

## ADDENDUM - DPAC Executive Board & Activities Report

April 9, 2010

### April 8 — Meetings in Washington D.C. on electronic reporting legislation

(Present: Denny Wolff, Cliff Hawbaker, Duane Hertzler, Alan Kozak, Dan Stoltzfus, Sherry Bunting)

#### OUTCOME:

- Succeeded in getting a price tag for implementing electronic reporting.
  - \$600,000 to adapt software used for beef electronic reporting to use by dairy product plants where they record their trades and send the encrypted info to USDA AMS
  - \$1 million to maximum \$2 million annually to do the reporting and quarterly audits. Most of the cost is dependent on the number of audits they would have to do to maintain integrity of the reporting.
- Have support and a strategy from ag and approps staffers for a bill to fund electronic reporting. They wanted the price tag and favorable response from USDA. We have the price tag and a favorable response from USDA but USDA officials said they must talk to the Secretary Vilsack for his blessing before they will promise their department will openly support this bill.
- We also have American Farm Bureau support because it's in their policy book. They support us 100%.
- Our meetings in Washington D.C. yesterday were very productive and successful. Through our discussions with ag staffers and USDA... here's what we accomplished:
  - A report is being written to fund and implement electronic reporting in the upcoming ag appropriations and it is already on the radar of the Ag Appropriations subcommittee and USDA.
  - We met with staff of Sen. Specter (PA), Sen. Casey (PA) and Sen. Brown (OH) along with Rep. Holden (PA), Rep. Thompson (PA), Rep. Dahlkemper (PA) and Rep. Space (OH).
  - They said the report language in the bill can specify "daily" reporting.
  - They said we can specify a timetable in the report language of the bill. For example: implement within 90 days of passage.
  - Section 1510 of Farm Bill already specifies "quarterly" audits.
  - The approps would have to be reauthorized each year.
  - DPAC was seen as a national voice. According to Adam Tarr from Specter's office (who is leading the writing of this bill), we need to broaden the letters of support to come from other states.
  - DPAC will work with producers, organizations, co-ops and others in the south, northeast, Midwest and west to get letters sent.
  - Strategy suggested by Adam Tarr is that we have them send letters to key members of Ag Approps and "cc" their own legislators.
  - The congressional staffers said it is good to work with dairy farmers who bring things that can be accomplished.
  - No one has ever come to Congress or USDA asking for funding and implementation of 1510 (electronic reporting). DPAC is the first.

- They asked us what we thought of risk management and other ideas on dairy policy, and we told them price discovery has to happen first – otherwise dairy farmers do not have the information they need to make these other decisions.

**Who DPAC met with: Ag and Approps staffers:**

- Led by Adam Tarr , legislative aide for Sen. Arlen Specter. We met at Sen. Casey’s office in the Russell Senate building.
- Other participants:
  - Liz Hermsen, senior policy advisor for Sen. Bob Casey (PA);
  - Jake Kuhns, senior legislative assistant for Rep. Tim Holden (PA);
  - John Busovsky, senior legislative assistant for Rep. Glenn Thompson (PA);
  - Caitlin Lucchino, legislative assistant for Rep. Zack Space (OH);
  - Joe Schulz, legislative assistant for Sen. Sherrod Brown (OH),
  - Ben Storm, legislative correspondent for Rep. Kathy Dahlkemper.

**March 27 – Executive Board Meeting**

- **Discussed DPAC’s position on supply management.** Two concerns were raised:
  - 1) Even if dairy farmers agree today on a plan, it would take a year to get it passed by Congress and another year to implement it before it could be activated. That’s a minimum of two years before supply management could even begin working to affect the milk price.
  - 2) Supply management could divide us and hurt our momentum on the milk pricing reforms we are working on. Other groups are working on supply management... while they continue to develop consensus, DPAC can be part of the discussion but not necessarily support any one program.
- **Discussed several ideas for DPAC’s future directions:**
  - What about shifting the focus to looking for markets vs. managing supply?
  - Is there an opportunity here in terms of milk marketing?
    - Should we explore and better understand the marketing dynamics within and outside of the “system”?
- **Executive Board recommends formation of Marketing Model Subcommittee:**
  - Name Rob Barley, Duane Hertzler and Dale Hoffman to this subcommittee of the Milk Pricing Action Group:
  - Purpose will be to examine marketing models... to “model” marketing on a small scale to see how to change the system and/or amend regulations to broaden creativity on a larger scale.
    - This subcommittee will have three members of the DPAC Board (dairy producers), and they would pull in resource information from other sectors as they explore various marketing scenarios.
- **Outcome of April 8 meetings in D.C.** will include the strategy for moving electronic reporting appropriations bill forward:
  - Based on this report, the board will pursue strategy for gaining support for the electronic reporting bill from cooperatives and other groups (see full board minutes 4/9/10).
- **Name Standards and Regulatory Action Group:**

- Alan Kozak, chair; Duane Hertzler, Eric Frederick, Tom Barley.
- *Purpose:* To look into solids composition standards for fluid milk (like California) and regulatory aspects like reduction of the legal limit for somatic cell count (SCC) and enforcement of those quality standards. What are the benefits from and obstacles to raising standards of quality? How would this positively impact milk pricing from a quality and supply management standpoint. Also to look into what entities out there are working on this and how does DPAC support positive change in these areas?

**March 15—Meeting with Rep. Kathy Dahlkemper in Harrisburg:** Cliff Hawbaker, Denny Wolff, and Sherry Bunting met with Rep. Kathy Dahlkemper (D-PA) in Harrisburg on March 15. Dahlkemper represents Pennsylvania’s third district, which stretches from just east of Butler up into Erie and Warren counties. She is one of three in Pennsylvania’s congressional delegation who currently serve on that committee. The other two are Rep. Glenn Thompson and Rep. Tim Holden (vice-chair). Rep. Dahlkemper was interested in DPAC’s positions on dairy policy and Wolff provided a copy of the DPAC framework for change. She said she would write a letter of support for DPAC to testify at House Ag Committee Farm Bill hearing April 20 in Harrisburg.

**March 23 & 30, the Supply Management Action Group met** by teleconference and was joined by members of the milk pricing action group. Members of both committees followed up between the two meetings with an email discussion. The two action groups came up with the following statement of DPAC’s current position on supply management: *“DPAC’s primary focus is milk pricing, with market transparency through electronic reporting as the cornerstone. However, DPAC is sensitive to the supply management discussion and is listening to the various options.”*

Jon Jenkins and Rodney Metzler will follow up with the Northeast Dairy Leadership Team (NEDLT) and Dairy Farmers Working Together so that DPAC can have input. **The March 30 teleconference minutes are attached.**

#### **PMMB over order premium update:**

- On April 1, board members Nelson Troutman, Cliff Hawbaker and Rob Barley, along with Bernie Morrissey and Sherry Bunting, met with James Donahue, chief deputy attorney general, and others from the State Attorney General’s office, at their request. The AG’s staff is in the process of gathering information to see whether or not they will conduct an investigation into the issue of ‘stranded’ over order premiums that are paid by consumers, intended for farmers, but are not making it back to the dairy farms.
- The PA Issues Action Group meeting with PA Senate President Pro Tempore Joe Scarnati (also serving as Lieutenant Governor) will be rescheduled. It was originally set for April 13 to discuss legislative changes to Pennsylvania’s Milk Marketing Law.
- The Pennsylvania Milk Marketing Board postponed its decision on the issue of how the over order premium is calculated on Pennsylvania milk purchased by dealers who sell milk in-state but source both in-state and out-of-state milk.

#### **What’s happening on electronic reporting?**

- Denny Wolff reported that Sen. Herb Kohl’s office (D-Wisc) gave Sen. Arlen Specter’s office (D-PA) the “green light” to write language for an appropriations bill that would fund electronic reporting as authorized in the 2007 Farm Bill. The language will include increased frequency of reporting (daily vs. weekly) and increased frequency of auditing (quarterly vs. annual/biannual).
- On April 8, DPAC board members Duane Hertzler, Dan Stoltzfus, Alan Kozak and possibly Cliff Hawbaker, as well as secretary Sherry Bunting, will accompany Denny Wolff to

Washington, D.C. to meet with USDA and House and Senate Ag and Appropriations Committee members' staff to discuss legislation for funding and implementing electronic reporting. The group is also hoping to meet with National Milk Producers Federation on electronic reporting later in the day at their offices in Arlington, VA.

#### **Ag Secretary Tom Vilsack's Dairy Industry Advisory Committee:**

- Denny Wolff provided Sec. Vilsack's Dairy Industry Advisory Committee and PA dairy producer Erick Coolidge with a copy of DPAC's framework for change as summarized after the March 11 Board Meeting and Milk Pricing Workshop.
- Denny Wolff and DPAC will be providing information to Sec. Vilsack's Dairy Industry Advisory Committee in person at their second meeting in June.

#### **USDA / Dept. of Justice workshop / hearing in Wisconsin:**

- Denny is in contact with Mark Tobey at the Department of Justice to see if DPAC can be registered to give oral comments and/or submit written testimony for the June 7 USDA / DOJ workshop / hearing on dairy market transparency, concentration and vertical integration. The workshop / hearing will be in Madison, Wisconsin.

#### **Fundraising:**

- An article on DPAC fundraising will appear in the April 9 edition of Farmshine. It will highlight how the employees of a feed mill (Mark Hershey Farms) got together their individual donations to total \$510 and sent in an envelope of checks. The company (Mark Hershey Farms) responded by doubling the employees' donations. After hearing Bernie speak at the REB nutrition meeting on March 11, Mark Hershey Farms decided to up their donation to \$1000 per month indefinitely.
- Cargill has also contacted DPAC for the tax number information to send their \$1000 donation.
- The Pennsylvania Dairymen's Association (known for its PA Farm Show milk shake stand and grant process) notified Daniel Brandt on April 1 that they have voted to give DPAC a grant of \$5000 for dairy policy advocacy. Executive Secretary David Smith confirmed on April 6<sup>th</sup> that the Dairymen's Association will aim to have the check sent by the next DPAC board meeting on April 9.

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#### **PRODUCER MEETINGS & CORRESPONDENCE (PAST):**

**March 24-26 – Vermont:** Sherry Bunting and Dale Hoffman participated in the Professional Dairy Managers of Pennsylvania (PDMP) spring dairy tour to Vermont and New Hampshire where tour-goers had dinner one night with a few members of Dairy Farmers Working Together (DFWT) and another night invited Lucas Sjostrom from Holstein USA. Supply management was a hot topic among 3 out of 5 dairy farms visited. Bunting received a phone call from Bill Rowell (DFWT) after the tour as DFWT is interested in working with DPAC. DFWT and Holstein USA representatives both said a supply management bill is in the process of being written, most likely through California congressman Costa. They expect the bill to be introduced in June or July. DFWT is also working with the Northeast Dairy Leadership Team (NEDLT), and a coalition that involves organizations in the Midwest, to identify other plans and components of plans—besides the Holstein Dairy Price Stabilization Program—for which several organizations have contributed funds to pay Dr. Stephenson at Cornell and Dr. Nicholson at Cal-Poly to do an economic modeling project. The project will evaluate the Dairy Growth Management Initiative (a variation of DFA's plan still in draft form) and a price-triggered supply management plan put forward by Agri-Mark and then compare them to the Dairy Price Stabilization Program's purely base / excess plan, which is supported by Holstein USA.

**March 26 – Center-State Milk Haulers** Bernie Morrissey spoke to the Center-state milk haulers association about DPAC at their annual banquet.

**March 29** – DPAC received a call from Dairy Farmers of America (DFA) wanting information from our dairy producer survey. Sherry Bunting returned the call to Mike Lichte, director of marketing for DFA and discussed the preliminary survey results. He was surprised by the number of states (23) represented by respondents and the range of farm sizes from 20 cows to 15,000 cows.

**March 31 – Wooster, Ohio:** Denny Wolff (representing DPAC) was an invited panelist at the Ohio Dairy Producers Association Dairy Forum. Other panelists included Mark Stephenson, Cornell; Jim Tilleson, National Milk; Robert Vandenheuvel, Milk Producers Council (California); Cameron Thraen, The Ohio State University; and Scott Higgins, Ohio Dairy Producers Association.

**March 31 – Harrisburg, PA:** Sherry Bunting (representing DPAC) was invited to speak to the Dairy Committee of the PA Animal Health Commission. She gave a history of how DPAC was formed and shared the summary from DPAC's March 11 board meeting and milk pricing workshop and DPAC's dairy producer survey results. One area of interest was the role of milk quality and standards in pricing and supply management. Bernie Morrissey also attended and Bernie and Sherry met with PA Ag Sec. Russell Redding afterward to discuss areas of federal and state dairy policy where PDA and DPAC have common interest.

**April 1 – Harrisburg, PA:** Chairman Cliff Hawbaker was invited to speak to the PA Dairy Stakeholders about what DPAC is doing.

**April 6 – Upper South Milk:** Cliff Hawbaker, Rob Barley, Duane Hertzler, Denny Wolff, Sherry Bunting, and Bernie Morrissey represented DPAC in a teleconference with US Milk (Upper South Milk). US Milk is an organization made up of dairy producers from Virginia, North Carolina, Kentucky, Tennessee, and Georgia. They asked DPAC to participate in their board conference call to talk about dairy policy and what DPAC is doing. They said they were impressed with how we are organized (flow chart) and wanted to know how they can be involved (action groups / regional boards). They shared some of their experiences in working through USDA administrative hearing process to affect change. They appreciated DPAC's narrow focus on milk pricing and transparency and the value of a positive policy action approach. They will discuss supporting DPAC financially and otherwise at their next US Milk board meeting. Contact information will be exchanged between the secretaries of the two organizations.

### **PRODUCER MEETINGS - UPCOMING:**

**April 12 – The Maryland Dairy Industry Association...** invited DPAC to send someone to share with their board what DPAC has been doing. Bernie Morrissey has volunteered to attend this meeting at the Frederick County Extension Office.

**April 20 – House Ag Committee farm bill hearing on dairy policy at 9:30 a.m. in VIP room of Farm Show Complex, Harrisburg, PA**

**April 29 – The Tennessee Dairy Producers** – Bunting and Morrissey will meet with members of Tennessee Dairy Producers in Cookeville, TN at noon.

**April 30 – The Kentucky Dairy Development Council (KDDC)...** invited Sherry Bunting to attend their next meeting (April). Jack Fritz (TN) and Bennie Sims (KY) attended their March meeting and talked about DPAC. The KDDC is very enthusiastic about DPAC and the April 30 or 23 follow up serves to reschedule an earlier meeting with Bunting that had been planned in February, but had been postponed.