



REPORT Card



MARCH 2010 REPORT

Here is what
California's
premier
dairy trade
organization
is doing for
you:

- Supporting veto of "card check" bill
- Defeating state antibiotics bill
- Educating Administration on dairy policy impacts
- Promoting water quality and delivery projects

WUD meets with members to outline crisis response

The leaders and staff of Western United Dairymen sat down with California dairy families at several meetings over the past few months to listen to members' concerns and outline the steps WUD has taken to address the ongoing dairy economic crisis.

"California dairy families have been hit hard by this unprecedented economic crisis," WUD President Ray Souza told members gathered at meetings throughout California in December, January and February. "Your very economic survival is at risk and you are threatened with the loss of assets you have worked hard over the years to build. We are working every day to help you meet these challenges."

Souza outlined some of the steps WUD successfully advocated for in 2009:

- Use of CCC stocks of NFD in feeding programs. On March 26, 2009, USDA announced allocation of 200 million pounds.
- Continued calls for activation of the Dairy Export Incentive Program (DEIP). The USDA activated DEIP on May 22, 2009.
- A temporary price support increase. USDA announced a hike on July 31, 2009, raising the price paid for nonfat dry milk from \$0.80 per pound to \$0.92 per pound, the price paid for cheddar



WUD President Ray Souza, left, discussed WUD's concerns about the dairy economic crisis with USDA Secretary Tom Vilsack and Deputy Secretary of Agriculture Kathleen Merrigan on a tour of the Durrer dairy in Modesto.

blocks from \$1.13 per pound to \$1.31 per pound, and the price of cheddar barrels from \$1.10 per pound to \$1.28 per pound., effective August-October 2009.

- Continued support of the CWT program. The five programs implemented beginning in 2008 retired a total of 276,000 cows representing approximately 5.4 billion pounds of annual milk production
- Purchase of cheese for use in food aid programs. WUD sought the purchase of 100 million pounds. On Dec. 18, USDA announced approximately \$60 million in cheese and cheese products would be purchased by the Commodity Credit Corporation (CCC) for use in domestic feeding programs.

"All of these actions collectively have helped us start the climb out of a deep hole," explained Souza. "There is no single silver bullet but we will continue to push for use of every tool in the tool box available to us."

Additionally, WUD sponsored a series of industry-wide meetings in February and March 2009 attended by hundreds of industry stakeholders. The meetings examined supply management ideas, federal milk marketing orders, the stability of the California system, the global market place and innovation for value-added products. An industry task force continues to meet to find short-term and long-term solutions to the economic crisis.

Report from Sacramento



By **GARY CONOVER**
WUD Director of Government Relations



WUD notches wins on antibiotics, milk pool and card check legislation

Another challenging legislative session is in the books for 2009 as Western United Dairymen fought off several measures hostile to agriculture. The state's devastating economic climate and severe budget deficit dominated policy discussions in Sacramento. As the 2010 session is underway, budget cuts look to again dominate the agenda.

WUD's major victories included

- Defeat of legislation that would have taken millions out of the milk pool
- Defeat of legislation that would have prohibited school lunch programs from purchasing meat from animals treated with nontherapeutic antibiotics.
- Defeat of the "card check" bill that would have stripped away the right to a secret ballot by farm workers looking to unionize.

2009 Legislation

Here is a look at the top issues WUD tackled in the 2009 session:

• **SB 362 (Florez) Milk pooling; exemptions** - In its final, amended form, SB 362 would have exempted any vertically integrated milk processor who processes under 1,500 gallons of fluid milk per day as of July 1, 2009, from Class 1 pool reporting requirements, specifically raw

milk product processors. WUD worked hard to defeat this bill, saving the milk pool from losing at least \$300,000 per year.

• **SB 416, as amended (Florez) Antibiotics** - SB 416 would have authorized a school district to make every effort to purchase poultry and meat products that have not been treated with nontherapeutic antibiotics, and authorize each school district that purchases such poultry or meat products to report annually to the Superintendent of Public Instruction certain information relating to those products. The livestock industry fought hard to ensure this bill failed on the Senate floor.

• **SB 789 (Steinberg) Labor elections** - SB 789 would have permitted agricultural employees, as an alternative procedure to a private election, to select their labor representatives by submitting a petition to the board accompanied by representation cards signed by a majority of the bargaining unit. The Governor vetoed SB 789.

• **AB 107 (Galgiani) Veterinarians** - Signed into law by the Governor, it modifies the examination requirements for registration as a veterinary technician on and after January 1, 2011 and ensures an easier transition by those wishing to practice in California.

• **AB 243 (Nava) Animal abuse: penalties** - The Governor vetoed this bill that would have required the court, upon conviction for certain animal abuse crimes, in addition to any other sentence or penalty, to enter an order enjoining the person from owning, possessing, maintaining, having custody of, residing with, or caring for any animal within a specified period after conviction. The bill would have provided that the court may, in the interest of justice, reduce the duration of or, in the case of livestock owners, exempt a defendant from these restrictions under specified circumstances. WUD supported the veto.

• **AB 1122 (Lieu). Animal abuse: sale of live animals** - The Governor vetoed this bill that would have provided that it would be a crime for any person to willfully sell, display or offer for sale or give away as part of a commercial transaction, a live animal on any street, highway, public right-of-way, parking lot, carnival, or boardwalk. The bill would have provided that a notice describing the charge and the penalty for a violation of this bill may be issued by a peace officer, animal control officer, or humane officer. By creating a new crime, this bill would impose a state-mandated

local program. WUD supported the veto.

• **AB 1249 (Galgiani) dead animal haulers** - Supported by WUD, this bill was signed by the Governor. It authorizes the Secretary of Food and Agriculture to issue a master or individual permit to a licensed renderer, collection center, or dead animal hauler for the purpose of authorizing transport of a dead animal to an appropriately permitted landfill under certain circumstances.

• **SB 135 (Florez) cattle; tail docking** - Signed into law by the Governor, this bill prohibits "tail docking" of cattle, making it a crime to intentionally do so. However, the bill has two amendments supported by WUD and other ag groups. The bill excludes from the application of a crime, docking as part of an emergency veterinary treatment performed consistent with the Veterinary Medicine Practice Act. SB 135 also allows emergency docking by the owner of the animal, as well as transportation of animals with docked tails as part of interstate commerce.

• **SB 32 (Negrete McLeod) Renewable electric generation facilities** - Signed into law by the Governor, with support from WUD.

Report from Washington



By **CHARLIE GARRISON**

WUD's Legislative Advocate in the Nation's Capitol



Dairy economic crisis focus of WUD efforts in our nation's capitol

The grave economic situation facing dairy producers was clearly the main focus in 2009 for WUD's federal legislative efforts in Washington DC. With the new session of Congress underway, it's helpful to recall the accomplishments.

WUD launched an intensive educational effort when the new Administration took office in January. Working closely with key Valley legislators including Dennis Cardoza (D-Merced) Jim Costa (D-Fresno) and Devin Nunes (R-Visalia) and California Senators Dianne Feinstein and Barbara Boxer, WUD urged the use of existing federal government authority to help dairy farmers facing the lowest milk prices in memory.

WUD worked to successfully convince Agriculture Secretary Tom Vilsack that additional dairy product purchases and donation to feeding programs could be made with existing authority and funding. The USDA said it would donate the 200 million pounds of nonfat dry milk it had already purchased under the Dairy Product Price Support Program to federal feeding programs like schools and food banks.

In late May the Secretary announced resumption of the Dairy Export Incentive Program

(DEIP) that had lain dormant for five years. That move took intense lobbying by members of the California delegation, led by WUD and other industry organizations, to overcome objections from just about every federal agency other than USDA that could justify an interest in a decision affecting international trade. Finally, nearly half a year after the Europeans began using their dairy export rebate program again, the welcome announcement came. U.S. suppliers began rebuilding foreign markets that had been lost due to the worldwide financial crisis and the federal government learned that a 10-cent per pound DEIP bonus for nonfat dry milk beat an 80-cent price support purchase every day of the week.

In late July, WUD wrote to Secretary Vilsack asking the Department to purchase and donate 100 million pounds of cheddar cheese to feeding programs. It had become clear that significantly higher than normal cheese inventories in the nation's cold storage facilities were overhanging the market and keeping farm milk prices from improving. The USDA decided first, however, to temporarily raise the product purchase prices in the price support program.

WUD's board of directors has also spent considerable time discussing proposed supply management legislation. While endorsing the concept, the Board also directed that a list of eleven points about a proposed bill be sent to Representative Jim Costa, who has taken the lead on drafting a federal bill for consideration by producers and potential introduction in the Congress.

In early August the U.S. Senate added \$350 million to its FY 2010 Agriculture Appropriations Bill. It was a floor amendment that required a 60-vote super majority and, with Senators Boxer and Feinstein in support, that is exactly the number it received. After intense pressure from members of Congress from other parts of the country to just add the funds to the Milk Income Loss Contract Program (MILC), Representative Cardoza in the House and Senators Boxer and Feinstein were able to get \$60 million of the funds directed to a cheese purchase and donation program and assurances that the remainder would be distributed to producers in a less discriminatory way than MILC.

When distribution of the funds was announced, Western United Dairymen worked with the delegation to encour-

age USDA to speed up cheese purchases with the \$60 million. The Department announced Dec.17 that it was expediting the purchase of cheese authorized by the legislation.

2010 Outlook

Work will continue in 2010 on steps to address the continuing economic crisis. Other key issues will include WUD's effort to support AgJOBS legislation introduced by Sen. Feinstein, estate tax reform that is being championed by both California Representatives Mike Thompson (D-Napa) and Devin Nunes (R-Visalia), and Climate Change legislation. The House passed its bill in the summer of 2009 but the bill is stalled in the Senate, where WUD is working to ensure that any Senate bill first excludes agriculture from being a capped industry and provides opportunities for farmers to generate and sell carbon credits as well. Other issues to look out for in 2010 include potential action on reauthorization of the Child Nutrition Act, food safety legislation, and reform of the financial regulatory system that might affect agricultural lending, as well as attempts to limit production practices on farms.

Environmental

Advocacy



Dairy families participate in water quality efforts

California dairy families are well on their way to implementing projects that will enhance ground and surface water quality in the Central Valley, thanks to a partnership between Western United Dairymen and the USDA's Natural Resources Conservation Service (NRCS).

The program known as the Agricultural Water Enhancement Program (AWEP) is helping producers comply with

the Central Valley Water Board's Dairy Waste Discharge Requirement. This partnership authorized by the 2008 Farm Bill augments the current Environmental Quality Incentive Program (EQIP) funding and is specifically targeted to Central Valley dairy counties.

The AWEP funding totals \$17.3 million over three years and 2010 marks the program's second year. As the sponsoring partner,

WUD is able to define funding priorities and has targeted preparation of Waste Management Plans (WMPs) that are required by the water board as the highest priority. Many dairies used the cost-share funds to hire and work with a California Registered Professional to prepare a Waste Management Plan for their dairy. Other projects such as infrastructure additions to improve manure management will also be eligible

for funding.

Western United Dairymen CEO Michael Marsh stated, "WUD is proud to partner with the California NRCS in service to the dairy producers of the Central Valley as they struggle with tough and expensive new regulatory requirements in these stressful financial conditions. If we all pull together wherever we can, we can keep our California dairy farms strong."

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