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Dairy

Quota proposal nears finish line

By CAROL RYAN DUMAS
Capital Press

California dairy farmers are eager to abandon the state's milk marketing order and join the federal marketing order system, hoping to increase the price they receive for their milk.

They have, however, been adamant that loss of the state's quota program would be a deal breaker.

That program pays quota certificate holders \$1.70 per hundredweight above the state blend price for the amount of milk covered by their certificate. Those certificates are together worth \$1.2 billion, and are an asset that can be transferred or sold.

USDA would allow the quota program to continue in the proposed federal order as a stand-alone program run by the California Department of Food and Agriculture. And a producer review board established by CDFA has been at work figuring out how the program would operate.

The main issue was what milk would be assessed and how the assessment would be collected. Under the state order nearly all milk is pooled and CDFA deducts \$12 million to \$13 million a month from the pool to fund the quota program. Under a federal order, however, only Class I fluid milk is required to be pooled, and milk for other uses can move in and out of the pool.

USDA would allow CDFA to assess pooled milk, but producers' initial concern was there wouldn't be enough milk in the pool to maintain quota value.

The review board has recommended all Class A milk produced in the state be assessed, with CDFA using a settlement fund and requiring handlers to help manage quota money. Handlers would deduct money from their producers' milk payment to pay the assessment and make payments to producers holding quota certificates.

Handlers would either make a payment to a settlement fund or receive a payment from a settlement fund based on the difference between the total money their producers would be assessed and the total money their producers would receive in quota payment.

The proposed stand-alone quota program, separate from federal order pooling, clears the way for producers to be able to make a decision on whether to join the federal order system, said Geoff Vanden Heuvel, a Chino dairy producer and board member of Milk Producers Council.

"Producers want the ability to consider a federal order, but they want quota protected," he said.

The proposed program would function and operate efficiently and effectively, he said.

Western United Dairyman has always been supportive of maintaining the quota program, and the producer review board came as close as it could to keeping the program as is, said Annie AcMoody, WUD director of economic analysis.

Producers shouldn't feel any big difference, but one thing that might trigger a reaction is that they will now see a quota assessment as a deduction on their milk check. Currently quota is funded by the pool with the deduction in the background. With the stand-alone program, it will be assessed directly, she said.

That's the main difference in the proposed program, but WUD will be working to communicate to its members that there's really no difference in producers' contribution to the quota program, she said.

National Milk welcomes improvements to MPP

By CAROL RYAN DUMAS
Capital Press

The Senate Appropriations Committee on July 20 approved its fiscal year agricultural appropriations bill containing improvements to the Margin Protection Plan for dairy producers.

The plan provides participants coverage when the national margin, the difference between the all-milk price and average feed costs, falls below \$4 per hundredweight.

The program has lost favor with producers, who say it's failed to perform despite collapsed milk prices and severe losses. Most of the blame is aimed at USDA's feed costs calculation, which producers say is too low and doesn't reflect reality.

National Milk Producers Federation, which developed the program in response to catastrophic losses in 2009, is aware of their frustration and is pushing for changes to the program in the next farm bill.

Enhancements in the Senate committee's bill are a major step in the right direction, said Jim Mulhern, NMPF president and CEO.

The bill lowers premiums



Capital Press File

The National Milk Producers Federation is pushing Congress for changes in the Margin Protection Plan.

for insured margins for the first 5 million pounds of milk a producer insures and raises the threshold for free coverage on that first 5 million pounds from a margin of \$4 per hundredweight to \$5.

"By making the dairy safety net program more affordable, this legislation will ensure that more farmers have access to better protection against catastrophic losses, like those we experienced in 2009 and 2012," Mulhern said.

While 5 million pounds

represents production from about 225 cows, the lower premiums on the first 5 million pounds of production apply to farms of all sizes, said Chris Galen, NMPF senior vice president of communications.

"The measure will make insurance coverage for all dairy farmers more affordable," he said.

The bill would also change USDA's margin calculation from a two-month average to a monthly calculation. Under the current program, the margin could fall below a pro-

MPP premiums

(Dollars/hundredweight of milk.)

Margin coverage	Current*	Senate†
\$4.00	0	0
4.50	0.010	0
5.00	0.025	0
5.50	0.040	0.009
6.00	0.055	0.017
6.50	0.090	0.043
7.00	0.217	0.068
7.50	0.300	0.094
8.00	0.475	0.153

*Current; less than 4 million pounds.

†Senate appropriations; less than 5 million pounds.

Source: National Milk Producers Federation
Capital Press graphic

ducer's coverage level in one month but be above it the other month in one of the six pay periods. That could result in a two-month average above his coverage level and not generate a payout.

The changes address critical shortcomings in the dairy safety net that would strengthen the program and help pave the way for additional necessary improvements in the upcoming farm bill, Mulhern said.

Minority committee leaders said the updates will im-

prove the program's effectiveness and offer greater incentives to farmers to participate in the insurance program and select higher, more meaningful levels of protection.

Annual premiums for coverage of 90 percent of production at a margin level of \$6.50 per hundredweight, for example, would go from \$1,594 to \$761 for an average 100-cow dairy; from \$21,504 to \$17,154 for a 500-cow dairy; and from \$56,313 to \$51,963 for a 1,000-cow dairy.

NMPF is still working on changes to improve the MPP program, such as adjustments to USDA's national feed cost calculation. But the committee's provisions are a great start, Galen said.

Hopefully, it will make coverage better and cheaper, and the additional revenue being added for the lower premiums will increase the federal baseline for spending on the farm bill dairy title. That would make requests for additional changes less costly.

While the committee's provisions don't resolve all the problems with MPP, enacting the changes will be a major help, Mulhern said.

2 join Wash. dairy commission

Westside farmers fill seats

Capital Press

Two Western Washington dairy farmers have been elected to the Washington Dairy Products Commission.

Jim Werkhoven of Monroe and Lana Smaciarz of Raymond will fill seats on the nine-member panel, also known as the board for the Dairy Farmers of Washington.

Werkhoven and his brother, Andy, milk 1,300 cows about 30 miles northeast of Seattle, according to the Dairy Farmers of Washington. He has served on boards for Darigold, the Innovation Center for U.S. Dairy and the National Milk Producers Federation.

He will fill an at-large position that was held by Cathy Thomasson of Enumclaw, whose term expired.

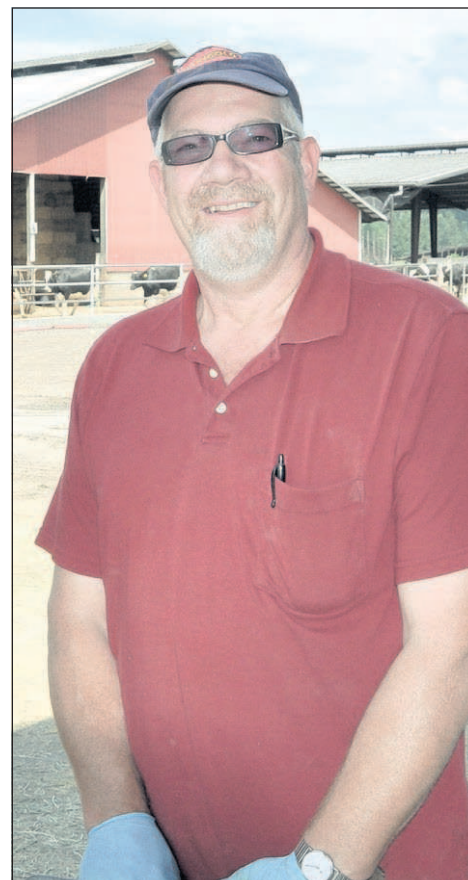
Smaciarz and her husband, Terry, have a fourth-generation farm, Oxbow Dairy, in southwest Washington. She was born and raised on the farm. She is a registered dietitian and her daughter, Alicia, was a 2016-17 dairy ambassador.

She will replace Liz Anderson of Onalaska, whose term expired, and will represent District 2, which is made up of 12 southwest Wash-



Courtesy of Dairy Farmers of Washington

Lana Smaciarz of Raymond, Wash., has been elected to the Washington Dairy Products Commission.



Courtesy of Dairy Farmers of Washington

Monroe, Wash., dairy farmer Jim Werkhoven has been elected to the Washington Dairy Products Commission.

ington counties and southern King County.

"Jim and Lana have different backgrounds and unique perspectives, which will help our organization grow even stronger," Dairy Farmers of

Washington CEO Scott Kinney said in a written statement.

Dairy farmers fund the commission, which is a state agency. The state agriculture director makes appointments,

though the industry holds advisory elections. The commission supports the industry through advertising, public-relations work, retail promotions, hunger-relief initiatives and nutrition education,

Group forms to defend Yakima dairies

By DON JENKINS
Capital Press

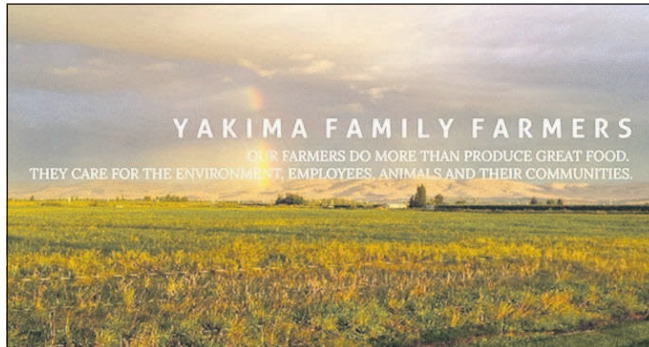
The agricultural advocacy group Save Family Farming has launched an affiliate, Yakima Family Farmers, to defend Central Washington dairies dogged by citizen lawsuits and the Environmental Protection Agency.

The head of the group, dairyman Bill Dolsen, said Wednesday that his family's Cow Palace Dairy has gained nothing by not commenting publicly while enduring court setbacks and government demands.

"None, whatsoever," he said. "We were told more than once by law firms to basically sit down and shut up when we heard anti-ag statements in the media, and it drove me absolutely crazy."

Save Family Farming took shape last year as north Puget Sound dairies came under attack from What's Upstream, a campaign that painted farmers as unregulated polluters of water. The campaign was organized by the Swinomish Indian tribe, funded by an EPA grant and supported by several environmental groups.

In the Yakima Valley, dairies have been bruised by accusations that cow manure is



Courtesy of Yakima Family Farmers

A screen shot of the Yakima Family Farmers website. The group has formed to tell agriculture's side of the story in Washington state's Yakima Valley.

the principal cause of elevated levels of nitrates in drinking water. Dolsen said he appreciated Save Family Farming's staunch response to accusations by What's Upstream.

"I contacted them and congratulated them for having the guts to stand up for our industry and families," he said. "I've seen firsthand what's happened to my family and a couple of other families and our industry by remaining silent."

Dolsen said he doesn't expect the public-relations push to help dairies battling lawsuits now.

"I don't think it's going to help them a bit, but it may help some others in the future," he said. "We won't have an industry if we don't stand

up for ourselves."

On its website, Yakima Family Farmers argues that dairies have been unfairly singled out for groundwater pollution and are the victims of faulty science and public misconceptions.

Save Family Farming director Gerald Baron, who also directs the Yakima affiliate, said the message is aimed at an audience beyond regulators, judges and the Yakima Valley.

"We believe the future of family farming in Washington state resides in the opinions of young, urban voters — non-farmers," Baron said. "These are the people anti-farming activists also are targeting."

Yakima Family Farmers renews criticism of an EPA study that led the Cow Palace and three

Online

www.yakimafamilyfarmers.org

other dairies to agree in 2013 to line manure lagoons with synthetic material and make other operational changes. A Natural Resources Conservation Service review of the study stated that the EPA's conclusions could not be "scientifically defended."

Baron said the group will ask the next Northwest EPA administrator to take another look at the source of nitrates in the Yakima Valley. The Trump administration has yet to name a successor to Obama appointee Dennis McLerran.

An EPA spokesman said the agency stands behind its science, but the agency otherwise declined to comment for this story.

Jean Mendoza, executive director of Friends of Toppenish Creek, a plaintiff in lawsuits against the dairies, said pinpointing groundwater pollution has been difficult, but dairies are a contributor.

"From my position, we know for sure the dairies in the Yakima Valley are polluting the aquifer, so we'll continue to fight that," she said. "We can argue about the details all we want, but it's an established fact."

Dairy Markets

Lee Mielke



Cheese block prices up, barrels down

By LEE MIELKE
For the Capital Press

The CME cheese price gap shot higher last week. The blocks closed Friday at \$1.7075 per pound, up 3 1/4-cents on the week, following a 12 1/4-cent jump the previous week, and were dead even with a year ago.

They were unchanged Monday, as traders anticipated the afternoon's June Cold Storage report, which added a tinge of bullishness to the market Tuesday, but they remained unchanged.

The barrels closed Friday at \$1.41, down 6 1/2-cents on the week, 36 1/2-cents below a year ago and gapping 29 3/4-cents below the blocks, the largest spread since Oct. 22, 2014, when it hit 30 cents. The record spread since daily trading began on Sept. 1, 1998 was 32 cents on July 30, 2008, according to FC Stone. Eight cars of block were sold last week at the CME and 40 of barrel.

The barrels were also unchanged Monday but jumped 4 3/4-cents Tuesday, to \$1.4575, reducing the spread to 25 cents.

Central cheese contacts suggest milk production is easing a bit, but there is still plenty of it, according to Dairy Market News. Plants are running at or near full capacity and demand is generally following seasonal patterns. Sales into food service are steady to lower, ahead of the seasonal gear-up of school and college cafeterias and the advance of the fall pizza season.

Some manufacturers' cheese stocks are building so they have been actively offering barrels on the CME. Demand for fresh barrel has been able to provide some support to prices, but "the disparity in price, and the length to which it has lasted, is unsettling to some barrel cheese producers in that it makes procurement and cost management more challenging."

Cheese is also being produced at full capacity in most Western plants as milk is readily available despite higher daytime temperatures. Demand is steady and "with current higher cheese prices in the EU, the international market is showing more interest for U.S. cheese."

Spot butter finished Friday at \$2.5850 per pound, down 1 1/2-cents on the week but still 29 1/4-cents above a year ago, with 26 cars selling last week.