

# Tennessee dairy producers vote support for DPAC

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Special for Farmshine

COOKEVILLE, Tenn.—“Times change. Where we are today, dairy farmers need to be involved,” said Jacob Sparkman outside the meeting room here at the University of Tennessee Putnam County Extension office after a meeting of the Tennessee Dairy Producers Association (TDPA) board of directors. Jacob and his two brothers and their father Johnny operate a 400-cow dairy farm near Sparta.

Johnny is one of 13 producers on the TDPA board. They had invited the Dairy Policy Action Coalition (DPAC) to their April 29 board meeting to learn more about the coalition and its position.

Bernie Morrissey and I traveled south for the meeting, where we explained how DPAC was formed and brought the Tennessee producers up-to-date on the areas of policy DPAC has been working on, particularly the issue of market transparency and the implementation of section 1510 of the current Farm Bill, which authorizes daily electronic price reporting and quarterly audits.

TDPA was formed in July of 2009 to be a unified voice for the state’s 480 dairy producers. They are concerned with any issue affecting the short and long term viability of the dairy industry in their state, and milk pricing is one area of great concern as they noted Tennessee has been losing an average of one dairy farm per week during this dairy crisis.

While their neighbors to the North have a premium program (MILK) and a new state Milk Commission, thanks to the efforts of the Kentucky Dairy Development Council, the Tennessee group also has several accomplishments, including passage of the Dairy Farmers Prosperity Act, with a Tennessee Prime Milk label as its centerpiece. The label stipulates the milk must be 80% produced in Tennessee and

sets minimum standards for solids content of the milk.

Before the April meeting, TDPA had previously heard from fellow Tennessee Jack Fritz, who milks 225 cows near Springfield north of Nashville. As an ad hoc member of the DPAC board, Fritz had attended DPAC’s milk pricing workshop in March.

During our discussion of dairy pricing policy, TDPA and DPAC found they had much common ground. The Tennessee producers wanted to know more about DPAC’s push for daily electronic reporting, under the current Farm Bill as well as the prospect of expanding the products that are reported to include more types of cheese and other manufactured products.

## What is price discovery?

Current USDA NASS reporting of dairy product prices is inadequate for today’s rapidly changing marketplace:

DPAC believes USDA reporting of dairy product prices should be more frequent (daily instead of weekly), should include more products and should have increased auditing to assure accuracy and timeliness of the reporting of daily negotiated trades.

USDA NASS currently requires only the reporting of prices for ‘spot market’ sales of four commodities. But as the Dairy Policy Analysis Alliance—made up of FAPRI at the University of Missouri along with dairy policy analysts at the University of Wisconsin—“...this represents less than 20% of butter production and less than 40% of cheese production... and these prices are pegged to the CME, which may not consistently reflect broad



DPAC met with the TDPA board of directors April 29 in Cookeville, Tennessee. Pictured with DPAC recording treasurer Bernie Morrissey (left) are members of the TDPA board: Tony White, president; John Bayless, vice president;

Deborah Boyd (not pictured), secretary / treasurer; Milton Beard; Tommy Gentry; Phillip Kelly; Steve Harrison (not pictured); Roy Major; Bob Strasser; Alan Matthew; and Johnny Sparkman. Also pictured are Tennessee dairy producer Jack Fritz and TDPA advisor Tim Riley of Southeast Select Sires, Inc. Photo by Sherry Bunting

Today, the price paid to dairy farmers for their milk is calculated based on end-product pricing formulas that take their cues from the thinly-traded Chicago Mercantile Exchange (CME), which does not reflect the broader supply and demand factors in the marketplace. The purpose of improved price discovery is to capture these broader supply and demand factors

with better price reporting of daily negotiated trades.

DPAC’s other policy initiatives were also discussed as mentioned in previous “updates,” and we talked about the coalition’s upcoming presentation to U.S. Ag Secretary Tom Vilsack’s Dairy Industry Advisory Committee in June.

Tennessee producers wanted to know if DPAC is working with National Milk Producers Federation. While the coalition was not given the opportunity to meet with National Milk during its April trip to Washington D.C., it appears as though National Milk will meet with DPAC’s government relations consultant Denny Wolff and a few members of the board while they are in Washington June 3 to meet with Sec. Vilsack’s Advisory Committee.

After our discussion, the TDPA board voted to support DPAC’s efforts, and they said they would contact Tennessee Congressman Lincoln Davis who sits on the House Ag Appropriations Subcommittee and ask his support for the funding to implement section 1510 of the current Farm Bill regarding electronic reporting.

For information about DPAC, call 800.422.8335 or visit [www.dpac.net](http://www.dpac.net). Donations can be mailed to 890 N. Reading Rd., Ephrata, PA 17522.