

GEORGIA MILK REVIEW

July 2010



UGA COOPERATIVE EXTENSION SEEKING INPUT ON UPCOMING RE-ORGANIZATION

Recently, Dr. Scott Brown, Dean for Extension at the University of Georgia, contacted our organization seeking input on the upcoming re-organization of the Georgia Cooperative Extension Service. Budget and personnel cuts have diminished the resources the Cooperative Extension has to offer and has left many holes in programming. Extension leaders have realized that it will be impossible to meet all of the diverse needs of county operations and are planning to re-organize into a much smaller organization.



Georgia Milk Producers has sent a letter to Dean Brown expressing concerns of closing county offices and the need for additional Extension Specialists if more Agriculture and Natural Resource Agents are lost at the county level. We also stated that loss of a county office would severely impact the 4-H youth programs, which have taught Georgia's youth valuable life-long-skills for many decades.

We would like to hear any comments or suggestions from Georgia dairy farmers on how Extension could improve in your county or what you believe Extension leaders could include in the upcoming re-organization. Please contact our office at 706-310-0020 or email us at georgiamilkprod@bellsouth.net with your comments.

CWT ANNOUNCES 194 BIDS ACCEPTED FOR BUYOUT



Early retirement will come to 34,442 dairy cows, according to a press release published earlier this month from the Cooperatives Working Together program (CWT.) 194 bids were tentatively accepted in its latest herd retirement and represent about 653,893,409 pounds of milk.

CWT farm auditors will begin visiting the farms in mid-July, checking milk production records, counting cows and then tagging them for processing. All farmers will be notified whether their bid has been accepted no later than July 30, and farmers will have 15 days after notification to sell their herds.

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DAIRY BRIEFS

The Agriculture Department continues to increase its estimate on U.S. milk production. Forecasts for 2010 and 2011 were raised slightly from last month in the latest World Agricultural Supply and Demand Estimates report issued July 9th.

Look for 2010 output to hit 191.2 billion pounds, up from the 190.4 billion estimated a month ago, and compares to 189.3 billion in 2009. 2011 production is now estimated at 193.5 billion pounds, up 500 million pounds from last month's projection as milk cow numbers have remained higher than expected, according to USDA, and milk per cow is expected to increase more rapidly than previously forecast.

USDA forecasts the all milk price to average \$15.80-\$16.10 for 2010 and \$15.90-\$16.90 for 2011.

NMPF UNVEILS "FOUNDATION OF THE FUTURE": THEIR ANSWER TO DAIRY CRISIS

It's no secret that dairy policy has failed our producers and the industry must come together to reform policy in order to secure stability and future financial growth. National Milk Producers recently unveiled their answer to the dairy crisis during their June Board meeting. Their proposal, entitled "Foundation of the Future", is a package of concepts that will be used as the basis for direction of the dairy provisions in the next Farm Bill. The features of NMPF's proposal include: an insurance program for dairy producers called the Dairy Producer Margin Protection Program, a supply management program called the Dairy Market Stabilization Program, elimination of Federal Support Programs (MILC and price support system) and Federal Milk Marketing Order Reform.

Below is a very small synopsis of NMPF's proposal. We will continue to cover the proposal and other legislation pertaining to dairy policy reform in our newsletter as more information develops. **Please take the time to review and discuss this proposal with your cooperative leadership.** Every detail of the proposal needs to be examined to ensure that it will benefit producers in the Southeast. You can find a link a complete review of NMPF's proposal on our website at www.gamilk.org.

- Dairy Producer Margin Protection Program: This concept discontinues the Dairy Product Price Support Program (DPPSP) and the Milk Income Loss Contract (MILC) in the next Farm Bill and converts the budgetary savings in the federal dairy baseline to establish a new Dairy Producer Margin Protection Program (DPMPP). DPMPP will create an insurance program tied to the margin between the national average cost of feed, and the national average all-milk price. Once farmers enroll in the program, they will receive indemnity payments during periods when their margins are severely compressed. Farmers would have the option of purchasing supplemental coverage to protect a higher margin level between feed costs and milk prices stabilization.
- Dairy Market Stabilization Program: The program goes into effect when the actual margin (determined using the same calculations of the DPMPP) is below a margin trigger level set (using a specific set formula) for two consecutive months. Once DMSP is triggered, producers will receive payment for only a certain percentage of their base milk marketings. The percentage of milk marketings on which payment will be based shall be determined according to a formula tied to the severity of the margin loss. A maximum reduction in milk marketings on which payment will be based will also be established according to a predetermined formula.

When the program is in effect, producers whose milk marketings in a month are less than the required percentage of their base milk marketings would not be subject to a reduction in payment. The program

would cease once the margin trigger level has been exceeded for two consecutive months. The DMSP will cover all producers in all markets and will be collected by the Agricultural Marketing Service (AMS). To collect the money, AMS will use the same system currently in place that collects dairy promotion assessments. The program will apply to all milk marketed with no exemptions. The USDA will announce that the DMSP is being implemented 30 days in advance of the month in which the program goes into effect. Although not effectuated by AMS, the DMSP is intended to be a government program administered by that agency. The purpose of the monies collected through the DMSP is to effectively stimulate the consumption of dairy products both domestically and internationally.

Federal Milk Marketing Order Reform: NMPF states that they intend to develop a milk pricing system that compensates producers fairly, reduces price volatility, and creates a more dynamic dairy industry. As a result, revisions to the Federal Milk Marketing Order program presently under consideration include the following:

- Maintain a minimum price for Class I price with no change in differentials using a new Class I mover which is a national weighted average of only Class III competitive pay prices.
- Maintain a minimum Class II price which would be the national weighted average of advanced Class III competitive prices plus a 30 cent differential.
- Institute a new Class III price that would be a competitive pay price and no longer be maintained as a minimum price. The competitive pay price would be based on regional surveys of both regulated and unregulated proprietary cheese plants processing a minimum of 500,000 pounds of milk a day and covering all varieties of cheese.
- Maintain a minimum Class IV price using the present formula with the addition of an indexing feature for energy costs.
- Establish the lowest regional competitive Class III price as the pool draw base.
- Fund balancing/transportation pools from Class I processors as a result of **eliminating the “higher of”** feature as the Class I mover.

Full analysis on each concept presented by NMPF is currently being conducted. Several dairy organizations have expressed their concerns with the proposal and all have agreed to meet on July 20 - 21 in Chicago to review the results of the analysis. The group will also review analysis on The Holstein Association’s “Dairy Price Stabilization Act of 2010,” which is now captured in H.R. 5288 and S. 3531 in the U.S. House of Representatives and Senate, and Agrimark’s “Marginal Milk Pricing” Proposal (*which is a stand-alone proposal very similar to the “Dairy Market Stabilization Program” that was included in the NMPF “Foundation for the Future”*). Everett Williams, President of Georgia Milk Producers, will attend the meeting in Chicago as well.

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DAIRY RECORD KEEPING WORKSHOP SET FOR AUG. 24TH



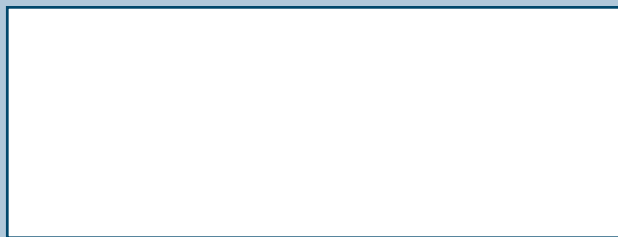
On Tuesday, August 24, from 9:45 am to 1:00 pm, the Greene County Cooperative Extension Office will conduct a Dairy Record Keeping Workshop/Hispanic Training at their office in Greensboro, Georgia. The workshop will cover these topics: Nutrient Management Update and Requirements, An Overview of Record-Book Keeping and Discussion for Waste Operators and Record-Keeping Forms for Dairy Workers. This training is designed for both English and Spanish speaking employees. Producers are encouraged to bring their Hispanic employees.

The program will be bilingual and conducted by Melony Wilson, UGA Animal Waste Specialist and Mr. Jonael H. Bosques-Méndez, Greene County Extension Coordinator. Lunch will be provided by Southeast Milk, Inc. and refreshment breaks will be sponsored by the Georgia Milk Producers, Inc. For registration please call the Greene County Extension office at 706-453-2083 by August 20th at 5 p.m.

NMPF TO EDUCATE DAIRY PRODUCERS ON SPILL PREVENTION AND CONTROL

The U.S. Department of Agriculture's Natural Resources Conservation Service (NRCS) announced July 12 that the National Milk Producers Federation (NMPF) will receive matching funds of \$25,000 to inform and educate producers about revised regulations for oil storage and pending regulations for milk storage containers.

Funding will be used to help dairy producers understand the Spill Prevention, Control, and Countermeasure (SPCC) regulation, including development of a self-certification template. The Environmental Protection Agency requires farms, under the SPCC, to have a plan in place to minimize any problems from oil spills. Later in the year, NMPF anticipates conducting a series of webinars to train dairy producers in the use of the self-certification template. Additionally, NRCS will work with NMPF to evaluate how NRCS can most effectively provide technical assistance to dairy producers to comply with the SPCC regulations.



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