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## Dairy

# Dairy industry testifies at House hearing

By CAROL RYAN DUMAS  
Capital Press

Dairy farmers and processors had the ear of the House Agriculture Committee on June 22 to address industry issues within the scope of the farm bill and beyond.

Lolly Leshner, a seventh-generation Pennsylvania dairy farmer and a member-owner of Dairy Farmers of America, testified on behalf of National Milk Producers Federation.

She said dairy farmers are grateful to the committee for its work to improve the Dairy Margin Coverage program, which made it a strong safety net for producers.

“However, as valuable as the program has been, many farmers have not been able to fully benefit because DMC’s underlying production calculation is outdated,” she said in written testimony.

She thanked the committee for enacting Supplemental DMC payments to compensate farmers for



Sierra Dawn McClain/Capital Press

### U.S. Capitol

incremental production increases since 2014, accounting for nearly a decade-old production history formula.

“It is critical that this production history adjustment be carried over into the 2023 Farm Bill so that DMC remains a viable safety net,” she said.

Dairy farmers are also pleased USDA recently approved several

improvements to Livestock Gross Margin Dairy, including simplifying the purchase process to align more closely with Dairy-Revenue Protection program and making the program available in all counties in every state.

“We also support further improvements, including permitting concurrent use of Dairy-RP and LGM-Dairy

in the same month and allowing producers who already have revenue coverage through Dairy-RP to obtain LGM-Dairy coverage with premiums and indemnities solely driven by changes in feed input costs,” she said.

She also demonstrated the need to update the Federal Milk Marketing Order system, particularly the pricing of Class I fluid milk. A change to the “Class I mover” in the 2018 Farm Bill combined with heavy government purchases of cheese resulted in a \$750 million loss to dairy farmers in the last six months of 2020, she said.

The Class I mover sets the Class I base price to which a location differential is added. The previous mover was calculated as the “higher of” the advance prices for Class III (milk for cheese) and Class IV (milk for butter and powder).

It was changed to the average of Class III and Class IV plus 74 cents per hundredweight.

Government purchases of cheese for food assistance significantly

increased the price of Class III milk, making the average of Class III and IV significantly lower than the previous “higher of” the two. The \$750 million loss is compared to what farmers would have made using the previous mover.

USDA created the Market Volatility Assistance Program to reimburse farmers for some of that loss, paying 80% of the loss on up to 5 million pounds of annual production, which limited reimbursement for producers with larger production.

“We urge Congress to provide additional funding to close the gap for those producers who were adversely impacted by the program’s 5-million-pound per producer limitation,” she said.

In other areas, she said there is a need for additional funding of conservation programs, the Market Access Program, the Foreign Market Development program, the Dairy Donation Program and the Farm and Ranch Stress Assistance Network.



Washington DOE

**Cows feed at a Washington state dairy. The Department of Ecology has proposed new terms for its CAFO permit.**

## Washington Ecology proposes CAFO permit

By DON JENKINS  
Capital Press

OLYMPIA — The Washington Department of Ecology has proposed new rules for concentrated animal feeding operations, toughening regulations in response to a court decision.

The rules, proposed June 22, will apply to 24 operations, mostly dairies, where manure seeped into groundwater or ran into surface water. Because of the release, the farms had to get a CAFO permit.

An appeals court last year agreed with environmental groups that manure-control rules Ecology adopted in 2017 were too lax. Ecology said the court decision guided its revision.

“Large livestock operations must effectively manage their manure to protect drinking water, shellfish resources, and fish-bearing streams,” Ecology’s water quality program manager Vince McGowan said in a statement.

“We are committed to continuing to work with livestock owners and stakeholders to ensure these facilities are using best practices to prevent pollution,” he said.

The Washington State Dairy Federation said it was reviewing the rules.

A CAFO permit requires farms to follow rules for maintaining manure lagoons and testing for pollutants in fields where manure has been applied.

The permit requires farms to file plans to prevent manure pollution and mandates extensive record-keeping.

The rules are in addition to regulations enforced on all dairies by the state Department of Agriculture.

The revisions include shortening the distance between lagoons and water tables. The rules will add requirements on monitoring the condition of lagoons.

In some cases, farms will have to hold off fertilizing with manure if rain is in the forecast.

Ecology will take public comments on the proposal until Aug. 3.

## Dairy cooperative sets priorities for federal order reform

By CAROL RYAN DUMAS  
Capital Press

### MORE INFORMATION

For more details, visit <https://www.voiceofmilk.com>

Edge Dairy Farmer Cooperative, one of the largest dairy co-ops in the country, is stressing flexibility and fairness in its priorities for reforming the federal milk pricing system.

“Edge is focused on improving the relationship between farmers and processors in a way that would increase transparency, fairness and competition and give farmers a reasonable amount of price certainty,” said Tim Trotter, Edge CEO.

Discussions about the future of the Federal Milk Marketing Order system have increased in recent years, and the effects of the pandemic intensified the debate.

Edge has done research, had conversations with its members, participated in a multi-state task force and engaged other stakeholders across the country for more than a year, he said during a virtual press conference on Monday.

The discussion keeps coming back to the relationship between farmers and processors, he said.

“This relationship must transition from strictly transactional to strategic — one that’s based on a long-term view, adaptability to the markets and customers and requirements of products. A transparent, business-to-business approach will be critically important to success for both our farmers and processors,” he said.

Differences across the federal orders require added flexibility to meet their needs, and current markets driving milk outside the FMMO system point to a need for a standard set of contracting principles to build a more fair and equitable pricing system, he said.

“Given the wide differences in product mixes across the country, we believe more regional flexibility in the federal orders would benefit everyone,” said Mitch Davis, managing partner of Davis Family Dairies in Le Sueur, Minn., and an Edge board member who participated in the task force.

“We believe that regulations should support fair and equitable dealings between farmers and processors. A standard set of contracting principles would make the system more fair and equitable and, we believe, strengthen the trust between farmers and processors,” Davis said.

Edge believes the changes it proposes would be beneficial for all producers and processors whether federal orders remain or not and welcomes the opportunity to work with other groups to come to an agreement on priorities, he said.

“The end result must be a system that fosters transparency, trust and collaboration between farmers and

processors and a more attractive marketplace for both parties,” he said.

Marin Bozic, an economist at the University of Minnesota and an advisory member on Edge’s board of directors, said reform needs to go beyond federal orders.

“We need to set a new foundation for success and trust between producers and processors,” he said.

He cautioned against defining consensus too narrowly and crafting policies behind closed doors.

“We need a broad and open debate,” he said.

Edge’s proposal includes a more flexible system that gives each federal order the authority to operate its milkshed in a way that is sensible for that order.

It also includes 10 contracting principles that would cover timeliness of payments, transparency in pricing formulas, incentive payments, competitive risk management and other aspects of business between farmers and processors.

## Columbia-Snake River Irrigators Association Policy Information Release

June 13, 2022

### Gov. Inslee’s and Sen. Murray’s Dam Replacement Report, Impact on Lower Snake River (LSR) Hydro Litigation

Initiated last October with the resurgence of ESA BiOp-EIS litigation forced by EarthJustice and key environmental organizations, the State of Oregon, and Tribal groups, the Report now being released by WA Gov. Jay Inslee and WA Sen. Patty Murray attempts to answer the question of how would the regional “economic services” provided by the LSR dams be replaced? Are replacement actions, or equivalent mitigation measures, realistically possible, and what are the costs?

#### Inslee-Murray Report Key Conclusions—What Next?

The breaching of the LSR dams is viewed by many parties as necessary to prevent some further salmon and steelhead declines, or to avoid potential extinction trends. The Report stresses that further changes “are inevitable” for the LSR and mainstem Columbia River systems; but it also states that dam breaching would require Congressional authorization and funding. The Report is moot on whether Congressional authorization is likely.

The Report conveys that LSR dam breaching would negatively affect several major economic sectors, including clean hydro power production, river navigation-transportation, irrigation and related food processing, recreation, and some environmental resources.

The potential disruption to regional economic sectors is certain, but an ability to either replace sector infrastructure or adopt viable alternatives is considered doable—although the cost range is very uncertain, perhaps \$10-27 billion. Replacement measures would include:

- **Power Production:** renewable resources, like wind-solar energy, are being integrated into utility power resources portfolios, along with purchases of inter-regional power, near-term reliance on gas-fired turbines, demand-side management, and perhaps some small-scale nuclear power plants in the future.
- **River Navigation-Transport:** current river movement for wheat and other products would most likely be replaced with rail shipments; further evaluation will be made.
- **Irrigation:** direct irrigation pumpers from Ice Harbor (and Upper McNary pools) would rebuild their own pump stations/mainlines with mitigation payments obtained from federal and state sources. (Note: the Report irrigation sector impact estimates are inaccurate, excluding the Upper McNary Pool area, below the Ice Harbor Dam tailrace.)
- **Other LSR Project Alternatives:** Other alternatives for LSR river operations were noted, including deep pool drawdowns, to the two upper LSR projects; or lacking dam breaching, more project spill, basin-wide water releases, and pool drawdowns may be reconsidered.

The Final Report (July) will include recommendations to the BiOp litigation plaintiffs and defendants; further evaluation requirements, and action steps, may be identified for the Court.