

DPAC Executive Board & Action Group Activities Report

January 15, 2011

Jan. 14, 2011 — Utica, New York – Denny Wolff spoke at the All Breeds Convention

- Denny Wolff spoke at the NY All Breeds Convention, and DPAC board member Laura Covert (NY) also attended the convention and printed some DPAC materials for distribution.

Jan. 14, 2011 — New Holland, Pa. – Sherry Bunting and Bernie Morrissey met with leaders of the Plain Community

- DPAC was invited by Sensenig's Feed Mill to a breakfast meeting with leaders of the Plain Community to answer their questions about DPAC's efforts to-date and going forward.

Jan. 13, 2011 — Harrisburg, Pa. – Denny Wolff and several DPAC board members attended Public Officials VIP luncheon at the Pa. Farm Show

Jan. 5-14, 2011 — Correspondence with Minnesota Milk Producers Association

- Sherry Bunting and Bernie Morrissey have corresponded with members of the board of Minnesota Milk Producers Association via their inquiries and interest in DPAC by phone and email. Board member Joe Borgerding has expressed keen interest in participating as an ad hoc member serving on a DPAC action group.

Jan. 7, 2011 — DPAC participated in another phone conference with over 50 people representing 30 organizations and Jerry Kozak (NMPF) on the Foundation for the Future

- Notes from this teleconference were sent by email to DPAC board members on Jan. 8 (and included in Jake and Dan's packets).
- Bottom line: Timetable for NMPF FFTF is "fast track" to move through Congress this coming spring.
- Kozak said price discovery structures and things like daily reporting will have to wait for the 2012 Farm Bill because NMPF will not add anything into the FFTF except for the price reform piece, which is still not officially complete.

Jan. 6, 2011 — Harrisburg, Pa. – Members of DPAC's milk marketing models subcommittee met.

- MMM information will be forthcoming to other DPAC directors for their input and feedback.

Jan. 3-5, 2011 — York, Pa. – Morrissey Insurance provided booth space for DPAC materials at the Keystone Farm Show

Dec. 28, 2010 — Harrisburg, Pa. – Denny Wolff and DPAC Executive Board met with representatives of Greater Northeast Milk Marketing Agency (GNEMMA).

- This was an informational meeting to understand each other's perspectives on PA Milk Marketing Law and SB 1480.

Dec. 15, 2010 — East Earl, Pa. – Bernie Morrissey presented DPAC Update during REB Consulting annual dairy seminar.

Dec. 13, 2010 — East Earl, Pa. – VIP's attended DPAC anniversary and holiday celebration hosted and sponsored by E-Zee Milking Equipment (and Morrissey Insurance)

- U.S. Congressman Joe Pitts (Lancaster/Chester Counties, PA), PA State Senator Mike Brubaker, and PA State Representative Gordon Denlinger attended the Dec. 13 dinner and meeting at Shady Maple. All three VIP's gave a message to the attending DPAC board members, Cream of the crop DPAC sponsors and various employees of those sponsors who attended.

- “There are people around the world who are persecuted. They all love America and what we stand for,” said Congressman Pitts, who was recently named chair of the health subcommittee in the House energy and commerce committee. Pitts reported there are 87 new members of Congress taking office in January, with a renewed commitment to have more public transparency of the legislative process. “Good ideas get bipartisan support,” said Pitts. “We will look to DPAC and others for ideas on dairy policy and the upcoming Farm Bill and to bring more transparency to the milk pricing scheme. Our U.S. dairy industry is very important.”
- From the Pennsylvania State Assembly, Senator Mike Brubaker touched on Senate Bill 1480 to reform the state’s Milk Marketing Law. He said the best results come “through building coalitions and working with others... I have learned more about these issues because you (dairy producers) chose to be involved in the process,” Brubaker said, adding that DPAC has provided thoughtful, well-studied information to generate a meaningful discussion on the intent and implementation of the state’s Milk Marketing Law.
- Rep. Gordon Denlinger echoed Sen. Brubaker’s concern about the issue of ‘stranded’ milk premiums paid by consumers and intended for dairy farmers. He, too, referenced the influx of new faces in Harrisburg in January. He also reminded producers that, “We have a job to do to explain ag issues to people and to bring them along to the point of understanding.”
- DPAC chairman Cliff Hawbaker gave remarks, which were published in Farmshine Dec. 17, 2010 and appear at the DPAC website at the following link: http://www.dpac.net/publication_files/chairmans-commentsforging-ahead121310.pdf
- An article about the event appeared in Farmshine on Jan. 4, 2011, and is posted at DPAC’s website at the following link: http://www.dpac.net/publication_files/message-of-faith-freedom-harmony.pdf

Dec. 9, 2010 — New Holland, Pa. – DPAC mans booth at Agri-Basics annual dairy seminar

- Sherry Bunting and Rob Barley manned a DPAC booth at Agri-Basics annual dairy seminar for their customers. DPAC was given three minutes to say who we are and how to learn more.

Dec. 8, 2010 — Lebanon, PA – DPAC met with PMMB

- Denny Wolff and DPAC board members Cliff Hawbaker, Rob Barley, Daniel Brandt, Zach Meck, Nelson Troutman, Duane Hertzler, and other dairymen (Tom Krall, Calvin Zimmerman, Calvin Miller) met with the PA Milk Marketing Board and their counsel, executive secretary, and other staff to discuss Senate Bill 1480.
- The meeting was conducted to understand each other’s perspectives on the elements of SB 1480 and the current milk marketing law with regard to the state mandated over order premium.
- PMMB has a strong preference for an economic impact study to be conducted. They also stressed that the over-order premium “lifts all boats.”
- DPAC pointed out that the premium should be distributed in a way that is consistent with the purpose and intent of the law that created it. There was discussion of how the premium came to be and its evolution since the mid-1980s.

Dec. 1, 2010 — Carlisle, PA - DPAC met with PA milk dealers

- The DPAC executive board – Cliff Hawbaker, Rob Barley and Daniel Brandt – along with Duane Hertzler and Sherry Bunting, met with a few members of the PA Milk Dealers Association to gain a better understanding of each other’s perspectives on challenges facing processors and producers as well as national dairy policy and state milk marketing law. A follow up meeting is planned in January.

Nov. 23, 2010 — DPAC participated in phone conference with over 20 organizations and Jerry Kozak (NMPF) on the stabilization plans and Foundation for the Future

- Several DPAC board members (Cliff, Duane, Dave and others) and correspondence secretary Sherry Bunting participated in the conference call of the 15 organizations that funded the Stephenson/Nicholson report as well as another 5 to 10 organizations for Q&A with Jerry Kozak, CEO of National Milk. Producer organizations and cooperatives were represented and/or invited on the call.
- Kozak reported that other commodities are “okay” with the current Farm Bill, so that may clear the way for National Milk’s Foundation for the Future to be considered by Congress this spring – ahead of the 2012 Farm Bill. NMPF is gearing up for massive education program, including a professionally narrated power point.
- Message: Foundation for the Future (FFTF) will go “full throttle” even though the price reform piece is not quite ready. Kozak said that piece was getting “closer to closure.” That piece will have specific prescriptive language, so no need for USDA rulemaking.
- Some changes are being made since the preliminary price reform piece was discussed last spring. Kozak mentioned improving market transparency and price discovery.
- He also mentioned coverage for one of the fundamental functions cooperatives perform: balancing (??market credits??).
- Price reform piece will have parts that “intrigue IDFA” and they will have to “do what NMPF has done and that is to evaluate the whole package.”
- Answering a DPAC question, Kozak said “we support, ultimately, daily reporting, but the problem that occurred last time is they refused to use budget \$ to pay for it. We attached language, but it passed under rules suspension as “weekly or nothing.” He also said the verbiage has to be changed to “daily” within the framework of the 2012 Farm Bill.
- NMPF is looking to have FFTF legislation (except for price reform piece) ready in January.
- Kozak said the Dairy Market Stabilization Program piece is not a supply management program in the classical sense. He called it a “market management” program that utilizes temporary base established three months prior to the penalty taking effect each time it takes effect.
- Kozak said the work of Stephenson and Nicholson is “starting to show that the margin insurance will work better than MILC, even for small producers.”
- Kozak said NMPF has done its own version of CBO scoring to be sure the FFTF will fit within the baseline government expenditures the way the CBO figures those expenditures.
- Question was asked about whether NMPF will seek handling of the margin insurance. Kozak reported that “NMPF will have nothing to do with it. It will be all through USDA FSA and no private insurers.”

Nov. 19, 2010 — DPAC board conference call with NDPO:

- Members of the DPAC board (Cliff Hawbaker - PA, Rob Barley - PA, Ben Shelton - NC, Dave Forgey - IN, Sue Schultz – WI and Sherry Bunting) had a conference call with members of the National Dairy Producers Organization (NDPO) Board (Gary Genske – CA,NM,VA, Doug Maddox – CA, Dave Fitch – NY, Arden Tewksbury – PA, Peter DeHaan – OR and Tom Van Nortwick). NDPO was mostly interested in our “tax structure.” We answered all of their questions but many of our questions were not answered. Bottom line: DPAC is not “joining” under the NDPO umbrella but DPAC is interested in continuing communications once NDPO’s agenda is known. Notes of the 11/19/10 board-to-board discussion are attached for your information.

Nov. 18-19, 2010 — Zach Meck reports from LOL delegates meeting

- Zach Meck attended the LOL Pa. delegates meeting and reported that the delegates voted to support PA Senate Bill 1480.
- He also discussed talking points on daily reporting (attached) seeking possible resolution on daily reporting.

Nov. 18, 2010 — Bernie Morrissey, Nelson Troutman attended Binkley-Hurst Open House

- Bernie Morrissey and Nelson Troutman attended the Binkley and Hurst Open House where they had an opportunity to informally discuss DPAC with visitors.

Nov. 12, 2010 — Paul Horning and Solid Rock Genetics offer 50 cents/unit

- Paul Horning (Turnpike View Dairy) and Jon Weiler (Solid Rock Genetics) pledged 50 cents for every unit of semen sold from Paul's Turnpike View Deluxe. A check for \$500 so far was presented by Paul and Jon at the Dec. 13 dinner. A feature story about the bull and the generosity of this pledge appeared in the Nov. 12 edition of Farmshine and is posted at the DPAC website at the following link: http://www.dpac.net/publication_files/solidrock-turnpikeview-fund-raiser111210.pdf

OTHER NEWS

Jan. 13, 2011 — Harrisburg, Pa. – PA Senate Ag Committee

- PA Senator Mike Brubaker was appointed to chair the Senate Finance Committee. Senator Elder Vogel, a dairy producer, was appointed to chair the Senate Agriculture Committee.
- PA Representative John Mahrer will chair the PA House Agriculture Committee.

Jan. 14, 2011 — Atlanta, Georgia – American Farm Bureau adopts dairy resolutions

- According to AFBF news release: AFBF's new dairy policy allows for the consideration of a temporary supply management system, but it maintains AFBF's opposition to a mandatory milk production quota system. The policy enables Farm Bureau to work with the dairy industry to develop solutions for excessive price fluctuations.
- Specific policies that were adopted by AFBF delegates are consistent with DPAC's cornerstones (as highlighted in bold below):
 - **Elimination of the federal dairy price support program.**
 - **Enhancing price discovery by increasing the number of plans surveyed, expanding the number of products considered, speeding up the reporting of prices, and making the reporting more transparent.**
 - **Reducing the number of classes of milk to two**, and making modifications to federal milk marketing orders.
 - Supporting a producer safety net program such as margin insurance.

Jan. 15, 2011 — Washington, D.C. – Dairy Industry Advisory Committee releases draft final recommendations

- The USDA Dairy Industry Advisory Committee (DIAC) reviewed its "draft" final recommendations and comprehensive report at Jan. 11-12 meeting in Washington. Two of 24 items were contentious votes, but in the end, the DIAC voted to "adopt a growth management program" by a margin of 9 to 8. According to accounts published at dairywebmall.com by Northeast Dairy Farmers Cooperatives' Bob Gray and Mike Oscar, the processing side strongly opposed this recommendation; producers on the panel supported it.
- Gray and Oscar also report that the DIAC clearly pointed out that this "growth management" recommendation does not constitute an endorsement of the NMPF's Foundation for the Future proposal nor any of the Dairy Price Stabilization legislation that was introduced in the last session of Congress.

- Both the pros and cons of the “growth management” recommendation will be included in the final DIAC report, due out February 11 after the DIAC has a conference call to review the final wording of the recommendations.
- A major highlight from the meeting was the addition of three items to the prior draft recommendations, including: **Supply of Milk and Competitive Marketing, in which the DIAC recommended that, “USDA through its regulatory authority and in cooperation with the Federal Trade Commission and the Department of Justice should continue to monitor the supply and competitive marketing structures throughout the supply and marketing chain of the dairy industry.”**
- The DIAC also recommended that USDA or some other entity analyze the operation of the Federal Order system. This includes end-product pricing’s impact on milk price volatility and the impact of classified pricing and pooling on processing investment, competition and dairy product innovation.
- The Jan. 11-12 meeting materials, including “draft final report” are available at: <http://www.fsa.usda.gov/FSA/webapp?area=about&subject=landing&topic=dia-mt-jan2011>
- A copy of the DIAC’s 1/12/11 “draft recommendations” is attached to this report and posted online at: http://www.fsa.usda.gov/Internet/FSA_File/list_pass_recommends_011211.pdf
- A few more Highlights from the DIAC’s 24-item list of draft recommendations includes:
 - Strongly consider elimination of end product pricing via alternative measures such as competitive pay pricing and mandatory price reporting, etc.
 - Collect and publish data on alternative measures of a competitive pay price, considering but not limited to the proposals of NMPF and Maine Dairy Industry Assn.
 - Explore elimination of the dairy product price support program and the dairy export incentive program and use budget savings to enhance safety net for producers.
 - Maintain and expand programs for export market development.
 - Develop system to provide accurate assessment of profitability in dairy industry.
 - Programs that enhance value-added opportunities for dairy farms and products
 - Phase out ethanol subsidies
 - Explore enhanced fluid milk standards
 - Reduce SCC
 - Review Federal Orders
 - Simplify and improve risk management products for dairy farmers (i.e. LGM-Dairy and Adjusted Gross Revenue-Lite; and Establish risk management lines of credit.
- Final report includes the following observation:
 - DIAC observed that “administration of the Federal Milk Market Order system is inflexible and outdated. Moreover, the Market Order rules may be effectively transferring volatility in narrow subsectors of the dairy market into wider milk prices. Some changes in administration of these programs are within the authority of the Secretary of Agriculture.”
- Read more at the links provided above.

UPCOMING EVENTS (January – July 2011)

January 18 — Sherry Bunting is invited to speak on the status of the dairy industry (as a reporter) to a central PA feed company core customer group. She is permitted to spend a portion of her talk on DPAC.

January 18 — Bernie Morrissey and others will update Northern Tier PA dairy producers on DPAC progress at Morrissey Insurance meeting for dairy farmers in the Northern Tier.

January 21 – DPAC executive board follow up meeting with Pa. Milk Dealers on national and state dairy policy.

January 25 — DPAC will meet with ag staff for U.S. Congressman Joe Pitts of Pennsylvania in Washington, D.C. and in a joint meeting with ag staff for the new Chairman of the U.S. House Agriculture Committee: Congressman Frank Lucas of Oklahoma. Planning to attend are: Board members Rob Barley, Daniel Brandt, Ben Shelton, Dave Forgey (and perhaps Laura Covert), along with correspondence secretary Sherry Bunting, treasurer Bernie Morrissey, and member of the greater agricultural community Amos Stoltzfoos (E-Zee Milking).

January 26-27 – DPAC booth at Ohio Grazing Conference (Alan Kozak).

January 27 – Sherry Bunting invited to speak on status of dairy industry (as a reporter) during Hooper Feeds customer seminar in East Earl. She is permitted to spend a portion of her talk on DPAC. She will also man DPAC's booth at this meeting.

January 31 – DPAC expected to meet with members of the Lancaster County delegation to the PA House.

February 8-10 – DPAC will have a booth, representatives and a “question box” at Sensenig Feed Mill's annual dairy seminar.

February 10 – PA House Ag Committee chairman John Mahrer to hold “summit” on dairy policy, DPAC invited.

February/March — DPAC working on planning producer education and communication meetings or opportunities in conjunction with events in the Northeast, Southeast, Midwest.

March 23 – Sherry Bunting invited to speak on status of dairy industry (as a reporter) during Turner Dairy Farms (milk bottler) annual meeting in Indiana County (western PA). She is permitted to spend a portion of her talk on DPAC.

March 25-31 – Meetings in Upper Midwest in conjunction with Family Dairies' District Meetings and Wisconsin Public Service Farm Show in Oshkosh. Family Dairies is providing a list of questions via DPAC board member Sue Schultz.

July 22 – Denny Wolff invited to speak about dairy policy and DPAC at National Hoof Trimmers Association Convention, which will be in Lancaster, Pa. this year.

Respectfully submitted

***Sherry Bunting*, DPAC Correspondence Secretary**

January 15, 2011