

March-April 2010
www.kydairy.org



Senate Bill 105 Goes to Governor's Desk for Signature

The Kentucky Livestock Care Standards Commissions purpose is to represent all aspects of livestock and poultry and construct scientifically sound care standards for the well-being of Kentucky's livestock industry. The basis for the Commission came into consideration in response to devastating animal care legislation in some ballot initiative states. The Commission will ensure that animal care regulations in KY will not be made by special interest groups or by human emotion but by scientifically researched information and those involved in animal agriculture.

The Commission will be comprised of 14 members: 13 voting and one non-voting.

Senate Bill 105 was included as a Senate Committee Substitute to House Bill 398. HB 398 establishes the Kentucky Equine Health and Welfare Council. SB 105 establishes the Kentucky Livestock Standards Commission. HB 398 (with SB 105 attached) passed both chambers and has been delivered to the Governor to be enacted.

Don't forget your
game tickets!

Find dates and
deadlines on page 6



Important Deadlines Approaching

Form Required to Keep FSA Payments

June 15 is an important date to remember for all farmers receiving payments and benefits under FSA programs, including MILC. Compliance with average Adjusted Gross Income limitations is an eligibility requirement to receive payments and benefits under programs administered by FSA and NRCS. Form CCC-927 gives consent to the IRS to share data from your 1040 with the FSA to determine program compliance. The IRS will not be sending your tax returns to your local office! To safeguard your privacy the following steps have to be followed, complete the form CCC-927 which can be obtained from your local FSA office or at http://www.fsa.usda.gov/Internet/FSA_File/agi_forms_ccc_926_927_928.pdf

Mail the completed form directly to the IRS at the address specified on the forms, within 60 days of the date signed. Failure to complete this form can result in forfeiture of all payments in 2009 and any future payments. There is a factsheet available on AGI at http://www.fsa.usda.gov/Internet/FSA_File/irsmou10.pdf.

Bottom line – if you received any payments from FSA or NRCS in 2009 or will in 2010 you must file the appropriate IRS forms.

USDA Livestock Indemnity Program: Producers Required to File Notice of Loss/Application for Eligibility for LIP

LIP provides assistance to producers for livestock deaths that result from disaster. Using funds from the Agricultural Disaster Relief Trust Fund established under section 902 of the Trade Act of 1974, the program is administered by the USDA Farm Service Agency. LIP compensates livestock owners and contract growers for death losses in excess of normal mortality due to adverse weather, including losses due to hurricanes, floods, blizzards, disease, wildfires, extreme heat and extreme cold. Eligible losses must have occurred on or after Jan. 1, 2010 and before Oct. 1, 2011.

Livestock owners and contract growers who suffer 2010 livestock losses for LIP must file:

- A notice of loss within 30 calendar days of when the loss of livestock is apparent and
- An application for payment no later than January 30, 2011

For more details on this and other FSA programs, producers should contact their local County FSA office.

2010-11 KDDC Board of Directors & Staff

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Vice President: Bob Klingenfus
Sec./Treasurer: Tom Hastings
EC Member: HH Barlow
EC Member: Jimmy Woodall

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President's Corner

Jim Sidebottom



As spring has arrived are 2009 milk prices still on your mind or are you like many, trying to forget them? Just as milk prices seemed to improve, it appears they are going back down again. For how long or low, no one knows for sure. I am certain though everyone is doing all they can to make it through to better times.

Unfortunately, the present national plan for milk price improvement appears to be dependent on who can hold on the longest. This pits neighbor against neighbor and is bad policy. We should be working together and take

control of how milk is priced, rather than hoping the dairy farmer down the road goes out of business so the milk price might go up.

Many discussions have taken place across the country. KDDC has listened to several options from supply management and quota programs to new milk pricing plans in an effort to support the best plan. There does not appear to be a "silver bullet" which will solve all the problems.

It is time to make a decision on one plan or a combination of plans. Let us come together now while legislators and those with the power to make changes are willing to help.

New KDDC Directors Elected

District 1- Ellie Robertson Gore

Ellie has farmed all her life on her grandparent's dairy farm. They are currently milking around 100 cows. They also raise corn, soybeans, wheat, barley and alfalfa. She graduated from the University of Kentucky and is a member of the Lone Oak First Baptist Church in Paducah.



District 7- Larry Baxter

Larry and his wife Valerie milk 60 cows on Ramble Ridge Farm in Mercer County. They have 3 children. Larry has milked for 32 years and owns Ramble Ridge Michael Joyce who made recent news as a 15 year old cow with record setting milk production of 318215 for her lifetime.

District 8- Charlie Edgington

Charlie is a third generation dairy farmer on the family farm, Edgeview Farms in Garrard County. He works for Wayne Supply. He is married to Eily Delanney and has one son, Charlie Breathett Edginton, II. The family focuses on providing a safe desirable product at a profit.



A Primer on Federal Order Transportation Credits

By Gayle Ely, Assistant Market Administrator, Southeast and Florida Marketing Areas, Atlanta, Georgia

Why Do Federal Orders in the Southeast Have Transportation Credits?

In August 1996, following a public hearing and an affirmative vote by dairy farmers, Federal order provisions were implemented establishing Transportation Credit Balancing Funds (TCBF) for what are the current Appalachian and Southeast orders. The TCBF provides monetary credits to milk handlers who import supplemental bulk milk for fluid use. The 1996 hearing record indicates that, in some months, local supplies were insufficient to meet fluid needs and that the burden of the import costs for supplemental milk was falling unevenly on the milk handlers and dairy farmers operating in these markets. Today supplemental milk continues to be needed to supply the fluid markets in the southeast.

Since 1996, the transportation credit provisions have been modified to address changes in marketing conditions. Changes include, increases in the assessment rate; the addition of a fuel cost adjuster in the calculation of the payout rate; an increase in the number of months payments are made from the fund; a slight change in the definition of supplemental milk; and a stipulation that the pounds of milk for which TCBF payments are made reduces the amount of milk a handler is able to divert from the market.

Who Pays the Assessment?

Dairy processors and milk handlers regulated on the Appalachian and Southeast orders are charged a monthly TCBF assessment on bulk milk they receive or handle that is classified for fluid use (Class I).

What is the Current Assessment Rate?

Order provisions provide for a maximum TCBF assessment rate of \$.15 per hundredweight and \$.30 per hundredweight for the Appalachian and Southeast orders, respectively.

The Market Administrator may adjust the assessment rate based on the volume of payments made in the prior period. Currently, the Appalachian and Southeast orders are collecting assessments at the maximum rate.

During What Months are Payments Made from the TCBF?

For both the Appalachian and Southeast orders, payments are made from the TCBF for the months of January, February and July through December. Payment may also be requested for the month of June. Upon receiving a request, the Market Administrator will conduct an independent investigation to determine if such payments are necessary to assure the market of an adequate supply of milk for fluid use.

Who May Request Payment from the TCBF?

Dairy processors and cooperative associations who import supplemental milk that is delivered to a fully regulated plant may request payment from the TCBF.

What is Supplemental Milk?

In general, supplemental milk is defined as milk that is not part of the order's regular milk supply. Order provisions define supplemental milk as bulk milk produced on a farm located outside the geographic boundaries of the Appalachian and Southeast marketing areas. In addition, bulk milk eligible to receive payment from the TCBF must come from dairy farmers whose milk was not pooled on that order for at least a portion of the months March through May.



At What Rate are Payments Made from the TCBF?

Payments from the TCBF are made using a mileage rate factor computed based on an average cost per loaded mile, including a monthly adjustment based on the diesel price per gallon for the southeastern US. The total payment is determined by multiplying the mileage rate factor by the number of miles the load traveled from outside an 85 mile radius of the order.

What if There is Not Enough Money in the Fund to Pay All Eligible Requests?

If, for any month, the TCBF does not have enough funds to pay out on all eligible requests, payments are disbursed on a pro rata basis.

How Does the Market Administrator Ensure that Payments are Only Made on Eligible Requests?

Prior to payments being made from the TCBF, requests are evaluated to determine their preliminary eligibility. After payments have been made, a full audit is conducted to ensure that the requests have met all eligibility requirements. For any disallowed request for which payment was made, an audit billing is issued to the requestor.

Additional information can be found at www.fmmatlanta.com. Click on Transportation Credit Balancing Fund Info.



Executive Director Comments Maury Cox

Lewis Ramsey, Kentucky's Health and Human Services, Milk Safety Branch Manager, called recently to talk about proposed Wisconsin legislation to sell raw milk directly to consumers.

Mr. Ramsey and I agree that legalizing the sale of raw milk directly to consumers is equivalent to throwing science and common sense out the window and returning to the days before pasteurization was widely adopted. As a former dairy farmer and fieldman for a milk company, I know how equipment failure, human error and cow contributions can affect milk quality on the farm. Pasteurization minimizes those potential health risks and offers assurance of safe, wholesome, nutritional products for sale to consumers.

Most of the efforts to legalize raw milk sales are driven by two groups. The first, ironically are folks pushing the "healthier" aspects of unpasteurized milk. A recent Wall Street Journal article by Laura Landro states, "Advocates of fresh-from-the-farm unprocessed foods tout "raw" milk as the ultimate health food, claiming it is rich in disease-fighting nutrients and healthy enzymes that are lost in pasteurization."

Dr. Robert Tauxe, deputy director of the Centers for Disease Control is quoted in Ms. Landro's article, "People don't remember the bad old days, when before pasteurization, cow's milk accounted for about 25 percent of all food and water-borne disease outbreaks." Landro reports, "Between 1998 and 2008, there were 85 outbreaks

of human infections resulting from the consumption of raw milk reported to CDC, including a total of 1,614 reported illnesses, 187 hospitalizations and two deaths." To put one's self at such risk flies in the face of common sense.

The second group is dairy farmers who love what they do and are willing to take the risk to continue in business. Most are just tired of taking the price they receive, while it appears others reap profits from the product farmers produce. They feel the pricing system to producers is broken.

Although John J. Stoltzfus, a KY dairy farmer, doesn't sell raw milk to consumers, the frustration concerning pricing can be heard in a letter he recently sent me. John and his wife purchased a 10 ounce glass of milk for \$1.59 with their meal at a restaurant. He converted the price to \$254.40 per hundredweight. He explained, "We as dairy farmers ... go out the drive and down the road without even knowing what our price will be until 30 or 40 days later." John then asked, "Does this give any of us, with common sense, any idea what our milk price could or should be?"

When faced with not being able to cover expenses or selling out, one can understand how selling raw milk is considered as an option. National milk price reform that would provide equitable prices for all sectors of the industry could minimize consideration for seeking this choice.

Legalizing the sale of raw milk to consumers for whatever reason puts people at risk: It is bad business for all dairy farmers and the dairy industry as a whole. It puts consumers' health and even life at risk. For those farmers who do sell to consumers, it sets the stage for potential litigation, loss of assets and a livelihood they love and enjoy.

State Legislative Dairy Issues

By Dave Roberts, Dairy Consultant

Legislators considered several dairy issues in the 2010 legislative session. HCR 207 is a resolution to urge the United States Department of Agriculture to evaluate the efficiency of the formula used to establish milk prices paid to farmers and determine if that formula puts Kentucky dairy farmers at competitive disadvantage. This resolution was sponsored by representatives M. Denham, J. Bell, J. Comer, M. King, T. McKee and W. Stone. The resolution went through the House and Senate with no opposing votes and was delivered to Governor Beshear to be signed.

The second resolution, HR 566 was also sponsored by M. Denham and

recommended by the Kentucky Milk Commission. It would give responsibility to the KMC of developing and administering a program of minimum milk pricing protection for dairy farmers if the Federal Milk Marketing Order system is abolished. This resolution also passed the House and Senate and was sent to the Governor.

House Bill 594 sponsored by J. Bell, G. Stumbo, W. Stone and R. Watson was also considered. This bill was a combination of ideas discussed by the Kentucky Milk Commission and Representative John Bell. The bill would establish a Dairy Producer Incentive Program to provide subsidies and low interest loans to producers that meet quality and production requirements established by the KMC. The money for the program would come from a fee collected on gallons and half gallons of milk at retail level.

While the KDDC and the KMC agree

with HB 594 in principle, it is believed there may be some unforeseen problems to be worked out.

With these concerns in mind Rep. John Bell amended HB 594 to have the KMC gather data relating to the processing, marketing, distribution, and pricing of milk. The commission is to report any potential violations of the Consumer Protection Act to the Attorney Generals Office; report also to the Legislative Research Commission and the Joint Committee on Agriculture by November 1, 2010. This bill passed the House 98-0 but the 2010 session ended before the Senate Ag Committee could hear the bill.

As your organization, KDDC has gained trust and rapport with legislators and is working hard to help frame sound policies for Kentucky's dairy industry.



Milk Prices

FMMO 5

www.malouisville.com

March 2010

Class I Price (@ 3.5% BF)
\$18.09

April 2010

Class I Advanced Price
\$16.97

FMMO 7

www.fmmatlanta.com

March 2010

Class I Price (@ 3.5% BF)
\$18.64

April 2010

Class I Advanced Price
\$17.52

Missed Opportunity?

By Sam Finney- Dairy Consultant

We have all heard the old saying “opportunity knocks but once” and often this adage seems true. Unfortunately as we move into spring it seems that once again the opportunity to price the milk produced on Kentucky farms at sustaining level may have once again slipped away.

The pain felt in 2009 from low milk prices may be creeping back into our bones as the arthritis of “being price takers” stiffens us from taking action on our own behalf. The tools of price opportunity lay rusting in the tool boxes of our minds, shoved aside as we sort through our daily routines on the farm.

“Oh, I’ll take a look at that someday” as you are reminded of their presence as you read an article on marketing milk or some other event stirs the dust covering the memory of a marketing seminar you may have attended. But the reminder is soon lost in the flurry of dairy work, nagging at you slightly when you look at your next milk check. “Man, I wish I could do something about these prices.”

Look at the following table of Class III milk prices.¹

The \$2.87 difference between April’s recent high and April 5,

Month	Recent High/Date	Recent Low/Date	Today: 4/5/10
Apr. '10	\$15.60	12/09 \$12.20	03/10 \$12.73
May '10	\$15.78	12/09 \$12.58	03/10 \$13.40
June '10	\$15.95	12/09 \$13.25	03/10 \$14.00
July '10	\$16.25	12/09 \$13.40	03/10 \$14.47
Dec. '10	\$16.10	12/09 \$14.20	03/10 \$14.57

¹ Chart information from CME Group Charts, prices are approximate.

2010 price, and the \$1.78 difference between July’s recent high and the July price on April 5 are missed opportunities.

Will the prices recover? No one knows. Odds are that April prices will not, not enough time. How about July? Possibly, we have already seen some bounce off of the lows seen in March, but they could as easily head lower. What then in December? Much like July in that we have time, but if production continues to creep up, cow numbers grow and demand stagnates or decreases, the prices quoted today could look good. If you had captured \$1.50 of the \$2.87 offered for April milk or \$1.00 of the \$1.78 offered for July milk, what would that have meant to your bottom line?

At what point do dairymen clean the rust off of their marketing tools or go out and purchase new tools if there are none in the old tool chest. Yes, they are difficult to master and they take time to learn to use. So did backing a hay wagon in the barn. Now that is second nature and you are proud that you can do it. Opportunity is knocking. When are you going to answer or is another load of hay going to get wet?

2010 KDDC Annual Meeting Wraps Up

This years annual meeting was held during the Kentucky Dairy Partners meeting on March 3 at the Cave City Convention Center, with more that 230 dairy farmers and industry in attendance.

KDDC gave special recognition to outgoing board members: Alan Burton, Travis Mullins and George Purcell. During the KDDC Board Meeting Jim Sidebottom was re-elected as President, Bob Klingenfus



Left to right: Jimmy Woodall, Eric Risser, ????, and ????? enjoyed their time in the trade show.

re-elected as Vice President, Tom Hastings re-elected as Secretary/ Treasurer, H. H. Barlow was re-elected to the Executive Committee and Jimmy Woodall was also re-elected to the Executive Committee.

The new Board of Directors elected are; District 1, Ellie Gore (appointed); District 7, Charlie Edgington and District 8, Larry Baxter. Dr. Townsend was re-elected to the Allied Industry Veterinary seat and Dan Riddell, PhD was re-elected to represent Nutrition.

Dairy Awards Up for Grabs

By Chris Thompson, UK Regulatory Services

Kentucky Quality Dairy Producer Award

The Dairy Products Association of Kentucky (DPAK) will be sponsoring the Kentucky Quality Dairy Producer Award at the 2010 Kentucky State Fair Dairy Recognition and Awards Banquet in August. The purpose of the award is to recognize the Kentucky dairy producer who best portrays the production of high quality milk.

The 2010 award's criteria are to be based on producer data derived from April 1, 2009 through March 31, 2010. All nominees are required to possess valid permits from the Cabinet for Health Services, Milk Safety Branch throughout this period. Nomination forms should be postmarked or delivered to DPAK no later than June 4, 2010.

Applications may be submitted by producers themselves or by professionals who serve the dairy industry such as dairy field representatives, veterinarians, extension personnel, milk haulers and others. These individuals should work closely with producers to help ensure the accuracy of the information reported on the nomination form.

Kentucky Quality Milk Hauler Award

The Dairy Products Association of Kentucky (DPAK) and the Kentucky Dairy Development Council (KDDC) will be co-sponsoring the third annual Kentucky Quality Milk Hauler Award to be presented at the 2010 Kentucky State Fair Dairy Recognition and Awards Banquet in August. The purpose of the award is to recognize the Kentucky milk hauler who best exemplifies quality hauling procedures and who is known as an exceptional representative of Kentucky's dairy industry.

The contest is open to haulers who sample and weigh Kentucky dairy producer's milk. Nominations for the award may be submitted by haulers themselves, milk transport companies, producers, processors, field representatives or others who are familiar with the nominees' milk hauling activities.

Selection criteria are divided into broad categories that include: 1) Accuracy, efficiency and reliability, 2) Positive image and cooperation, 3) Leadership and service, 4) Regulatory Services compliance and 5) Milk Safety Branch compliance.

Go to www.rs.uky.edu and click on milk for a copy of the nomination forms. Nomination forms must be post marked or delivered to DPAK no later than June 4, 2010.

Now is the time to be thinking about who you would like to nominate for these awards.

The Dairy Calf & Heifer Conference – An Information-packed Event

The Dairy Calf & Heifer Association's (DCHA) annual conference wrapped up on March 25. By all accounts, it was a very successful meeting and trade show. More than 300 growers, producers, veterinarians, academia, and dairy industry representatives attended the conference March 23-25, in Lexington, Ky.

DCHA Conference Committee Chair Eugene Myatt, of Kentucky Heifer Growers in Glasgow, Ky., said, "It's great to have growers and producers attend this information-packed conference here in my home state. Attendees received practical information that they can take home to their operations, while experiencing Kentucky's hospitality."

Special thanks go to the Kentucky Department of Agriculture and the Kentucky Dairy Development Council for their help in making this such a successful conference.

Growers and producers, with more than 600,000 head (herd sizes ranged from 80 to 53,000), heard 30 speakers

present the latest on nutrition, U.S. dairy trends, biosecurity, vaccines, disease intervention, colostrum management, automatic feeders, DCHA's Gold Standards and much more from top industry professionals. Management topics included labor management, risk management, and a panel discussion led by DCHA Board members on how to write a strong contract.

Standing room only crowds packed the live animal demonstration theatres where presenters offered practical information that growers and producers can use in their everyday operations.

DCHA is the only national association dedicated to serving the dairy calf and heifer industry. We strive to provide information, education and access to leading research and technology to help our members be more profitable. To join DCHA, visit the Web site or call 877/434-3377.

Plans are already underway for the 2011 conference, April 5-6, in Lake Geneva, Wis. Check the DCHA Web site (<http://www.calfandheifer.org/>) for the latest news on next year's conference.

Udder Fun for the Whole Family!

Dairy Night at the



Tuesday, June 1
\$6.00 per ticket
Deadline May 24



Monday, June 28
\$8.50 per ticket
Deadline June 16

Free giveaways, rollover tractor, Kids Kab, Face painting and more!

*To make reservations contact:
Eunice Schlappi at 502.564.4983
credit card or check accepted*

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- Phinix, LLC
- Owen Trucking
- Premier Crop Insurance
- Ralph Lewis - Milk Hauler
- Schochoh Mills, Inc.
- South Central Bank
- Southeast Dairy Consulting



Kentucky Dairy Industry Facts

- 2009 NASS Milk Production Report ranks Kentucky 46 in production per cow.
- Kentucky has increased production/cow from 13,444 lbs. in 2008 to 14,194 lbs. in 2009.
- April 2010- 939 dairy farms with 84,000 cows.

2010 Dairy Calendar of Events

- April 30 KDDC Board Meeting - Nelson County Extension Office - Guest Speaker, Sherry Bunting, FARM SHINE
- May 1 Valley Farmers Co-op Open House, Athens, TN
- May 10-12 DeLaval Pennsylvania - Profound Productivity Tour
- May 29 Harrodsburg June Dairy Day
- June 1 Dairy Night at the Lexington Legends Ball Park
- June 5 Pelly's Farm Fresh June Dairy Day - Smith's Grove, KY
- June 8-9 DPAK Annual Conference & Golf Outing
- June 11 Hart County June Dairy Day
- June 12 Barren County June Dairy Day
- June 19 Luttrull Feed & Owen Transport Dairy Appreciation Day
- June 23 Marion County June Dairy Day & Dairy Show
- June 25 Adair County Dairy Farmer Appreciation Dinner
- June 26 Chaney's Dairy Barn June Dairy Day
- June 26 Salvisa June Dairy Day
- June 28 Dairy Night at the Bowling Green Hot Rods
- August 3-4 Kentuckiana Dairy Exchange
- August 6 Ag Awareness Night at Chaney's Dairy Barn
- August 19-29 Kentucky State Fair - Louisville