

USDA DENIES HEARING REQUEST FOR MINIMUM CLASS I MOVER



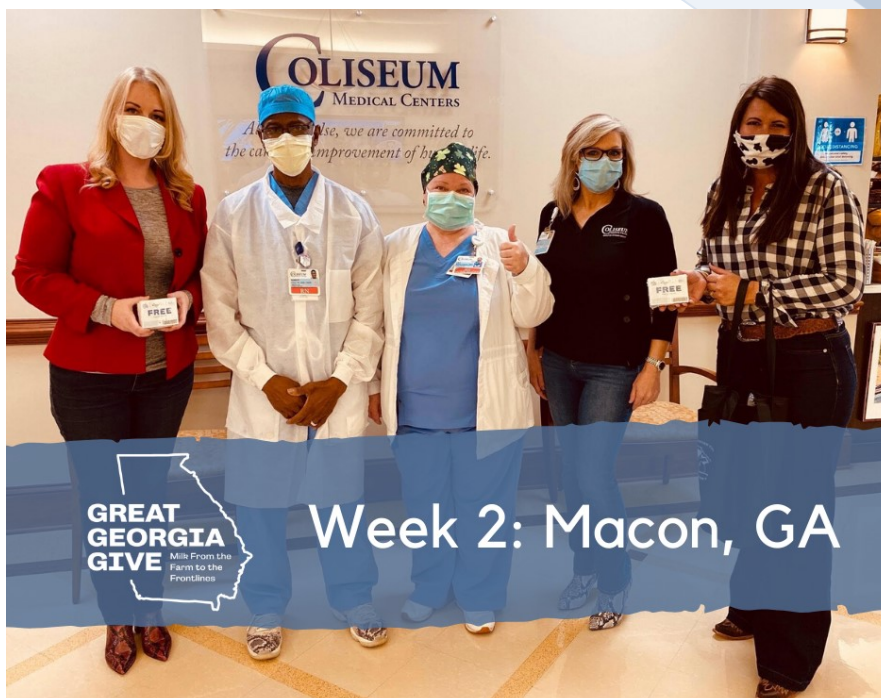
On April 27, a request for an emergency hearing was submitted to USDA's Dairy Division. The request, supported by many of the nation's dairy co-operatives, asked for a minimum Class I Mover of \$15.68/cwt. for the months of June, July, and August 2020. \$15.68 is the average of the March, April, and May Class I Mover. On April 29, USDA denied the request.

Even though USDA recognizes the downward pressure on milk prices, they stated, "In light of the significant interest in alternative solutions and the temporary nature of your request, USDA would not be able to complete a rulemaking proceeding that allows all industry stakeholders to adequately participate and implement the proposal timely."

In related action, on April 23, the Pennsylvania Milk Marketing Board (PMMB) essentially enacted a Class I Mover floor of \$15.00/cwt. for the months of May and June 2020. PMMB establishes minimum prices for milk produced, processed, and sold in Pennsylvania. (Source: *Dixie Dairy Report*)

DMC PAYMENT FOR MARCH

USDA says there will be Dairy Margin Coverage payment to cover March losses. FSA Administrator Richard Fordyce says the income over feed cost margin was \$9.15 per hundredweight that month, triggering the first payment of the year for producers who purchased the appropriate level of coverage in the program.



THIS ISSUE

USDA Denies Hearing

What Dairy Farmers Need to Know About CFAP

The Great Georgia Give

Dixie Dairy Report

What Dairy Farmers Need to Know About the Coronavirus Food Assistance Program *From National Milk Producers Federation*

If you are a dairy farmer whose operation has been directly impacted by coronavirus, you are likely to be eligible for direct support through USDA's [Coronavirus Food Assistance Program](#) (CFAP). CFAP provides support to producers who have suffered a five percent-or-greater price decline due to COVID-19.

Dairy farmers can apply for assistance beginning on Tuesday, May 26, 2020. Call and set up an appointment with your local USDA Farm Service Agency (FSA) office to determine your eligibility and to apply for this assistance. Due in large part to the efforts of our staff, the USDA has raised the initial proposed payment limit for the program, and allowed farmers using other risk management tools this year, such as the DMC, to also receive payments through the CFAP.

AVAILABLE SUPPORT

For dairy, a single payment will be made derived from two funding formulas intended to calculate losses caused by the coronavirus in 2020. The first and larger component is calculated from a producer's certification of milk production for the first quarter of calendar year 2020 multiplied by \$4.71 per hundredweight. The second component of the payment is based on a 1.4% increase in that first quarter production, multiplied by \$1.47 per hundredweight. Overall, the payment amounts to \$6.20/cwt. for a farm's production in January through March of this year.

We have asked USDA to consider whether seasonal producers can divide their annual production by four to obtain their production base, as the winter months of the first quarter tend to feature lower production.

Dairy farmers are also eligible for payments on cull cows, steers, and feed crops. [Click here](#) for a full list of eligible commodities and payment rates. Cull dairy cows are eligible for payment under the category of "[Slaughter Cattle: Mature Cattle](#)". (continued on next page)



**GEORGIA MILK PRODUCERS
BOARD OF DIRECTORS**

Jason Martin, Bowersville
President - 678-233-8321
martindairy@gmail.com

Matt Johnson, Climax
Vice President - 229-220-1577
mattjohnson195@att.net

Adam Graft, Americus
Secretary - 229-942-0508
jgraft@bellsouth.net

Marvin Yoder, Montezuma
Treasurer - 478-472-4533
marvinpyoder@gmail.com

Steven Addis, Rocky Face
706-463-2303
stevenaddis01@gmail.com

Megan Bell, Madison
706-818-2141
godfreydairy@gmail.com

Ed Coble, Waynesboro
706-554-3672
ltcoble@gmail.com

Chad Davis, Eatonton
706-318-0243
cwdavis22@gmail.com

Scott Glover, Clermont
770-539-4906
gcdairy@gmail.com

Charlie Lane, Monticello
706-468-6037
charlielane@bellsouth.net

Kenneth Murphy, Luthersville
770-927-9210
Udderspecialist@aol.com

Calvin Moody, Valdosta
229-263-2369
moodybcd@aol.com

Jeff Smith, Comer
706-338-2746
milkman17@windstream.net

Everett Williams, Madison
706-818-0311
e@wdairy.net

James Yoder, East Dublin
478-304-2857
jtyoderclan@gmail.com

Troy Yoder, Montezuma
478-244-2172
tramildaholsteins@gmail.com

What Dairy Farmers Need to Know About the Coronavirus Food Assistance Program (CONTINUED)

USDA will make an initial payment of 80 percent of an eligible participant's benefit. By issuing initial payments, FSA can quickly provide assistance to eligible participants while ensuring that overall CFAP payments do not exceed the \$16 billion funding limit. The remaining portion of a farmer's payment will be paid at a later date as funds remain available.

ELIGIBILITY

All dairy operations with milk production in January, February, and/or March 2020 are eligible for CFAP payments. Any dumped milk production during those months is also eligible for assistance. Milk production enrolled in risk management programs, such as Livestock Gross Margin (LGM), Dairy Revenue Protection (DRP), Dairy Margin Coverage (DMC) or forward contracts, also qualifies for CFAP payments. Producers must complete all CFAP application forms and provide required documentation. Applications will be accepted through August 28, 2020.

PAYMENT LIMITATIONS

CFAP payments are subject to a per person and legal entity payment limitation of \$250,000. This limitation applies to the total amount of CFAP payments made with respect to all eligible commodities. Corporate entities (including limited liability companies and limited partnerships) may receive up to \$750,000 based upon the number of shareholders (not to exceed three shareholders) who are contributing substantial labor or management with respect to the operation of the corporate entity. A corporate entity may receive more than \$250,000 in CFAP payments if the applicant, under penalty of perjury, self-certifies that two or three members of the corporation each provided at least 400 hours of active personal labor or active personal management or combination thereof with respect to the production of 2019 commodities for which an application or applications are made. A person or legal entity, other than a joint venture or general partnership, is ineligible for payments if the person's or legal entity's average adjusted gross income (AGI), using the average of the adjusted gross incomes for the 2016, 2017 and 2018 tax years, is more than \$900,000, unless at least 75 percent of that person's or legal entity's average AGI is derived from farming, ranching, or forestry-related activities. With respect to joint ventures and general partnerships, this AGI provision will be applied to each member of the joint venture and general partnership.

CFAP AND SMALL BUSINESS ADMINISTRATION PROGRAMS

Participation in the Small Business Administration's [Paycheck Protection Program](#) (PPP) or [Economic Injury Disaster Loan](#) (EIDL) program does not impact producer eligibility for CFAP or for any USDA farm program. The PPP duplicate benefit provision does not have an impact on FSA farm programs or farm loan programs.

HOW TO APPLY ONCE SIGNUP BEGINS

USDA Service Centers are open for business by phone appointment only. Once the application period opens on May 26, 2020, please call your [FSA county office](#) to schedule an appointment. FSA staff will work with producers to file applications. Applications will be submitted electronically either by scanning, emailing, or faxing.

Additional information and application forms can be found at [farmers.gov/cfap](#). FSA has streamlined the signup process to not require an acreage report at the time of application and a USDA farm number may not be immediately needed.



GA Beef Commission Referendum in June

The Georgia Beef Commission will hold their referendum in June. In 2014, producers approved by vote a marketing order that established a \$1 per head assessment on all cattle sold in Georgia for beef with a value over \$100. This includes beef breeds as well as dairy breeds sold to be used for beef. By law, beef producers must vote every three years to determine if they want to continue the market order. Georgia beef producers reaffirmed the market order in 2017.

The Great Georgia Gives Donates to Those Working the Frontlines

Report provided by The Partnership

The world has been introduced to a new normal this year. From social distancing to economic hardships, the past few months have been life changing for many and increasingly difficult for most. But in every challenge, there lies opportunity. And the power of the human spirit has risen beyond measure during the coronavirus pandemic. Healthcare staff, like nurses and physicians have worked around the clock to help keep us all safe. Frontline workers, those in police and fire stations, and teachers have all risen beyond the call of duty to serve their communities.

To that end, Georgia Dairy Farmers, who themselves have felt the pain during the pandemic, have given back to their state and its incredible communities by donating 24,000 half-gallons of safe and wholesome milk to those in need. Giving locally sourced milk means not only supporting our local dairy farmers by avoiding the dumping of their excess milk, but also supporting all of those who have dedicated their lives to helping others amid the current Coronavirus crisis.



This four-week philanthropic effort, which traveled to communities in Atlanta, Macon, Augusta and Savannah, was made possible with the help of amazing partners like Dairy Farmers of America (DFA), Kroger, Georgia Department of Agriculture, and Centennial Farms Dairy.

“Now more than ever, preventing waste in the food chain is crucial,” said Kroger Atlanta Division President Tim Brown. “The Great Georgia Give aligns with Kroger’s® Zero Hunger | Zero Waste social impact plan to end hunger and eliminate waste in our communities by connecting a great product with great heroes. We’re excited to support this innovative initiative by matching the contributions of the dairy farmers to provide 24,000 half-gallons of milk to our healthcare workers and first responders. Milk is one of Georgia’s most important agricultural commodities and the

Great Georgia Give is ensuring that it is nourishing those who need it.”

The Great Georgia Give was planned and coordinated for [Milk on My Mind](#), a dairy awareness program initiated and funded by Georgia Dairy Farmers through the [Department of Agriculture’s Commodity Commission for Milk](#).

“The Great Georgia Give has been an incredible success these last four weeks,” said Paul Johnson, Georgia dairy farmer and board chairman of Georgia Agriculture Commodity Commission for Milk. “We are proud to have served our dairy farmers, healthcare workers and our communities during these unprecedented times. The power of the human spirit is truly inspirational and the Great Georgia Give is a shining example of that.”



Dixie Dairy Report – May 2020

Calvin Covington

Dairy commodity prices. Chicago Mercantile Exchange (CME) butter, cheese, and nonfat dry milk powder (NFD) prices starting moving sharply down during the last half of

March, due to the coronavirus and resulting economic shutdown. Federal order milk prices are based on the weekly Dairy Products Sales Report (DPSR). DPSR prices track, but lag CME prices. Due to the price lag, DPSR prices did not fully reflect the large drop in CME prices until the last couple of weeks as shown here.

DAIRY PRODUCTS SALES REPORT PRICES

Week Ending	Butter	Cheddar (block)	Cheddar (Barrel) (\$/lb.)	NFDM	Dry Whey
March 28, 2020	\$1.6921	\$1.8283	\$1.5252	\$1.0317	\$0.3673
April 4	\$1.6240	\$1.8220	\$1.4784	\$1.0797	\$0.3773
April 11	\$1.2395	\$1.6469	\$1.3576	\$0.9795	\$0.3711
April 18	\$1.2489	\$1.3859	\$1.2131	\$0.9315	\$0.3739
April 25	\$1.1229	\$1.2225	\$1.0993	\$0.8851	\$0.3721

On the positive side, the dry whey price is holding due to a good balance between supply and demand. CME butter and cheese prices advanced over the past week from their lows. Block cheddar increased from \$1.0075/lb. on April 20 to \$1.2050/lb. on May 1. From April 23 to May 1 butter moved from \$1.100/lb. to \$1.1875/lb. As governments lift the economic shutdown, we expect a quicker rebound in the cheese price due to its inventory below a year ago. However, price recovery for butter and NFDM is projected slower. This due to a butter inventory almost 15% greater than a year ago, and NFDM highly dependent on the export market.

PROJECTED* BLEND PRICES – Base Zones – SOUTHEASTERN FEDERAL ORDERS

Month	Appalachian	Florida (\$/cwt. at 3.5% butterfat)	Southeast
February 2020	\$19.63	\$21.69	\$20.00
March	\$19.49	\$21.64	\$19.64
April	\$17.11	\$20.06	\$17.75
May	\$14.79	\$17.36	\$15.12
June	\$13.71	\$15.68	\$13.99
July	\$14.51	\$16.38	\$14.99

*Numbers in bold are projected prices based on current information. Actual prices may and will most likely be different.

Mover (May milk check) is \$12.95/cwt. which is \$3.69/cwt. lower than the April Mover. Our current projections show the Mover will decline further in June to \$11.39/cwt. before starting to gradually move upward in July. The additional decline in April blend prices, beyond the Mover decline, is due to lower Class II, III, and IV prices. April Class III and IV prices are \$3.18/cwt. and \$3.47/cwt, lower than March, respectively. Remember about 50% of butterfat production in the Southeast goes into Class II, III, or IV. The following are our current blend price projections for the three Southeastern federal orders through July. Please be mindful these are blend not mail-box prices.

March Class I sales. During the initial stages of the stay at home orders and economic shutdown, fluid milk demand increased significantly. In the three southeastern federal orders combined, producer milk used in Class I was 7.8% higher in March compared to a year ago. Nationwide the Class I increase was 7.5%. The March to March increase was 3.2% in Florida, 5.7% in the Southeast order, and 12.5% in the Appalachian order. It is interesting to note, packaged fluid sales in the Florida order were only up 0.1%. Why the difference between the 3.3% increase in Class I producer milk and 0.1% increase in packaged sales? Out of state processors were unable to meet the increased demand, while Florida producers and processors filled the increased demand. This increased the usage of local milk production in Class I. An example of how locally produced and processed fluid milk more quickly meets consumer demand, compared to fluid milk produced and processed hundreds of miles from the market.

March strong month for milk production. Milk production in March was 2.2% higher than a year ago. This is the largest month over month increase since January 2017. Twenty out of the twenty- four monthly reporting states increased production in March. More milk was due to more cows. At the end of March, the nation's dairy herd was at 9.38 million head, 47,000 more cows than last March. In the Southeast, both Georgia and Virginia produced more milk in March, 0.6% and 2.2%, respectively. Florida's March production was down 0.9%.

RETURN SERVICE REQUESTED

Watkinsville, GA 30677
Suite 5
1641 New Shoals Road
Georgia Milk Producers, Inc.