

Dairy Policy Action Coalition (DPAC) Minutes

April 9, 2010—1:00 p.m. – 2:40 p.m.

By Teleconference

Board Members present: *Pennsylvania*—Clifford Hawbaker (chair), Rob Barley (vice-chair-1), Daniel Brandt (vice-chair-2), Jake Esh, Duane Hertzler, Dale Hoffman, Paul Horning, John Jenkins, Doug Martin, Zach Meck, Max Smith, Dan Z. Stoltzfus, Nelson Troutman. *Ohio*—Alan Kozak. *New York*—Bryan Gotham.

Adhoc Members present: *New York*—Laura Covert. *Tennessee*—Jack Fritz
Pennsylvania—Rita Kennedy

Professional Team present: *Recording Treasurer* - Bernard C. Morrissey
Correspondence Secretary - Sherry Bunting, Ag Writing Services
Gov. Relations/Advocacy: Dennis Wolff, Versant Strategies

PROCEEDINGS:

Chairman Cliff Hawbaker called the Board business meeting to order at 1:05 p.m. with 14 board members present; and 15 members present after the Executive Board Report.

Approval of Minutes & Treasurer's Report:

- Alan Kozak motioned to approve the Minutes of the March 11 Board meeting. Duane Hertzler seconded the motion, and hearing no discussion or amendments, the minutes were approved 14-0.

Treasurer's Report:

- The beginning balance on March 5, 2010 was \$13,038.38
- Contributions from Mar. 6, 2010 through Apr. 6, 2010 totaled \$7,815.00 from 10 agribusinesses and 16 dairy producers. Expenses paid Mar. 6 through Apr 6, 2010 totaled \$7,537.39, itemized as:
 - \$ 244.00 Yoder's Printing – DPAC flyers & producer surveys
 - \$ 150.00 Andy Gaskin – Website hosting for one year
 - \$ 273.03 Premier Global Services – Conference Calls
 - \$1145.36 Agriculture Writing and Photography Services (S. Bunting) Feb. 2010 Correspondence Secy Duties / Misc
 - \$5725.00 Versant Strategies – Relation Services & Expenses for March 2010
- This left an April 6, 2010 ending balance of \$13,315.99.
- Rob motioned to approve the Treasurer's Report and Dan Z. Stoltzfus seconded. The Treasurer's Report was approved 14-0.

Fundraising Update

- Bernie Morrissey led the Fundraising Action Group's March 15 meeting by teleconference.

- Sherry Bunting participated in call to gather information for a special fundraising story in Farmshine for April.
- Morrissey said the fundraising budget is \$10,000 per month, which gives some flexibility. Donations have stayed ahead of costs by around \$10,000 at the end of each month.
- Morrissey told board members they can submit lists of their vendors to him and he will follow up with phone calls.

Executive Board Report

- The Executive Board Report was emailed ahead of the meeting detailing the past months activities.
- Charter Board Member Sheryl Vanco, Warren County, Pa. sent her official resignation letter, as she has received a presidential appointment to the state USDA FSA Advisory Committee.
- Alan Kozak moved to accept Ms. Vanco's resignation. Duane Hertzler seconded the motion, which carried 14-0.
- Rob Barley reported that the Executive Board and Adhoc Members Action Group nominate dairy producer Bryan Gotham of Hermon, New York to the DPAC Board.
 - Gotham and his brothers and parents operate Gotham Family Farm, LLC, a 700-cow dairy in St. Lawrence County, NY. He is also on the New York Farm Bureau dairy policy committee, and was recently named to Senator Kirsten Gillibrand's dairy advisory committee.
- Paul Horning moved to accept this recommendation and name Gotham to the DPAC Board. Dale Hoffman seconded the motion, and the motion carried 14-0.

Standards and Regulations Action Group

- Chairman Cliff Hawbaker followed up on last month's idea to launch the work of a Standards and Regulatory Action Group. This group will work on issues involving regulations and standards that affect milk supply-and-demand, quality, and ultimately pricing... For example:
 - Milk components (bringing the solids standards for fluid milk up to par with California)—Is this an opportunity to improve fluid milk quality and reduce powder supply at the same time? Look into the Univ. of Missouri study on milk solids.
 - Somatic Cell Count (SCC) standards—Look into a reduction in the legal limit to produce higher quality milk and potentially help manage milk supply.
- Hawbaker recommended Alan Kozak, Duane Hertzler, Eric Frederick and Tom Barley to the Standards and Regulatory Action Group, with Kozak serving as chair.
- Jake Esh moved to accept the recommendation. Bryan Gotham seconded the motion, which carried 15-0.
- After the vote, Kozak noted that FAPRI at the University of Missouri is currently in the midst of a study on the benefits of increasing minimum standards of fluid milk nationally.

- Kozak is also gathering information on what has been done up until now in efforts to enforce the present SCC legal limit and reduce the limit to 400,000.
- Duane Hertzler noted that Dr. Ernest Hovingh at Penn State University would be a good resource because of the work he has done on the milk quality issue.

Milk Pricing Action Group

- Rob Barley and Cliff Hawbaker presented the Executive Board's concept of adding a Market Modeling Subcommittee to study marketing "models" on a small scale to see how the current system and regulations affect the ability to broaden competition and creativity in marketing on a larger scale.
- Discussion focused on the need for competition and to understand the marketing end, not just the production end of the dairy business. Hawbaker and Barley explained that this would be a subcommittee to explore marketing dynamics within and outside of the "system."
- After Board discussion, Barley motioned to table the formation of a Market Modeling Subcommittee, while the Executive Board pursues getting more information on the concept. Alan Kozak seconded the motion, which passed 15-0.

Supply Management Action Group

- Jon Jenkins, chair of the Supply Management Action Group, updated the Board on the group's meeting by teleconference on March 30, 2010 (Minutes attached).
- The consensus of that meeting was for DPAC to adopt the following position on supply management: *"DPAC's primary focus is milk pricing, with market transparency through price discovery 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 (DFWT) so DPAC can have input on the plans that are moving forward.
- Supply Management Action Group is working on an outline of parameters.
- Consensus: Supply management is an area that can divide us and hurt our momentum on milk pricing.
- Other groups are already far ahead on this. We can't "recreate" anything, but we can have input.
- **Consensus:** DPAC will keep supply management "parked to the side." Will be part of the discussion (via Jon and Rodney), but not let it bog the coalition down in its work on market transparency and milk pricing.
- Discussion that the most favorable outcome for supply management would be to have it based on a true market signal.
- Discussion that the somatic cell count (SCC) threshold and enforcement are a form of supply management that could also improve milk quality and marketing/pricing.

Legislative and Policy Update

- Dennis Wolff thanked the four board members (Hawbaker, Hertzler, Stoltzfus and Kozak) who traveled with him to Washington D.C. on April 8 for meetings with congressional ag staffers, USDA and American Farm Bureau. The group wanted to also meet with National Milk Producers Federation, but NMPF said they did not have anyone open that day to meet with DPAC.
- Wolff said having the dairy producers there for the meetings was very effective. “It was a full agenda and we could not have accomplished what we did without the comments and support of the dairy farmers who went down there,” said Wolff.
- The group met with congressional ag staffers:
 - Adam Tarr, legislative aide for Sen. Arlen Specter (D-PA)
 - Liz Hermsen, senior policy advisor for Sen. Bob Casey (D-PA)
 - Joe Shultz, legislative aide for Sen. Sherrod Brown (D-OH)
 - Jake Kuhns, senior legislative assistant for Rep. Tim Holden (D-PA)
 - John Busovsky, senior legislative assistant for Rep. Glenn Thompson (R-PA)
 - Caitlin Lucchino, legislative assistant for Rep. Zack Space (D-OH)
 - Ben Storm, legislative correspondent for Rep. Kathy Dahlkemper (D-PA)
- Worked on report language to fund section 1510 of dairy title in the current farm bill (daily electronic reporting of dairy product prices and sales volumes, along with quarterly auditing).
- Wolff described the meeting as a good open discussion on electronic reporting and price discovery.
- The specific needs were support from USDA and a price tag. We got the price tag in our meetings with USDA in the afternoon, said Wolff. And we had a general consensus that they were supportive and would make the case for this to their superiors.
- The meeting with USDA included:
 - Mike Scuse, Deputy Under Secretary for Farm and Foreign Agricultural Services
 - Rayne Pegg, Administrator for the USDA AMS
 - Dana Coale, USDA AMS Deputy Administrator for dairy programs\
 - John Mengel, Chief Economist for USDA AMS
 - Milt Madison, Ag Economist for USDA FSA
 - Mike Lynch, Livestock Reporting Supervisor with Livestock and Grain Market News
- Rayne Pegg said the only issue USDA has had with section 1510 is funding it.
- Dana Coale said the price tag to fund this daily electronic reporting as authorized in the current farm bill is:

- \$600,000 for start-up to take the technical programming designed for daily reporting in the livestock and meat industry and adapt it for dairy and to educate the plants to get them online.
- \$1 to \$2 million per year in human resources to conduct the increased number of audits (quarterly instead of annual).
- Deputy Under Secretary Mike Scuse said he would get back to Wolff on strength of USDA support on April 20 at the House Ag Committee Farm Bill hearing in Harrisburg.
- Wolff has also received several phone calls from DC since April 8.
- Adam Tarr from Sen. Specter's office is writing the language the next week (ending April 16).
- Wolff is working with DPAC Board members to identify a member of the House Ag Appropriations Subcommittee to put the funding language through on the House side. Jake Kuhns with Rep. Tim Holden's office has been working closely with Adam Tarr from Sen. Specter's office; however Holden is on the Ag Committee, which is an authorizing committee. The authorization for electronic reporting is already there. But only the appropriations committees can move it forward with funding.
- Wolff also reported on the meeting with American Farm Bureau Federation on April 8. Daily electronic reporting for dairy, along with increased audits, are part of AFBF policy. DPAC has Farm Bureau's total support on this.
- This was well received in Washington D.C. The lawmakers in our delegation are happy to have a very manageable price tag for this.
- Dan Z. Stoltzfus noted that it was a very good day in DC, and he was amazed the dollar amount to fund this was not higher. Although he indicated he is still a little concerned USDA could drag their feet.
- Duane Hertzler said he was very encouraged after the trip and thanked Denny Wolff for lining up quality people for good discussion to get this done.
- Alan Kozak said he saw firsthand in Washington how important it is to have someone like Denny working for this coalition.
- He also asked Wolff to provide a list of people from other states or start developing such a list so we can know who to go to for support on this across the country.
- Wolff said Sen. Herb Kohl and Rep. David Obey—both from Wisconsin—are critical to this. Sen. Kohl chairs the Senate Ag Appropriations Subcommittee and Rep. David Obey is chair of the Appropriations Committee and an ex officio member of the House Ag Appropriations Subcommittee.

New Business:

- Wolff and Bunting were asked to develop strategy to move funding for electronic reporting forward
 - A letter was written and sent to USDA Secretary Tom Vilsack's Dairy Industry Advisory Committee (DIAC) and DPAC members with any

connection to any of the DIAC members sent a personalized copy to each. The letter updated the DIAC on section 1510 and asked them to keep it in the forefront with support from USDA.

- List of Senate and House Ag Appropriations Subcommittee members has been prepared and posted to the website and call to action will go out via E-newsletter, plus a phone calling network of dairy producers.
 - 1) Already, calls have come in from producers in the south who were contacted by Jack Fritz. They will take care of notifying senators and representatives from KY, TN and GA on the Ag Appropriations Subcommittees in House and Senate.
 - 2) Bryan Gotham is working on contact with the member from NY.
 - 3) Alan Kozak is working on contact with the member from Ohio.
- Wolff urged everyone to attend the April 20 House Ag Committee Farm Bill hearing on dairy policy in Harrisburg.
 - Daniel Brandt is registered to testify for DPAC (testimony attached)
- June 7 Dept. of Justice / USDA hearing in Wisconsin:
 - Wolff sent his resume and intro paragraphs of testimony to get approval of our slot on the panel.
 - Who else will go for show of support? Members are to let Wolff or Bunting know if they intend to travel to Madison for this hearing.
 - Consensus that the Executive Board should discuss the main points of testimony at DOJ / USDA hearing in Wisconsin and lead further discussion at May Board meeting to come up with three main points.
 - Capper Volstead protection is important, but if there has been an overstep that has hurt the farmers, then we need to know about it.
- Zach Meck brought up the subject of animal care standards and the use of a “logo” on the product made with milk from “animal care” herds.
 - We need to be watching this, said Meck. “We need to be sure its 100% U.S. milk ingredients in any product with that “animal care” logo.
 - This could be a good time for DPAC to reach out to producers in Wisconsin and Midwest. This is a national issue, and there could be premiums involved at the retail level.
- Alan Kozak brought up National Milk’s plan, mainly the revenue insurance.
- The Board discussed it informally, but most members had not thoroughly read the plan rolled out officially with a webinar the day before.

Next Meeting

- **Board Meeting by teleconference on May 13. Bunting will send a list of times to get consensus on time of meeting.**

The April 9, 2010 DPAC Board meeting adjourned at 2:40 p.m.

****Next meeting is May 13 by teleconference.**

Respectfully Submitted by:

Sherry A. Bunting

DPAC Correspondence Secretary

April 17, 2010

**ATTACHMENTS: Executive Board Report (4-06-10) and Supply Management
Action Group Minutes (3-30-10)**