

## Dairy Policy Action Coalition (DPAC) Board Meeting Minutes

March 17, 2011—1:00 p.m. – 3:00 p.m.

*By teleconference*

**Board Members present:** *Pennsylvania*—Cliff Hawbaker (chair), Daniel Brandt (vice-chair), Rob Barley (vice-chair), Paul Horning, Nelson Troutman, Dale Hoffman, Zach Meck, Rodney Metzler. *Ohio*—Alan Kozak. *New York*—Laura Covert. *North Carolina*—Ben Shelton. *Tennessee*—Jack Fritz. *Wisconsin*—Sue Schultz

**Ad hoc Producer Members present:** *Minnesota*—Joe Borgerding.

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

**Guests:** *Wisconsin*—David Cooper, Family Dairies, Madison, WI.

### **PROCEEDINGS:**

Chairman Cliff Hawbaker called the Board business meeting to order at 1:05 p.m. with 13 board members present; one ad hoc member present; all three members of the professional team present; and one guest present.

#### **Approval of Minutes & Treasurer's Report:**

- Chairman Hawbaker called for unanimous consent to approve Minutes & Treasurer's Report. Hearing no objections, the February 17 Minutes and March 10 Treasurer's Report were approved.
- **March 10, 2011 Treasurer's Report:**
  - **The beginning balance on February 15, 2011 was \$ 9,744.74**
  - Contributions from February 16 through March 10, 2011 totaled \$10,405.00 from 9 agribusinesses and/or organizations (\$7,900.00), and 24 dairy producers (\$2,505.00).
  - Expenses paid Feb. 16 through March 10, 2011 totaled \$10,854.53, itemized as follows:

1) \$ 50.00	02/18/11	Hospice of Lancaster County – Donation in memory of William H. Bunting, Sr.
2) \$ 179.30	02/22/11	Bernard C. Morrissey – Reimburse for luncheon w/ Lancaster County delegation to PA House of Reps.
3) \$ 56.13	02/22/11	Paige Eshelman—Reimburse for color ink & folders
4) \$ 258.00	02/22/11	Paige Eshelman—Services 2/15/11 – 2/18/11
5) \$ 135.00	03/01/11	Yoder's Printing – 500 Profiles / 1000 Producer Letters & 700 Updates (all black/white)
6) \$ 23.80	03/01/11	Paige Eshelman—Reimburse for mailing supplies & folders
7) \$ 5725.00	03/01/11	Versant Strategies—Mar 2011 Relations Services & Expenses
8) \$ 75.18	03/03/11	Paige Eshelman—Reimburse ink, labels, envelopes
9) \$ 3623.12	03/03/11	S. Bunting Ag Writing Services & Expenses Feb-2011
10) \$ 50.00	03/07/11	Andy Gaskin – Website hosting / mntce Feb 2011
11) \$ 579.00	03/07/11	Paige Eshelman – Services 2/21/11 through 3/6/11
12) \$ 100.00	03/07/11	Bernard C. Morrissey– Mar 2011 Office Rent
  - **This left an ending balance on March 10, 2011 of \$ 9,295.21**

### **Approval of Executive Board and Activities Report:**

- No formal Executive Board & Activities Report was issued for Feb. 15 through Mar. 10; however Board and ad hoc members were kept informed with multiple updates. The list of activities will be added to the report for April.

### **Legislative Update (Dennis Wolff):**

- Denny Wolff reported on the March 7-8 draft bill working group meeting in Greensboro, North Carolina. It was an extremely productive meeting with several specific areas ready for bill writing while some areas still needing more information on how to proceed with language.
- Wolff noted that a previous “draft discussion” bill from 2007 was used as a template because it contained the right categories. Two areas that would have similar legislative language would be the mandatory reporting (daily reporting / quarterly auditing) section and the section that repeals the Dairy Product Price Support Program.
- Wolff reported that the working group talked a great deal about the Federal Order regulations for “bloc voting.” They looked at Senator Gillibrand’s (D-NY) bill language and how that could be used as a starting point to address this section of legislation.
- On the Milk Income Loss Contract (MILC) program, the working group felt comfortable eliminating that and putting those funds, along with the repeal of DPPSP funds, toward underwriting the cost of LGM-Dairy. But other options were discussed, such as giving farmers the option of direct payment (MILC) or revenue policy. This area needs further evaluation and feedback from producers.
- Another section of the working draft looked at directing the Secretary of Agriculture to receive proposals on simplifying the milk pricing system and to hold hearings and report to Congress. Calvin Covington was invited to present information on current Fed Orders and some of the proposals, such as NMPF’s Order Reform in Foundation for the Future. Covington and others raised four or five good questions as to how a two-class system (not NMPF’s so-called two class system) would work if Class II were rolled into Class I or if Class II were rolled into a combined manufacturing class of II, III, and IV.
- Wolff reported that there is no question that with the “make allowance” set and categorized for Class III and IV, there is less incentive to direct milk to its highest value use. He said that he and Covington would continue to obtain feedback and expert opinions on those questions before moving forward with proposals on this section of the bill.
- During the Greensboro meeting, the group set parameters to “test” a Market Cow Bonus program. These parameters were sent to Dr. Chuck Nicholson. Upper South Milk has agreed to pay for the economic analysis of this type of program, which originated as an idea by DPAC board member Dr. Ben Shelton (North Carolina). The point would be to have a tool that triggers automatically in advance and uses a 10-cent /cwt assessment to pay a per-head bonus on cows culled during a time of low margins. This would not be a herd retirement and every farmer would have the option to recover his assessment investment in cull cow bonuses during a downturn.
- Wolff noted that the working group would meet again by conference call to continue to firm up the solid dairy policy points.
- During discussion of the report, Board members noted that the working draft needs to be made public to have input from as many individuals as possible.

- It was also mentioned that the former Costa/Sanders bill might have language on bloc voting that could be looked at or used. One of the challenges on Federal Order referendums right now is the fact that co-ops get three weeks by the time they are notified and one week to get the ballots in. There would have to be a time element change so co-ops could notify or members could receive notification from the Market Administrator and have time to understand what they are voting on before the ballots have to be returned to the Market Administrator.
- On the MILC question, it was noted in the working draft that less money was spent by the federal government on MILC in 2009 than in 2006, but one meeting attendee noted that their information showed a yearly average 61.5 cents per cwt paid to farmers in 2006 versus \$1.15 per cwt paid to farmers in 2009. The difference is the farmers received more per cwt of milk sold in 2009; but the overall amount paid was less due to structural changes in the industry and more of the U.S. milk falling outside the cap on MILC payments in 2009 compared with 2006.
- A board member noted that there is a 100-plus page paper that has analyzed MILC and found that it lowered the overall milk price over a five-year period, saying this is a report that should be considered or evaluated. If MILC is to help keep the smaller farms in business, then call it what it is and adjust it accordingly, maybe lower the cap?
- Another board member noted that a small producer takes 12 months to use up the MILC cap so dollar for dollar, he might receive less under certain market conditions than a large farm that targets the worst month to receive payment on the amount of milk covered below the cap.
- Alan Kozak motioned that the DPAC Board adopt the Greensboro meeting summary as a “working draft” of dairy policy under consideration as of March 17, 2011 for the purpose of publishing and gaining additional feedback. Sue Shultz seconded the motion.
- Discussion: Question was asked whether this gives Denny Wolff permission to begin writing a bill?
- What is the mechanism to get feedback to Denny or Calvin?
- Consensus that this motion would give Denny the authority to start the process and for the board and professional team to start the process of putting the information out to all the different groups and have feedback through ongoing communication because “we need to start somewhere and at least we have the topics down that are most meaningful.”
- One board member noted his concern that “we need to meet with people from the Southwest and far West to make sure we have more of a consensus nationally before we go further. He was on a conference call with National Dairy Producers Organization board and they said they were interested in meeting with us.
- Motion was clarified: “The working draft is being accepted for the purposes of making it available and to put on the DPAC website and for board and ad hoc members and professional team to share with other farmers and groups and to bring feedback.”
- A roll call vote was unanimous (13-0) to accept the “working draft” for that purpose only at this time.

### **Action Groups and Regions:**

**Milk Pricing Action Group:** *(Report handled in above discussion)*

**Supply Management Action Group:**

- Chairman Hawbaker made new appointments to this group, which now includes Ben Shelton (chair / North Carolina), Ken Wunderlin (ad hoc / Wisconsin), and Joe Borgerding (ad hoc / Minnesota) in addition to Rodney Metzler, Jon Jenkins, Paul Horning, Jim Kennedy and Duane Hertzler.

#### **Global Issues Action Group:**

- DPAC chairman Hawbaker made new appointments to this group, which now includes Dave Forgey (chair / Indiana), Sue Schultz (board / Wisconsin), Everett Williams (ad hoc / Georgia), Dale Hoffman (board / Penna.) and Howard Straub (ad hoc / Michigan). Goal is to reach out to west coast for members of this action group.
- Global Issues Action Group chair Dave Forgey was absent from the meeting, but he has put together good information on U.S. vs New Zealand dairy product and manufacturing milk prices. The information was shared with the working group in Greensboro and copies were provided to all DPAC board members.

#### **Southeast Report:**

- SEDC chairman Ben Shelton reported that he had presented the Greensboro “working draft” to North Carolina Dairy Producers Association board. He felt there could really be some support there.
- After Ben was on the NDPO conference call 3/16, he encouraged everyone to start making as many contacts across the country as possible and to set up meetings with key people in those places.
- Alan Kozak reported that National All Jersey is evaluating Foundation for the Future and some of the leadership there are interested in what DPAC is doing, but right now NAJ is evaluating what is out there in the form of proposals.
- Consensus to write an open letter to fellow producers and organization boards and industry participants giving a couple questions: 1) oppose FFTF as it stands today; and/or 2) support DPAC / SEDC effort to draft alternative bill. Even just checking the first box helps the progress here.
- There are two different issues: 1) putting together language for alternative bill and 2) making sure Congress knows not everyone agrees with FFTF and there is a lack of majority support among producers for FFTF.

#### **Midwest Report:**

- Joe Borgerding (Minn.) reported that Minn. Milk Producers like a lot of the recommendations coming from Vilsack’s Dairy Industry Advisory Committee (DIAC), especially the idea of farm savings accounts which would defer taxes in profitable years to save money for unprofitable times.
- He also said the “silent majority” opposes supply management.
- Sue Schultz and David Cooper (Wisconsin) are working on agenda for Sherry Bunting’s trip to Midwest end of March.

#### **Standards & Regulations Action Group Report:**

- Alan Kozak reported still waiting to see if bill will be introduced on milk solids standards.

### **Milk Marketing Models Subcommittee Report:**

- No meeting / No report.

### **Pennsylvania State Issues Action Group Report:**

- Denny Wolff reported there is a “new path” for last year’s Senate Bill 1480. Last week he and Bernie Morrissey made the rounds in Harrisburg. They met with Senate Agriculture Committee Chairman Elder Vogel and the previous bill’s sponsor Sen. Mike Brubaker and their staff – together – to see where they might find common ground in moving the bill forward in the new legislative session. They also visited with PA House Ag Committee Chairman John Maher.
- Wolff reported that new language for a new version of this bill to amend the PA Milk Marketing Law would be back from the Legislative Reference Bureau in bill form by the end of March, and at that point, it will be evaluated and published as an internal document for review. Before taking this step, Sen. Brubaker received input from DPAC, PA Farm Bureau, PA Milk Marketing Board, and the milk cooperatives via Greater Northeast Milk Marketing Association

### **New Business**

- Board members from the Mideast, Midwest and Upper Midwest reported working on plans for dairy producer meetings in Ohio and Indiana, as well as opportunities to meet with producers in Wisconsin via Family Dairies USA and during the Wisconsin Public Service Farm Show at the end of March. Sherry Bunting will be traveling to the Midwest 3/23 to 3/31.

### **Old Business**

- **Fundraising & Finances:**
  - Bernie Morrissey reported that fundraising continues to be a major operation for him and he urged DPAC board and ad hoc members to realize how close the organization runs at the end of each month to cover its \$12,000 / month budget. He said we are keeping up with the cost and not running ahead.
  - Bernie Morrissey also reported that he went to Potter County, PA for a very productive meeting at DPAC board member Dale Hoffman’s farm. The meeting was attended by southern tier NY and northern tier PA farmers. They were very open to DPAC’s ideas and wanted information.

### **NEXT MEETING**

- The next meeting of the DPAC Board is **Thursday, April 21, 2011 at 1:00 p.m.** by teleconference: **# 1.888.394.8197 – Passcode 292858**

Respectfully Submitted by:

*Sherry A. Bunting*

*DPAC Correspondence Secretary*

April 16, 2011