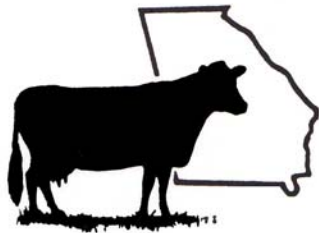


GEORGIA MILK REVIEW

July 2009



VARIABLE-RATE IRRIGATION WORKSHOP PLANNED FOR JULY 30

The University of Georgia will host a Variable-Rate Irrigation (VRI) Workshop on Thursday, July 30 at 10 a.m. at the Morgan County Farm Bureau Office in Madison, Georgia. Currently, an NRCS Conservation Innovation Grants allows UGA to cost share 90 percent of the VRI retrofitting cost, with the producer paying for the remaining 10 percent. This workshop will explain the available opportunities for dairy producers that irrigate with center pivot systems.

VRI systems retrofit onto existing center pivot systems and works by integrating GPS positioning into a control system which cycles individual sprinklers or groups of sprinklers on and off (seconds on per minute) and varies travel speed to achieve desired rate within management zones. VRI technology allows farmers to easily apply varying rates of irrigation water based on the individual management zones within a field. Farmers manage the individual zones by excluding problematic areas from the acres cropped.

With VRI, Dairy farmers can apply waste water more optimally across fields with varying soil types, topography, and crop needs. The technology can eliminate waste water application in the environmentally sensitive areas in fields as well as adjust rate of water and nutrient application on different parts of the field.

The meeting will also include information on the NRCS CIG No-Till Drill Program and update producers on current water and air environmental regulations. Producers attending will receive two hours of Certified Waste Operator Credits.

The workshop will conclude at noon with lunch provided by the Georgia Milk Producers. If you plan to attend the meeting please call Bobby Smith to preregister at 706-342-2214.

GEORGIA MILK MEETS WITH CONGRESSMAN SCOTT

On June 1, 2009, Georgia Milk President, Everett Williams, and Executive Director, Farrah Newberry, met with Congressman David Scott at his district office in Jonesboro to discuss the current dairy economic crisis and to search for possible solutions for the industry, not only in Georgia but nationwide.

Congressman Scott currently serves as the Chairman of the Livestock, Dairy and Poultry Subcommittee, for the House Agriculture Committee, and is the U.S. Representative for the 13th District of Georgia. He is serving his fourth term and represents portions of 6 Georgia counties: Cobb, Clayton, Douglas, Fulton, Henry and DeKalb.



Scott stated during the meeting that he was aware of the current situation that producers are facing, and plans to hold a national hearing within the immediate future to address the crisis and to find a solution that will help all producers in the U.S. He stated that the hearing would more than likely be held in California, the U.S. dairy capitol.

Georgia Milk will continue to educate government officials on the current crisis our producers are facing in hopes to provide some financial relief in the near future. We hope to attend this hearing once it has been set in order to voice our concerns for the Georgia industry.

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DAIRY BRIEFS

During the last month, our office has experienced several problems with our phone line. The line has been repaired and we apologize for any problem that this may have caused for producers trying to reach Farrah Newberry. Our office number is 706-310-0020 and Newberry's cell phone number is 706-207-0168.

Georgia Department of Agriculture has compiled their 2008 GA Dairy Facts. GDA reports that the top 8 ranking dairy counties according to the number of Grade A dairies were:

1. Macon Co. - 36
2. Morgan Co. - 29
3. Putnam Co. - 26
4. Greene Co. - 12
5. Jefferson Co. - 12
6. Wilkes Co. - 10
7. Burke Co. - 10
8. Brooks Co. - 6

The top 6 ranking dairy counties, according to number of cows were:

1. Macon Co. - 11,716
2. Brooks Co. - 6,727
3. Putnam Co. - 5,798
4. Morgan Co. - 5,222
5. Mitchell Co. - 4,515
6. Burke Co. - 3,981

The GDA reports also that the Average number of cows per dairy increased 4.9 percent in from 281 in January 2008 to 294 in January 2009.

In 2008, 57 percent of the raw milk produced in Georgia was exported (50% in 2007). Fifty-six percent of those exports went to Florida.

OBAMA ADMINISTRATION LAUNCHES IMMIGRATION CRACKDOWN

On July 1, 2009, the Obama administration launched expected investigations of hundreds of businesses around the country as part of their strategy to focus immigration enforcement on the employers who hire illegal workers.

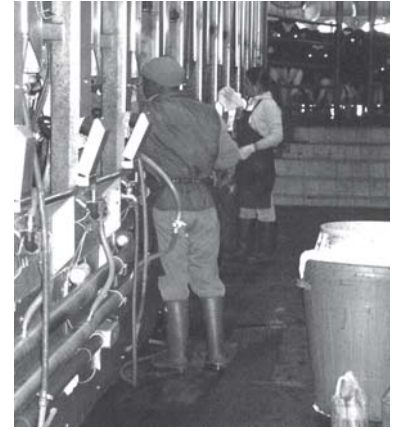
Immigration and Customs Enforcement (ICE) begun notifying businesses of plans to audit their I-9 forms by serving 652 "Notices of Inspection" to businesses on July 1, 2009. By comparison, 503 such notices were issued for 2008, according to ICE officials. Businesses chosen for the current inspections were based on leads and other investigative work.

Audits conducted by ICE could turn up a range of issues from easily corrected paperwork problems to administrative violations to violations that result in criminal charges. Depending on what is found, if anything, employers could face various punishments such as fines, prohibition for federal contracting to prosecution. Employees also could be charged with identity theft or document fraud.

Various groups in support of immigration reform are calling for lawmakers to craft immigration reform legislation that will make it easier for businesses to hire temporary workers. The Obama administration has been trying to build its credibility on immigration enforcement to boost the chances of passing an immigration reform bill in Congress. After holding a meeting in late June, with members of Congress, the Obama Administration believes that immigration reform could be done by the end of the year or early next year. (Source: Immigrationworksusa.org)

Immigration Works USA, a national organization advancing immigration reform that works for all Americans, has released information for employers to use when auditing I-9 forms. Here are some suggestions they have posted at their website www.immigrationworksusa.org:

- Appoint an IRCA compliance officer and establish an IRCA compliance policy. IRCA stands for the Immigration Reform and Control Act of 1986. Some one involved with your business should be familiar with IRCA and make sure the business is in compliance.
- Conduct a preventative internal audit of the I-9 files to see if there is a pattern of violations requiring remediation. Such an audit should be conducted by, or under the close supervision of, an immigration lawyer familiar with IRCA.
- Establish uniform company policies regarding I-9s. Should copies of documents be retained or not? What kinds of questions can be asked about national origin and citizenship status before the date of hire? Is their uniformity in terms of when the employment verification is commenced? Are employees all treated the same when there is a social security mismatch letter?
- Establish a re-verification tickler system to ensure I-9s are checked in a timely manner.
- Centralize the I-9 Form recordkeeping process.
- Segregate Forms I-9 from personnel records
- Consider using an electronic I-9 product in order automate the collection of information, speed up the production of information in the case of a government audit and also ensure timely re-verification of I-9 forms.



U.S. DAIRY SITUATION AND OUTLOOK

By Bob Cropp, Professor Emeritus, June 18, 2009
University of Wisconsin Cooperative Extension

USDA reported in mid June that May milk production was slightly up 0.1 percent from a year ago. The growth in milk production has been slowing with revised April production at the same level as a year ago. But, with the very depressed farm milk prices and resulting financial stress dairy producers are facing, milk production should start to fall below year ago levels and end the year being down 1 percent or more from that of 2008. The slow down in production is due to a combination of a decline in milk cow numbers and not much increase in milk per cow. Very low milk prices and relatively high feed costs have meant unfavorable returns over feed costs for dairy farmers.

Dairy farmers have responded by increasing the slaughter of dairy cows and feeding less grain and concentrate. As of May, milk cow numbers have fallen 59,000 head from the beginning of the year and are now 0.5 percent below a year ago. Milk per cow in May was up just 0.6 percent, slightly offsetting fewer cows. The 7th round of CWT is now in operation and will remove about 103,000 cows by the end of July.

Milk production needs to fall below year ago levels before there is much improvement in milk prices. The weak domestic economy and loss of export sales has meant more than enough milk and dairy products for current needs. Stocks of most dairy products have been building month to month.

The loss of the export market is a major factor for depressed dairy product prices. USDA estimates dairy exports for the year will be down 57% on a fat-basis from last year or 25% on a skim-solids basis. This is like putting 3 to 4 percent more milk on the domestic market. For the first 4 months compared to last year, dairy exports were: nonfat dry milk/skim milk powder down 52 percent, cheese down 29 percent and butter down 79 percent. The exception was exports of total whey products, up slightly to 3 percent

We know that as milk production continues to slow that dairy product prices and milk prices will improve. But, the recovery appears to be very slow. Opinions as to how much improvement by year end varies. With the sensitivity of prices to rather small supply and demand changes any of these opinions could be correct. Due to a sluggish domestic economy and the loss of exports USDA is not overly optimistic for much improvement this year. USDA predicts the following average prices for the year: Class III \$10.60 to \$11.00, Class IV \$10.10 to \$10.60, and the All Milk Price \$11.95 to \$12.35. I still feel prices could do better than this. I could see Class III \$13.65 by September and \$15.15 by December with an average of \$12.10 for the year. The All Milk Price could be \$15.40 by September and \$16.45 by December with an average of \$13.65 for the year.

DEADLINE TO APPLY FOR USDA ENERGY GRANTS IS JULY 31

The USDA Rural Development is accepting applications until July 31 for grants and loan guarantees for farmers and rural small businesses to install renewable energy systems, make energy efficiency improvements or conduct feasibility studies. Examples of eligible projects include replacing diesel irrigation motors, installing small solar components, upgrading poultry houses, installing wood boilers and installing anaerobic digesters.

The maximum grant for renewable energy systems is 25 percent of eligible project costs, not to exceed \$500,000. Energy efficiency improvement projects are eligible for up to 25 percent of eligible project costs, not to exceed \$250,000. The maximum loan guarantee is 75 percent of eligible project costs, not to exceed \$25 million. Combination loan guarantees and grants are also available. For complete program details visit www.rurdev.usda.gov/rbs/farmbill or contact Craig Scroggs via email or phone at craig.scroggs@ga.usda.gov or (404) 229-5720.

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GEORGIA MILK SUBMITS COMMENTS TO EPA

Georgia Milk Producers once again submitted comments to the Environmental Protection Agency on behalf of the state's dairy producers opposing the proposed endangerment finding the federal agency released in April stating that greenhouse gases (GHGs), such as methane and carbon dioxide, should be regulated under the Clean Air Act (CAA). The proposal, according to American Farm Bureau, could likely lead to a potential "livestock gas tax" which would bring devastation to producers across Georgia.



The EPA's proposed regulation is in response to a U.S. Supreme Court decision in Massachusetts v. EPA, which dealt with a petition to regulate automobile emissions. To regulate auto emissions under the CAA, the EPA had to make a finding that any or all GHGs endanger public health. Once an endangerment finding is made, EPA cannot restrict its regulations only to auto emissions, and other CAA provisions are automatically triggered, such as the Title V permit program.

Title V requires that any entity that emits, or has the potential to emit, 100-tons of a regulated pollutant must secure a permit to continue to operate. According to USDA figures, a farm with more than 25 dairy cows, 50 beef cows or 200 hogs emits more than 100 tons of carbon equivalent a year, forcing operators to obtain a permit under the proposed EPA finding. States administer Title V permits and permit fees vary, although the EPA sets a presumptive minimum rate for fees. For 2008-2009, the EPA rate is \$43.75 per ton of emitted GHGs. Using EPA data and USDA statistics, American Farm Bureau estimates the fees could be \$175 per dairy cow per year, \$87.50 per head of beef cattle a year and about \$20 per hog a year.

According to USDA figures, the Title V permit requirements would cover about 99 percent of milk production, about 90 percent of beef production and about 95 percent of pork production in the United States. Georgia Milk Producers believes that this yearly permit tax would completely devastate our industry which is currently facing its largest financial crisis ever. (Source: American Farm Bureau)

UPCOMING EVENTS

August 6, 2009
GA Farm Bureau
Commodity Conference
GA National Fairgrounds
Perry, GA

September - GMP Fall
District Meetings

October 8-18, 2009
Georgia National Fair
Perry, GA

October 20-22, 2009
Sunbelt Ag Expo
Moultrie, GA

November 11-12, 2009
SE Dairy Herd
Management
Conference,
GA Farm Bureau
Headquarters
Macon, GA

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