

# Georgia Milk Producers

# GEORGIA MILK REVIEW

October 2022 | Issue 102

## Dairy a Crowd Pleaser at Sunbelt Ag Expo

The 2022 edition of the Sunbelt Ag Expo wrapped up last week as the three-day farm show saw thousands of visitors descend upon Moultrie, GA. The Dairy industry was well-represented at this year's Expo with the Georgia Mobile Dairy Classroom, The Dairy Alliance, UGA Dairy Extension and industry representatives filling out the dairy pavilion.

The Mobile Dairy Classroom demonstrations drew large audiences throughout the Expo, and WALB News from Albany did a feature on the history and mission behind MDC. The Dairy Alliance booth provided families with the opportunity to learn more about how dairy farms operate, the nutritional benefits of milk, and how milk can go from the farm to your local grocery store in 48 hours. Visitors also enjoyed the dairy products that were donated by M&B Products and ACCM and distributed by The Dairy Alliance.

The annual Sunbelt Expo Milking Contest took place Tuesday afternoon between American Farm Bureau President Zippy Duvall, Georgia Farm Bureau President Tom McCall, and Alabama Farmers Federation President Jimmy Parnell. President Duvall took home the victory in what turned out to be a very eventful competition that drew dozens of spectators.

The dairy pavilion also welcomed special guests UGA President Jere Morehead and Dean Nick Place from the College of Agricultural & Environmental Sciences. President Morehead and Dean Place visited with UGA faculty and Georgia Milk Producers to discuss Georgia's dairy industry and the work UGA Extension is doing with Georgia dairy farmers.

The biggest hit of the dairy pavilion had to be "Buford" the bull calf. Many students and families stopped at Buford's pen to pet the calf and watch him eat and sleep. Buford served as an icebreaker for many Expo visitors to ask questions to the UGA faculty, The Dairy Alliance, and Georgia Milk Producers team about the dairy industry in Georgia.

Georgia Milk Producers owes a thank you to Chip Blalock and Steve Blackburn for their efforts in hosting another great farm show. Special thanks are in order for The Dairy Alliance, Mobile Dairy Classroom, and UGA Extension teams for providing such great programming on behalf of the dairy industry.

You can read WALB's report on the Mobile Dairy Classroom [HERE](#)



Left: A family stops to pet "Buford" the bull calf and ask questions about dairy cows at the Dairy Pavilion

Bottom: ALFA President Jimmy Parnell, AFBF President Zippy Duvall, and GFB President Tom McCall pose after Zippy Duvall won the Sunbelt Ag Expo milking contest (photo courtesy Georgia Farm Bureau)



## DMC Signups Now Open

From Karen Bohnert, Dairy Herd Management

Enrollment for the USDA's Dairy Margin Coverage (DMC) is now open until Dec. 7, 2022.

To sign up, producers must pay the \$100 administrative fee and sign the DMC contract. 2023 enrollment will not be approved until the 2022 premium debt is paid.

Farm Service Agency (FSA) Administrator Zach Ducheneaux says that DMC provides critical assistance to both small- and mid-sized dairies in the U.S. by helping them make sure they can manage the numerous and often unpredictable uncertainties that adversely impact market prices for milk.

DMC payments are triggered when the difference between the national all-milk price and the national average feed cost (the margin) falls below the producer-selected margin trigger, ranging from Tier 1 from \$4.00 to \$9.50, and Tier 2 from \$4.00 to \$8.00, calculated monthly.

FSA shares that in 2021, more than 19,000 operations enrolled in DMC and received more than \$1.1 billion in payments, with an average payment of more than \$62,000 paid. To date in 2022, the number of operations enrolled in DMC fell to 17,776 and triggered more than \$47.9 million in indemnity payments for August.

Feed costs rising to \$7.24 bu. for corn, \$510.90/ton for soybean meal and \$343 per ton for Premium and Supreme alfalfa triggered the first DMC indemnity payment for 2022 at the \$9.50, \$9 and \$8.50 levels for August.

Read the full article at Dairy Herd Management [HERE](#)

## GMP PARTICIPATES IN FARM BUREAU FMMO FORUM & NATIONAL MILK RELEASES FMMO PRIORITIES

Georgia Milk Producers participated in the American Farm Bureau Federation's FMMO Forum in Kansas City on October 14-16. The AFBF meeting brought together over 200 participants from dairy farms, cooperatives, dairy associations, universities, and government agencies representing every region of the country. By my estimation, the Southeast accounted for over one-tenth of the participants. AFBF did a good job of creating small discussion groups comprised of attendees from different regions and various positions in the dairy supply chain in the hopes of fostering more understanding among participants and creating some consensus around major issues of concern. AFBF and National Milk Producers released a joint statement indicating both organizations' willingness to work toward solutions for the major issues facing the dairy industry and Federal Order reform. Georgia Milk Producers and several state and national dairy groups signed on in support of that statement.

AFBF released a detailed executive summary of the event proceedings and the recommendations of the forum attendees. The proposal to return the Class I Mover back to the old "higher-of" formula received near unanimous approval. Another proposal with considerable support was the concept of reconfiguring the Class I Differentials to reflect changes in the market place. There were also a handful of recommendations that received support from about half of the discussion groups including tightening pooling provisions, recalculating yield factors and make-allowances for Class II, III, & IV processors, and authorizing a system for USDA to conduct mandatory processing cost surveys and reporting on a regular basis.

National Milk Producers Federation Board of Directors voted unanimously to adopt a set of proposals for FMMO reform based on the organization's FMMO Task Force and Economic Policy Committee recommendations. In a statement released October 26, NMPF stated their endorsement of returning to the "higher of" Class I Mover, discontinuing the inclusion of barrel cheese in the component price formula for protein, extending the reporting limit on Nonfat Dry Milk to 45 days to better capture more export sales, updating the component factors for protein, other solids and nonfat solids in Class III and Class IV skim milk formulas, developing a process to review make-allowances more frequently through mandatory plant-cost studies conducted by USDA, and updating dairy product manufacturing allowances contained in the USDA milk price formulas.

Georgia Milk Producers, Inc supports a return to the "higher-of" Class I Mover formula. It is encouraging to see a growing consensus around this issue that affects high fluid utilization orders in the Southeast. There are two concepts worth monitoring in the coming months: make-allowance increases and the restructure of the Class I Differentials map (or Class I surface). An increase in make-allowances would inherently mean a decrease in the skim milk price for Class III and Class IV milk. Under both the "higher-of" and current "average-of" formulas for the Class I Mover, the skim milk price of Class III & IV serves as the baseline for Class I. According to AFBF, Class I milk sees the second largest deduction in make-allowance out of the four classifications (behind only Class III). Make-allowances are established to account for the processors cost to manufacture dairy products out of one hundredweight of milk. Those costs of production are higher for cheese, butter, powder, and yogurt plants than they are for bottling plants. Therefore, the value of fluid milk is being decreased more than the actual cost of pasteurizing, homogenizing, and bottling. Any increase in make-allowances for the other classifications of milk should be matched by adding the difference in make-allowances for Class III & IV with the actual cost of bottling fluid milk in a Class I plant. This would increase Class I contributions to the pool in each federal order and benefit producers (to some extent) in every region.

At AFBF's forum in Kansas City, I suggested adding the make-allowance back into the Class I formula to other attendees. I received one particular response from several industry representatives, "the deduction in the Class I mover from make-allowances can be added back to fluid milk through Class I differentials." This leads me to a second area worth watching: the Class I Differentials map. National Milk Producers Federation has contracted with Dr. Mark Stevenson at University of Wisconsin-Madison to study a revised Class I surface map. According to NMPF's statement, that work is ongoing and should be completed prior to the end of 2022. I am interested in seeing the results of that study for two reasons. First, I would like to see if the Class I Differentials include a fraction of the make-allowances that are subtracted from the Class III and Class IV skim milk prices. Second, it is important for producers in the Southeast that Class I differentials incentivize increased production in milk-deficit areas and aid in transportation of milk to underserved markets without also creating an incentive for surplus milk to travel long distances and drive down the price to local producers. This is a delicate balancing act, but one that could mean millions to our Southeastern orders over the course of the next two decades (assuming it takes another 20 years to reexamine the Federal Order system after this process is completed).

While it seems as though there is finally some movement among national groups to begin the process of FMMO reform, NMPF has stated they will not petition USDA for a Federal Order hearing until the Class I surface study is completed and the organization can review the final proposal. Once USDA receives a petition for a hearing, it will be a long process before farmers see any changes to the system. It could take two years or more before a producer referendum occurs and the results are announced. This will be a process that Georgia Milk will continue to monitor and our producers will be given the opportunity to provide their suggestions for reform between now and when USDA convenes a Federal Order hearing. In the meantime, you can review the AFBF executive summary from the FMMO Forum, the joint statement by AFBF and NMPF, and NMPF's press release on FMMO reform below.

If you have any questions about the AFBF forum and Georgia Milk's participation or any of the developments in the FMMO reform process, email me at [bryce@gamilk.org](mailto:bryce@gamilk.org). ■

Sincerely,



[AFBF FMMO FORUM SUMMARY](#)  
[AFBF-NMPF JOINT STATEMENT](#)  
[NMPF STATEMENT ON FMMO REFORM](#)



*Panelists answer questions from audience members during Sunday morning session at AFBF FMMO Forum.*

# GMP Board of Directors

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## Regional Water Planning Meetings to Take Place in Nov & Dec

Water policy in Georgia is conducted through a collection of state agencies and advisory committees. The 2004 Comprehensive State-wide Water Management Planning Act authorized the development of a State Water Plan. The State Water Plan then calls for regional water planning to provide the necessary local and regional perspectives to ensure each of Georgia's ten water planning region's water resources are sustainably managed. Regional water councils determine preferred water management practices and water resource needs and the Environmental Protection Division of DNR ensures that there is ample coordination between regional councils.

There are several regional water planning councils meeting in November, and these meetings are open to the public. Any producers that are interested in how water policy is established in Georgia are encouraged to attend either in-person or virtually.

The Suwanee-Satilla Planning Council will meet November 2 at the Georgia Ag Museum in Tifton. The Savannah-Upper Ogeechee Council will meet on November 10 in Elberton at the Elberton Arts Center. The Coastal Georgia Council will meet at the Richmond Hill City Center in Richmond Hill on November 15. The Lower Flint Ochlocknee Council will meet on November 30 at the Albany State West Campus Student Center. The Upper Flint Council will meet at Flint Energies in Reynolds on December 2.

To learn more about your regional water planning council, view a map of the councils and find which region you live in, and view the State Water Plan and your local regional water plan visit <https://waterplanning.georgia.gov/> ■



## Industry Gathers for Ag Labor Relations Forum November 9 & 10

The Georgia Fruit & Vegetable Growers Association is hosting the Georgia Ag Labor Relations forum at the Georgia Museum of Agriculture in Tifton on November 9 & 10. Georgia Milk Producers, Inc. is proud to join the 2022 program as a co-sponsor.

The two-day conference will feature legislative updates from Bob Redding of The Redding Firm, representatives from US & Georgia Departments of Labor, legal experts, and professionals with years of experience in guestworker programs. The forum is intended for producers and farm managers in produce, nursery, landscaping, and all sectors of agriculture dealing with labor relations.

You can learn more about the program and find information on registration by visiting <https://www.georgiaaglaborforum.com/>. Interested that register before November 4 receive a \$25 discount on registration fees. ■

# Bobby Walker Award Nominations Now Open

In November 2019, the Georgia Milk Producers Board of Directors voted to rename the "Friend of the Dairy Industry Award" to the "Bobby Walker Award." This change was made in honor of Bobby Walker's notable career and recognized him as one of the most influential people in the Georgia dairy industry. Each year, Georgia Milk Producers presents the award to a dairy professional, farmer and/or company that is driving Georgia's dairy industry toward a brighter future through leadership, advocacy, and service.

To nominate someone you believe has made a significant contribution to the Georgia dairy industry, click the nomination button below. You can also call the GMP office at 706-310-0020 or email us at [info@gamilk.org](mailto:info@gamilk.org).

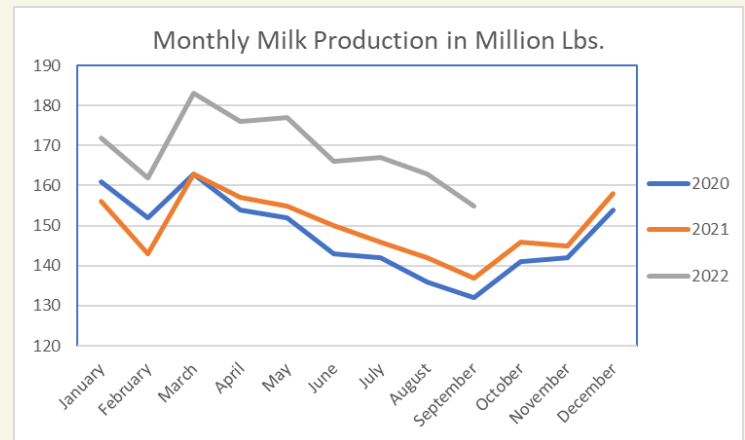
**NOMINATIONS**

## Monthly Production Report Shows Increased Production in Georgia

The USDA Milk Production report released on October 20 showed production for August 2022 in Georgia up 14.8% over August 2021. Production per cow is up 1.1% in that same time period. Preliminary figures for September 2022 reports production up 13.1% over the same month last year.

For the 24 reporting states, production is up 1.8% August 2021 to August 2022. Georgia's production increase ranks second among the reporting states behind only South Dakota (16.1% increase).

Georgia's estimated milk herd for August 2022 was 93,000 milk cows (a 1,000 cow increase from July 2022). Early estimates for September peg the Georgia herd at 92,000. ■



## Agenda Set for 2023 Georgia Dairy Conference

The 2023 Georgia Dairy Conference will feature 16 session speakers covering topics ranging from dairy exports and market projections to calf-rearing and mastitis therapies. This three-day management conference will also provide attendees with Continuing Education Credits for veterinarians, nutritionist, and certified waste operators.

Session speakers for this year's conference include Dr. Marin Bozic, Dr. Pamela Ruegg, Patti Smith, Michael Overton, Dr. David Reid, & more. You can view the entire Georgia Dairy Conference agenda at [www.gadairyconference.com/agenda](http://www.gadairyconference.com/agenda)

Registration is free for GA Dairy Farms. Be sure to reserve your room at the beautiful Marriott Savannah Riverfront soon! You can take advantage of our special room rate by booking your room at [www.gadairyconference.com/accommodations](http://www.gadairyconference.com/accommodations)

Georgia Dairy Conference  
2023  
The Southeast's Premier Dairy Event  
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Marriott Savannah Riverfront  
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Jim Quigley, Michael Overton, Pamela Ruegg, David Reid

## Auburn Receives \$3 Million to Increase Milk Consumption

The Hunger Solutions Institute at Auburn University's College of Human Sciences received \$3 million as part of the Healthy Fluid Milk Incentives program for 116 retail locations in Alabama, California, Georgia, and South Dakota. These retail locations are supermarkets, independent grocery stores, and convenience stores that serve SNAP households. According to program guidelines, qualifying fluid milk includes pasteurized cow's milk that is without flavoring or sweeteners, consistent with the most recent dietary recommendations, is package in liquid form, and contains vitamins A and D at levels consistent with FDA standards.

## Upcoming Events

- Nov. 8 - Election Day in Georgia
- Nov. 9-10 - Georgia Agricultural Labor Relations Forum  
*ABAC Georgia Museum of Ag*
- Dec. 4-6 - Georgia Farm Bureau Convention  
*Jekyll Island Convention Center*
- Jan. 16-18 - Georgia Dairy Conference  
*Marriott Savannah Riverfront*

# Dixie Dairy Report

Calvin Covington

October 2022

**Per capita consumption.** Per capita consumption of dairy products set an all-time high in 2021 of 667 lbs. Per capita dairy consumption increased 13% or 77 lbs. since 2000. As has been the trend for many years, per capita consumption growth is due to consumers “eating” more not “drinking” more dairy products. Per capita cheese consumption set another record high in 2021 at 38.4 lbs., a 30% increase since 2000. Consumers continue to use more butter. 2021 butter per capita consumption reached 6.5 lbs., two lbs. more than in 2000. Fluid milk consumption dropped to 134 lbs. in 2021, which equates to less than six ounces per day per person. 2021 was the largest year-to-year fluid decline in history. Today, fluid per capita consumption is about 45% lower than in 1975.

## PER CAPITA CONSUMPTION of DAIRY PRODUCTS 2000-2021

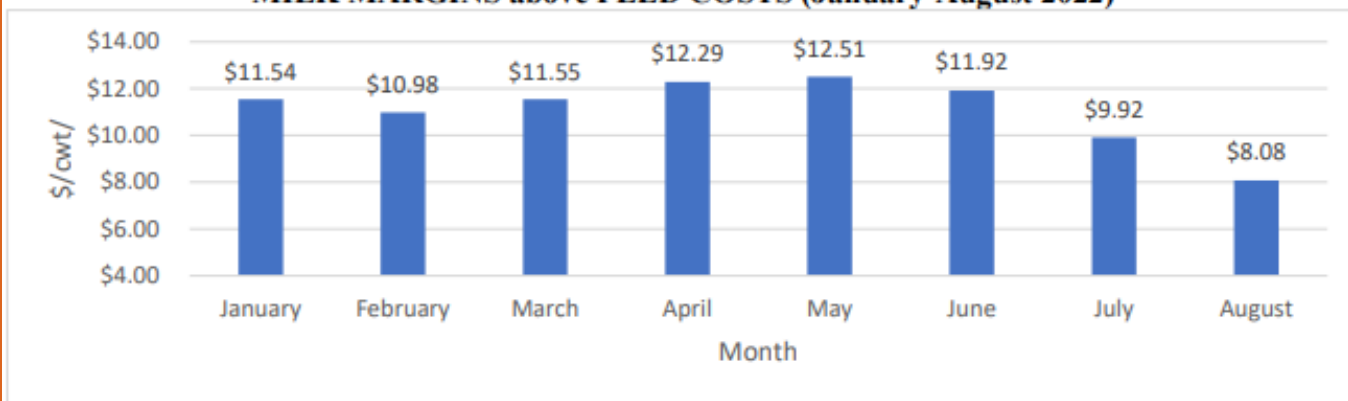
Year	All Dairy Products*	Fluid Milk	American Cheese	Other Than American Cheese	Butter	Ice Cream	Yogurt
(pounds)							
2000	590	196	12.7	16.9	4.5	22.7	6.5
2005	603	185	12.6	18.7	4.5	21.1	10.3
2010	603	177	13.3	19.4	4.9	20.4	13.4
2015	628	155	14.0	21.1	5.6	19.4	14.4
2020	655	141	15.6	22.6	6.3	19.2	13.6
2021	667	134	16.1	22.3	6.5	18.4	14.3

\*Milk fat milk equivalent basis

**Milk production.** USDA reports August milk production 1.6% higher than last August. This is the largest year-over-year increase since July of last year. The August increase is due to an 8,000 head increase in cow numbers from July to August, and 1.7% more milk per cow compared to a year ago. The nation’s dairy herd is still 11,000 less than last August. Fourteen (14) of the 24 monthly reporting states increased milk production in August. This includes California +2.0% and Wisconsin +1.1%. Georgia had the largest increase at 14.8% and Florida the largest decrease with August production down 10.4%.

**Margins.** Milk margins above feed costs, based on USDA’s Dairy Margin Coverage (DMC) program, fell to the lowest level this year in August. As the graph below shows, the August margin of \$8.08/cwt. is \$4.43/cwt. lower than the peak in May which was \$12.51/cwt. A combination of higher feed costs and lower milk prices are moving margins lower. With margins declining, it is questionable if milk production will continue to increase as it has the past two months. A \$8.00 margin after feed costs leaves little money for dairy farmers to cover labor and all of the other expenses related to producing a cwt. of milk.

## MILK MARGINS above FEED COSTS (January-August 2022)



# Dixie Dairy Report

Calvin Covington

October 2022

**Fluid milk sales.** July was a poor month for fluid milk sales. USDA estimates July fluid sales at 3.298 billion lbs. which is 5.0% lower than last July. Conventional sales were 5.4% lower and organic sales were up 0.3%. July sales were lower in all categories of conventional milk. For the year-to-date total fluid sales are 2.6% lower. On the positive side conventional whole milk sales are up 0.9% through July.

July was a poor month for fluid sales in Florida and the Appalachian orders as well, down 6.4% and 8.0%, respectively. On the other hand, sales in the Appalachian order were up 2.1%. Combined, August sales in the three orders were down 4.1%. Through July, fluid sales in the three orders are only down 1.3%, not as low as the national average. Based on Class I utilization, fluid sales should improve in August. The Class I Mover was lower in August compared to July, which could have encouraged some movement of sales from July to August.

**Total dairy demand.** July was also a poor month for total dairy demand. Using total solids as the measurement, July dairy demand was 1.1% lower than last July. Domestic demand was down 2.2% while exports were up 4.3%. July was a record monthly high for exports. For the year-to-date, domestic demand is down 0.3% and exports are up 2.0%, resulting in total demand up 0.1% for the year-to-date. Exports represent 17.6% of total demand so far this year.

**Dairy product prices.** Butter set another new record high CME price in September at \$3.1483/lb. Butter demand remains good and production low. With the domestic price over \$0.50/lb. lower than the world price, look for butter imports to increase. Cheese made a strong rebound in September. The September CME block cheddar price is \$1.9548/lb., up \$0.14/lb. from August. Barrel cheddar jumped almost \$0.20/lb. from August to average \$2.0690/lb. in September. As of October 5, the CME barrel price is \$2.2225/lb. which is \$0.20/lb. higher than the block price of \$2.0225/lb. *Dairy Market News* reports milk availability for Midwest cheese plants is declining, and the barrel cheese supply is tight. August American cheese production was 2.1% lower than last August. On the powder side, the Dairy Products Sales Report (DPSR) prices for nonfat dry milk powder (NDM) and dry whey continue to decline. The September NDM price is \$1.5803/lb., almost \$0.09/lb. lower than August. September dry whey is \$0.4902/lb., down almost a cent and a half from August.

**Blend prices.** August blend prices in the three Southeast States federal orders were lower in August compared to July. September blend prices are projected about a \$1.00/cwt. lower than August. A further decline is projected in October. Improving cheese prices should lift blend prices slightly higher in November. The “new” Class I calculation continues to result in a lower Class I Mover compared to the old method. The October Mover under the “new” method is \$2.00/cwt. lower compared to the old method.

## PROJECTED\* BLEND PRICES – Base Zones – SOUTHEASTERN FEDERAL ORDERS

Month	Appalachian	Florida	Southeast
	(\$/cwt. at 3.5% butterfat – base zone)		
July 2022	\$28.14	\$30.29	\$28.71
August	\$27.49	\$29.74	\$28.26
<b>September</b>	<b>\$26.64</b>	<b>\$28.72</b>	<b>\$26.94</b>
<b>October</b>	<b>\$25.88</b>	<b>\$27.66</b>	<b>\$26.21</b>
<b>November</b>	<b>\$26.29</b>	<b>\$28.24</b>	<b>\$26.48</b>
<b>December</b>	<b>\$25.51</b>	<b>\$27.41</b>	<b>\$25.63</b>

\*Projections in bold