

THE VARSITY PUTS "PC MILK" BACK ON MENU



At the beginning of last month, *The Varsity* restaurant announced that they were removing their "Plain Chocolate" (P.C.) milk from their menu. This decision garnered much media coverage and outcry from long time customers. The company stated in a news interview that the action was due to supply chain issues at the processor level.

The Partnership marketing firm and *Dairy Farmers of America* reached out to *The Varsity* on behalf of Georgia dairy farmers to work with the company to return the menu item. P.C. milk has been on the menu for the past 92 years.

On July 1, *The Varsity* announced that P.C. milk would return to their menu and that Atlanta consumers could try the item for free! Thank you to *DFA* and *The Partnership* for their work on this initiative!!



GA Legislative Recap, HB 545 Stalls From Georgia Farm Bureau

The 2020 Legislative Session came to an end late in the evening on Friday, June 26, concluding one of the most unique sessions in recent history. The spread of the COVID-19 virus caused the legislature to not only take an unprecedented 3-month intermission, but also drastically alter their return— donning masks, social distancing, meeting virtually, and limiting access and communication with the public.

The final two weeks were a marathon to complete legislation and recreate a FY21 budget reflecting decreased revenue projections. Lobbyists and organizations had a difficult time vying for the limited attention available for non-pandemic related issues to be taken up, and many bills failed to pass for this reason. Because this was also the conclusion of the biennium, any legislation not passed is now dead and must start the process over next year.

Over the two-year 2019-2020 Legislative Session, members of the General Assembly took up a total of 1,790 bills. While the House passed 725 and the Senate 713 in their respective chambers, 588 were passed by both and sent to the Governor for signature. The Governor now has 40 days, until August 5, to veto legislation. Please see below for updates on priority legislation, as well as a comprehensive list of bills of interest and their outcome.

The addition of masks and PPE won't be the only new look under the Gold Dome next year as a very different slate of members will be sworn in. Twenty-six legislators participated in their final session and gave farewell addresses as they either retire or seek higher office. Of these, 5 have served more than 20 years in the General Assembly, and many held leadership or committee chair positions.

The Agriculture Community is at particular loss as both House Ag Chairman Tom McCall and Senate Ag Chairman John Wilkinson retire. The state will experience a tremendous void of institutional knowledge

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GA Legislative Recap, HB 545 Stalls

From GA Farm Bureau (continued)

with their departure. It is with great gratitude and best wishes that we thank them and the following members of the Agriculture Committees who will be retiring from office:

SENATE: John Wilkinson (R-Toccoa), Ellis Black (R-Valdosta), Bill Heath (R-Bremen), and Zahra Karinshak (D-Duluth)

HOUSE: Tom McCall (R-Elberton), Kevin Cooke (R-Carrollton), Matt Gurtler (R-Tiger), Ken Pullin (R-Zebulon) and Scot Turner (R-Holly Springs)

RIGHT TO FARM

As you know, HB 545 – the Right to Farm Act – has been a contentious issue both in the capitol and media. The bill sought to provide needed updates to protect farmers from frivolous lawsuits and from anti-farm activists imposing their agenda through the courts. The bill faced opposition from trial lawyers and environmental activist groups who are currently suing Georgia farmers for nuisance. The extent the opposition went to fight this legislation knew no bounds. They flooded local papers, social media, and legislators' email with misleading and sometimes simply false information to support their narrative. Unfortunately, they were successful in building enough opposition over the past year despite the diligent work of Sen. Larry Walker to provide clarity and address concerns through his substitute bill. The bill was finally taken up in the full Senate on June 18, with passionate support from Sen. Wilkinson, Sen. Walker, Sen. Tyler Harper, Sen. Steve Gooch, and Sen. Ellis Black. However, Senator Jesse Stone (R-Waynesboro) offered an amendment which not only nullified the protections being sought but would even make farmers more vulnerable than current law. Unfortunately, his Amendment was passed, gutting the bill, by those who voted in green below.

HB 545 June 18, 2020 1:12 PM			
ADOPTION OF AMENDMENT #1 BY THE SENATOR FROM			
HE 23RD			
YE 28		NAY 21	
ALBERS	N	HARBIN	N
ANDERSON, L.	N	KENNEDY	N
BEACH	N	STRICKLAND	N
BRASS	N	SUMMERS	N
BURKE	N	THOMPSON	N
COWPERT	N	TILLERY	N
DAVENPORT	N	UNDERMAN	N
DUGAN	N	VACANT (4TH)	N
GRIN	N	WALKER	N
GOOCH	N	WATSON	N
		WILKINSON	N
		WILLIAMS	N

The bill then moved to the House, where we hoped to remove the Stone Amendment in Conference Committee. But with the FY21 Budget, COVID-19, and Hate Crime legislation consuming most of the final days, there was not time nor the political will to continue with the cumbersome steps required. Unfortunately, HB 545 was not able to receive final passage before the legislature adjourned.

We would like to thank our members for pursuing this issue and their unified support. While this was not the outcome we hoped for, we could not be more appreciative of the many calls, emails, and visits that our members made to their legislators over the past two sessions. Your efforts helped us to continue moving the needle in the right direction, and your dedication did not go unnoticed. We would also like to thank our allied organizations supporting the bill, including: Georgia Agribusiness Council, Georgia Cattlemen's Association, Georgia Green Industry Association, Georgia Poultry Federation, Georgia Chamber of Commerce, National Federation of Independent Business, and Georgia Milk Producers, among others.

TRUTH IN LABELING BILL - SENATE BILL 211 - SENT TO GOVERNOR

Stemming from a GFB Beef Commodity Advisory Committee priority, Senator Tyler Harper introduced SB 211 in 2019 to stymie a concerning trend of vegetarian and cell-cultured products misleading consumers with labels seeming to be meat products. The bill passed the full Senate last year by a vote of 48-7, but was held in House Ag Committee until stakeholders could address concerns, primarily dealing with logistics of grocery supply chain and similar bills being challenged in other states. GFB continued work over the past year with Georgia Cattlemen's Association, Georgia Agribusiness Council, and Georgia Food Industry Association to reach amicable consensus.



In a victory for livestock producers and all Georgia consumers, SB 211 moved out of committee, was unanimously passed by the full House on June 25, and the Senate agreed to the new language by a vote of 43-8 on June 25, sending the bill to the Governor for signature.



Lane Skates Retires as Dairy Program Manager at GA Department of Agriculture

After more than 38 years of service to the Georgia dairy industry and Georgia Department of Agriculture, Lane Skates has retired and moved on to his next chapter of life. Georgia Milk Producers will miss your expertise, wisdom and common sense approach with our farmers. Best wishes to you and your family!

The Department has selected Phil Paxson, past dairy farmer and current dairy specialist, to serve as the new Dairy Program Manager. We look forward to working with Phil in this role and welcome his expertise as well to our organization. For questions regarding dairy regulatory issues, please contact Phil at 404-548-3541 or by email at phil.paxson@agr.georgia.gov.

May Margin Triggers Dairy Margin Coverage Program Payment From USDA

The U.S. Department of Agriculture's Farm Service Agency (FSA) recently announced that the May 2020 income over feed cost margin was \$5.37 per hundredweight (cwt.), triggering the third payment of 2020 for dairy producers who purchased the appropriate level of coverage under the Dairy Margin Coverage (DMC) program.

To date, FSA has issued more than \$176 million in program benefits to dairy producers who purchased DMC coverage for 2020. Authorized by the 2018 Farm Bill, DMC is a voluntary risk management program that offers protection to dairy producers when the difference between the all-milk price and the average feed price (the margin) falls below a certain dollar amount selected by the producer. Over 13,000 operations enrolled in the program for the 2020 calendar year.

Although DMC enrollment for 2020 coverage has closed, signup for 2021 coverage will begin October 13 and will run through December 11, 2020. For more information, visit farmers.gov DMC webpage or contact your local USDA Service Center. To locate your local FSA office, visit farmers.gov/service-center-locator.

Blend Prices for June Explained in Dixie Dairy Report

By Calvin Covington, SE Dairy Consultant

Blend prices. As shown in this table, the June Florida blend price is projected about \$0.50 lower than May. Due to more Class III milk, blend prices in the Appalachian and Southeast orders are projected about \$0.40/cwt. higher than May. The projections assume lower volumes of Class III

pooled compared to normal. If more Class III is pooled, the blend prices will be higher. If less Class III milk is pooled, blend prices will be lower. A large blend price increase is projected in all orders in July, due to a higher Class I Mover, and a further increase in August.

FEDERAL ORDER CLASS PRICES – May and June 2020 and Projected July 2020

Class	May 2020	June 2020	Change
		(\$/cwt.) @ 3.5% fat	
Class I Mover	\$12.95	\$11.42	-\$1.53
Class II	\$12.30	\$12.99	\$0.69
Class III	\$12.14	\$21.04	\$8.90
Class IV	\$10.67	\$12.90	\$2.23

PROJECTED* BLEND PRICES – Base Zones – SOUTHEASTERN FEDERAL ORDERS

Month	Appalachian	Florida	Southeast
		(\$/cwt. at 3.5% butterfat)	
May 2020	\$15.14	\$17.29	\$15.39
June	\$15.51	\$16.73	\$15.90
July	\$18.99	\$20.79	\$19.54
August	\$20.71	\$23.10	\$21.33
September	\$19.93	\$21.82	\$20.41
October	\$19.63	\$21.52	\$20.13

*Projections in bold

Dumped milk. Using USDA data published in the June 19, 2020 issue of Farmshine, we estimate, during the month of April in all federal orders, about 300 million more lbs. of milk was dumped or used for animal feed. This 300 million lbs. represents about 2.2% of all federal order producer milk in April. Estimated April milk, dumped or used for animal feed, in the three southeastern orders:

ESTIMATED MILK DUMPED -ANIMAL FEED in Southeastern Orders – April 2020

Order	Dumped-Animal Feed (mil.lbs.)	% of Total Producer Milk
Appalachian	4.0	0.9%
Florida	29.5	13.6%
Southeast	12.6	3.3%

Dixie Dairy Report – July 2020

Calvin Covington

Dairy commodity prices move higher. All DPSR commodity prices, except dry whey, increased in June. The leading gainer by far is cheese, with a historical \$0.92/lb. increase from May to June. The June cheese price is the highest since 2014. At the CME, block cheddar set seven new record highs in June topping out at \$2.81/lb. on June 23. Higher CME prices will move the DPSR cheese price higher in July. There is strong demand for fresh cheese. Consumers are purchasing more cheese to eat at home, pizza sales are strong, restaurants especially fast food are reopening, USDA is purchasing large volumes of cheese for donation programs, and May cheese exports were 8% higher than a year ago.

Butter and nonfat dry milk powder (NFDM) prices gained in June as well, but still remain below a year ago. Butter is more dependent on food service than cheese, and the butter inventory is at a historical high. We project the butter price will remain well below year ago prices for some time. The NFDM price was helped by May powder imports 25% higher than a year ago, and increased use of powder to fortify cheese production. NFDM prices should continue to advance, especially if exports remain strong. The dry whey price is hampered by more product. May dry whey production was 8.9% higher than last May. Reports indicate the demand for higher value whey products, used in nutritional supplements and sports drinks is declining. GNC, the nation's largest nutritional store chain and a major seller of whey-based products, declared bankruptcy and is closing many of its retail stores. Whey plants are shifting production from higher valued whey products to dry whey.

DAIRY PRODUCTS SALES REPORT (DPSR) PRICES *

Product	June 2020	May 2020	June 2019	June 2018
			(\$/lb.)	
Butter	\$1.7067	\$1.3074	\$2.3663	\$2.3756
Cheese (block)	\$2.2566	\$1.3049	\$1.7461	\$1.6470
Cheese (barrel)	\$2.1482	\$1.2641	\$1.6075	\$1.5549
Cheese weighted avg.	\$2.2152	\$1.2990	\$1.6910	\$1.6150
Nonfat Dry Milk Powder	\$0.9106	\$0.8492	\$1.0431	\$0.8150
Dry Whey	\$0.3638	\$0.3818	\$0.3643	\$0.3086

*Dairy product prices used to calculate federal order class prices

Lower milk production. May milk production was 1.1% lower than May a year ago. This is the first month over month decline since last May, and the lowest May production since 2016. Cow numbers declined 12,000 head from April. However, the primary reason for less milk in May was milk per cow almost 1.6% lower than a year ago. Dairy farmers quickly responded to milk reduction programs implemented by many cooperatives and plants. Only six of the 24 reporting states increased production in May. California was down 1.2% and Wisconsin 2.2%. In the three Southeast reporting states, Florida and Virginia production in May was flat compared to last May, and Georgia was 1.9% lower due to less milk per cow.

Milk price inversion. A milk price inversion is when the Class III price is higher than the federal order blend price. June will see a "historic" milk price inversion due to the Class III price significantly higher than the other milk classes. The June Class III price, due to higher cheese prices increased \$8.90/cwt. from May to June, the largest month to month change in history. Class II only increased \$0.69/cwt. and Class IV \$2.23/cwt. Due to advanced pricing, the June Class I mover declined \$1.53/cwt. from May and is \$9.62/cwt. lower than the Class III price. As a result, June blend prices in the three southeastern federal orders will be lower than the Class III price. Outside of the southeast, all orders except one, use multiple component pricing. In these orders the producer price differential (PPD) will be a large negative number. A Class III price higher than the order blend, and a negative PPD leads to large volumes of Class III milk not pooled on federal orders. Not pooling Class III milk makes the inversion even greater. We expect the milk price inversion to occur again in July. The July Class I Mover increased to \$16.56/cwt. However, the July Class III price is projected around \$22.00/cwt. Due to the change in calculating the Class I Mover, implemented a year ago, the Class I mover does not reflect all of the higher cheese price. The Class I Mover now is an average of the advanced Class III and IV prices plus \$0.74, not the higher of. Under the previous Mover calculation, the July Class I Mover would be \$19.13/cwt., or \$2.56/cwt. higher. The large difference between the Class I and Class III prices may create challenges in procuring milk for fluid milk plants.

RETURN SERVICE REQUESTED

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