take it off our milk checks to have that accountability on price, volume and inventory.”

By comparison, misreported powder prices in 2007 cost dairymen \$50 million (\$0.05/cwt over six months). And, a government-mandated supply penalty under the Foundation for the Future proposal, if triggered at a \$6 margin for nonpayment on 2% of base production, would be equivalent to losing \$0.12/cwt across the total base production.

DPAC is not alone in putting a high priority on market transparency through daily reporting with more plants and more products; and improved price discovery through a two-class competitive system. American Farm Bureau adopted similar resolutions Jan. 14 in Atlanta.

Elimination of the Dairy Product Price Support Program also has near-universal agreement. Along with price reforms, this would position the U.S. to become a consistent supplier of products the domestic and world markets want. “The U.S. has not developed these products. We are lagging behind,” said DPAC board member Dave Forgey, a dairy producer from Cass County, Indiana. **This report will continue in next week’s Farmshine.**