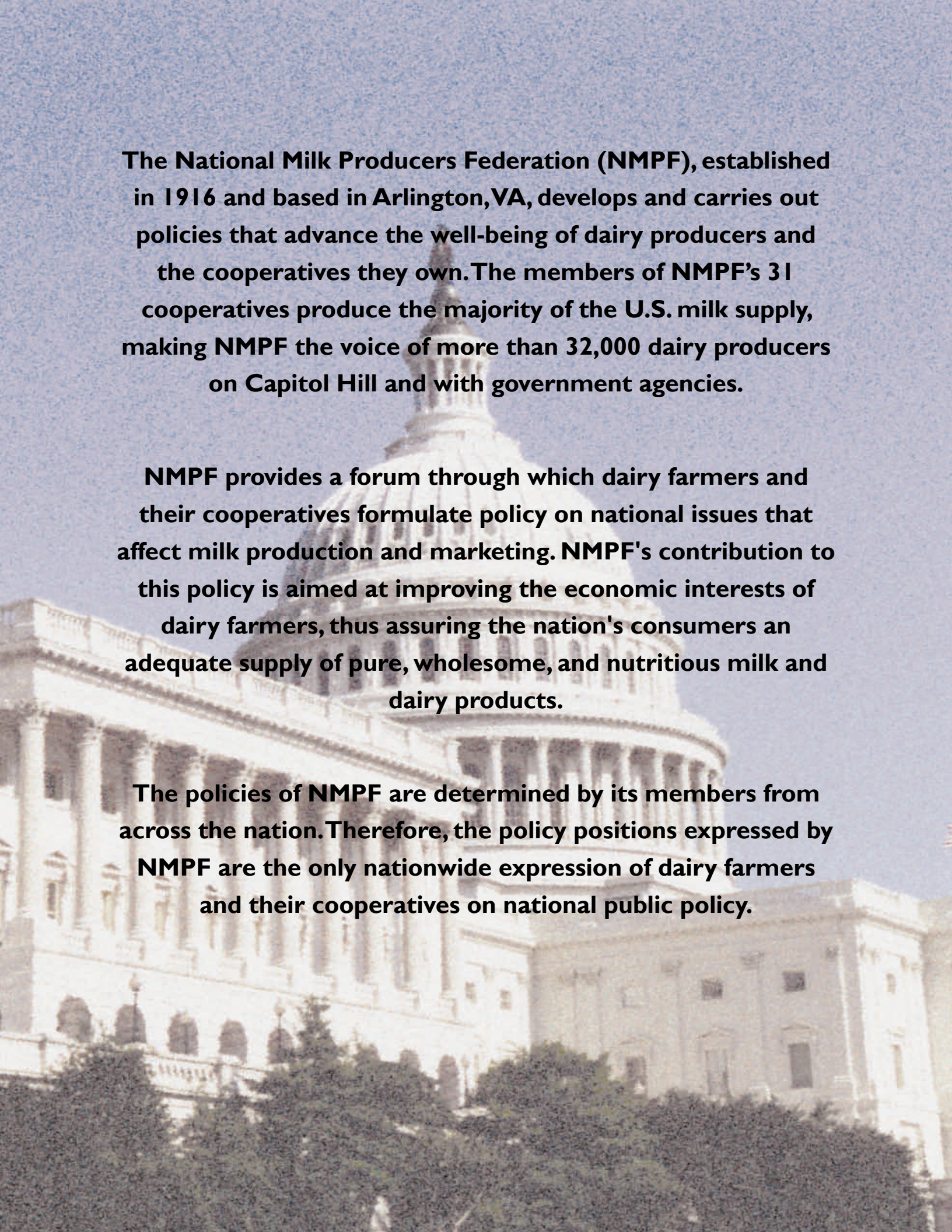




**2011**  
**Activities & Accomplishments**  
**Report**





**The National Milk Producers Federation (NMPF), established in 1916 and based in Arlington, VA, develops and carries out policies that advance the well-being of dairy producers and the cooperatives they own. The members of NMPF's 31 cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of more than 32,000 dairy producers on Capitol Hill and with government agencies.**

**NMPF provides a forum through which dairy farmers and their cooperatives formulate policy on national issues that affect milk production and marketing. NMPF's contribution to this policy is aimed at improving the economic interests of dairy farmers, thus assuring the nation's consumers an adequate supply of pure, wholesome, and nutritious milk and dairy products.**

**The policies of NMPF are determined by its members from across the nation. Therefore, the policy positions expressed by NMPF are the only nationwide expression of dairy farmers and their cooperatives on national public policy.**

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The credit for NMPF's accomplishments in 2011 is properly given to its members for their commitment to thoughtful, realistic and comprehensive positions. Rather than pursuing quick or easy solutions that later prove to be neither, NMPF has always committed itself to investing in, and achieving, long-term, strategically-focused goals.

Such was the case in 2011, when we continued our effort to fundamentally reform dairy policy. We persistently communicated to the dairy sector, and lawmakers, the rationale for why Foundation for the Future – a thoroughly-vetted package of reforms – is the best hope to provide a better safety net for farmers. That effort bore fruit last year, both through the grassroots tour that NMPF's staff conducted, as well as in the serious consideration that leaders in Congress gave to our legislative proposal, which has evolved into the Dairy Security Act. As we start 2012, NMPF's investment in Foundation for the Future is well-positioned to be enacted by Congress.

But this commitment to pragmatic and effective ideas was also seen in our efforts on trade policy, food safety, the environment, immigration reform, as well as in other areas that are addressed in the pages of this report. I want to thank our staff for their hard work on all of these things. I know we'll continue in 2012 to successfully bring to fruition the goals of our members.

Jerry Kozak  
President & CEO, NMPF

## Dairy Policy Reform



### Foundation for the Future Moves Closer to Passage

Following a year of internal planning and deliberation in 2010, NMPF's comprehensive proposal to reform dairy policy, Foundation for the Future, made huge strides in 2011.

Given the importance of the issue to NMPF's dairy farmer members, NMPF's staff conducted a 12-city, 11-state road show last summer to review Foundation for the Future (FFTF). The meetings with more than 1,200 farmers, co-op employees, policy makers, and others in the industry helped create a better understanding of the program, obtained unfiltered feedback from producers, and established FFTF as the most thorough and refined proposal through which to revamp the dairy farm-level economic safety net. The tour helped build consensus among cooperatives and farmers about the best approach to take in reforming existing dairy policies.

After some modifications as a result of the grassroots tour, FFTF was introduced in Congress as H.R. 3062 at the end of the summer by Rep. Collin Peterson (D-MN), the top Democrat on the House Agriculture Committee. Peterson was joined in sponsoring the new Dairy Security Act (DSA) by Rep. Mike Simpson (R-ID), along with eight other co-sponsors.

The DSA became the basis for dairy policy as Peterson, along with other leaders of the House and Senate Agriculture committees, crafted a new Farm Bill last fall that would generate \$23 billion in budget savings. The DSA represents a savings of 20% compared to current dairy programs, while providing a better safety net to producers – thus achieving positive political and economic outcomes.

In the end, the initial Farm Bill proposal stalled out, as the congressional supercommittee failed to reach agreement on a sweeping \$1.2 trillion package of spending cuts. However, the key elements of the DSA will become the starting point for the next attempt Congress makes to create a Farm Bill in 2012.

### Economic Staff Supports Cooperative Members

NMPF's department of Marketing and Economic Research provides support to all of NMPF's program areas. This includes analytical support for CWT's Export Assistance program and other international trade issues; the development and advancement of the Dairy Security Act and the rest of NMPF's legislative agenda; and work to ensure that environmental, food safety, and other regulations truly meet required cost-benefit tests.

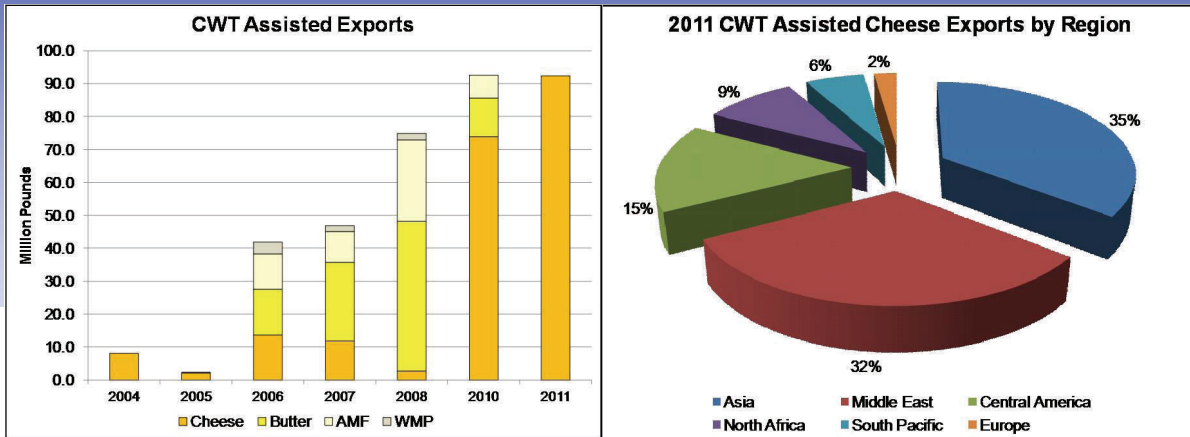
In addition, throughout 2011 NMPF's economic staff also:

- Successfully reversed planned cuts to dairy farm size reporting and the July Cattle Report by USDA's National Agricultural Statistics Service (NASS).
- Pursued reform of dairy product price reporting, which will move from NASS to the Agricultural Marketing Service in early spring 2012.
- Worked to ensure that rule-making under the Wall Street Reform Act didn't undermine the ability of dairy farmers and their cooperatives to manage price risks as dairy producers' representative on the Commodity Futures Trading Commission's Agricultural Advisory Committee.
- Provided effective market outlook services to members through the monthly Dairy Market Report, as well as through direct contact with NMPF members on an individual basis.
- Compiled the detailed annual international dairy statistics in the "World Dairy Trade Trends" online searchable database for the U.S. Dairy Export Council.

*"The Dairy Security Act represents a savings of 20% compared to current dairy programs, while providing a better safety net to producers..."*



**NMPF staff visited with dairy farmers in 12 cities to explain FFTF and receive unfiltered feedback from the farm.**



### Export Assistance Builds Markets, Increases Producer Revenue

In 2011, the Cooperatives Working Together (CWT) program focused all of its efforts on assisting member cooperatives in expanding export sales of American-type cheeses to growing world markets.

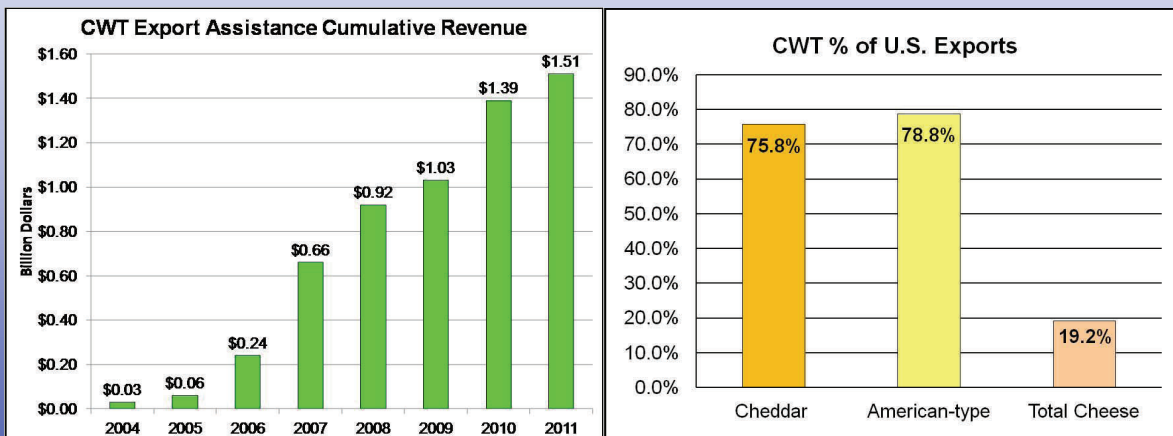
The results are impressive. CWT member cooperatives made 280 sales in 2011, totaling 92.4 million pounds of Cheddar, Monterey Jack and Gouda cheeses. Through the first 10 months of 2011 (the period for which export shipment data is available), CWT sales accounted for 76% of all Cheddar loaf shipments and 79% of American-type loaf shipments. CWT-assisted sales accounted for 19% of all cheese shipped in the first 10 months of last year.

The extent of this export activity helped tighten domestic supplies, reducing the cheese inventories overhanging the domestic market. CWT member cooperatives also gained and maintained footholds in key foreign markets, some of which have been growing much faster than the domestic market. Put another way, the volume of cheese CWT helped members sell in 2011 is equivalent to 901 million pounds of milk, or the annual production of over 43,000 cows.

An independent analysis by Dr. Scott Brown, from the University of Missouri’s Food & Agriculture Policy Research Institute (FAPRI), showed that producer revenue was increased 22 cents per hundredweight on all milk marketed by all producers.

Most importantly, CWT was renewed for another two-year term, starting in January 2012. More than 70 percent of the nation’s milk supply will be contributing a two-cent per hundredweight membership assessment to help further bolster CWT’s effectiveness in 2012 and beyond.

*“The volume of cheese CWT helped members sell in 2011 is equivalent to 901 million pounds of milk, or the annual production of over 43,000 cows.”*





### **1099 Form Repeal a Victory for Farmers; Estate Taxes Reduced for Now**

Tax cuts, tax breaks, tax extensions and expiring taxes highlighted the 2011 agenda in Congress, and will continue in 2012.

*Congress passed a bill to repeal the burdensome 1099 form reporting requirement that was included in the Obama health care reform law.*

In April 2011, Congress passed a bill, backed by NMPF, to repeal the new 1099 form reporting requirement that was included in the Obama health care reform law. NMPF actively lobbied against this burdensome proposal, which would have required the reporting of all services costing more than \$600.

The same legislation established a new set of estate tax exemptions at \$5 million per person, and a top estate tax rate at 35% for 2011 and 2012. The law codified a new provision for 2011-2012 that allows the unused portion of a spouse's exemption to be used by a surviving spouse. However, without congressional action, in 2012 the estate tax exemption will be reduced to \$1 million per person with no spousal transfer, and the top rate will increase to 55%. NMPF was supportive of the short-term estate tax provisions, but will continue to lobby for permanent exemptions.



**The Ag Appropriations bill preserved more than \$20 million for the REAP program, which can be used on projects ranging from energy efficiency audits to anaerobic digester systems.**

### **FY 2012 Agricultural Appropriations Bill Signed into Law**

NMPF lobbied extensively on the Fiscal Year 2012 Agricultural Appropriations bill which was passed last year as part of a larger spending package. As a result of the organization's actions, there were no severe cuts to the Market Access Program (MAP) or Foreign Market Development (FMD) programs. In addition, the Commodity Futures Trading Commission (CFTC) was given a significant reduction in funding, which will influence the CFTC as it writes rules that directly relate to how cooperatives are defined in commodity transactions.

The Ag Appropriations bill did preserve more than \$20 million for the Rural Energy for America Program (REAP). While this level is a significant reduction from the previous year's funding, NMPF was pleased that some resources will be available this year, because REAP can be used on projects ranging from energy efficiency audits to anaerobic digester systems.

### **Senator DeMint Questions Validity of Checkoff Programs**

NMPF educated the Senate on the effectiveness of agricultural checkoff programs after an amendment was discussed that would terminate all currently approved programs. Fortunately, this amendment was not pursued, but NMPF will continue to monitor all legislation relating to dairy checkoff programs.



## National Dairy FARM Program Completes Third-Party Verification



Last summer, NMPF began the process of third-party verification of the National Dairy FARM Program™. NMPF worked with the University of Pennsylvania to develop a statistically valid sampling method that would provide 95 percent confidence in the on-farm data collected to date. Validus Services was awarded the contract to conduct the third-party verifications. The verifications on farms were completed in December 2011. The data are currently being reviewed, and any recommended changes to the program as a result will be developed in 2012.

## NMPF Opposes Federal Egg Legislation

Egg producers began working in 2011 with animal rights activists on federal legislation affecting farm-level animal care standards – a precedent that greatly concerns NMPF. Last summer, the United Egg Producers (UEP) and the Humane Society of the United States (HSUS) announced an agreement to work together toward enacting the first comprehensive federal legislation addressing poultry welfare standards. Since then, a bill codifying that agreement was introduced in the House of Representatives.

NMPF is not opposed to UEP and the HSUS coming to an agreement regarding specific cage guidelines, but remains opposed to legislation that would involve the federal government in regulating arbitrary animal welfare practices. NMPF will continue to carefully monitor upcoming legislation relating to federal animal welfare standards.



**NMPF opposed legislation that would allow the federal government to regulate arbitrary animal welfare practices.**

## FMD Preparedness Top of Mind for USDA and Dairy Industry

Foot and Mouth disease (FMD) preparedness continued to be a focus for NMPF in 2011. USDA's Animal Plant Health Inspection Service (APHIS) conducted two public meetings that focused on diagnostics, vaccination policy and continuity of business in the event of an outbreak. NMPF participated in the meetings, and is engaged in the development of the Secure Milk Supply Plan (SMS plan). The SMS plan has been in development for the past two years, and covers four areas to ensure continuity of business in the event of an FMD outbreak:

- Premises security
- Milk hauler/transport biosecurity
- Milk processing biosecurity
- Milk movement matrix

Though the SMS plan is a national level plan, regional groups have formed to look at these same issues on a more local level. The New England area prepared a regional plan to move milk between their states in the event of an FMD outbreak. A new southeast regional group consisting of Virginia, Maryland, North Carolina, South Carolina, and Tennessee also formed this past year. NMPF is participating in the development of the Southeast Secure Milk Supply Plan. Work on this project and the SMS plan will continue into 2012.

*“NMPF...is engaged in the development of the Secure Milk Supply Plan.”*



**Under a proposed child labor law, children under 16 would not be allowed to work on a farm not directly owned by their parents.**



**The H-2A Visa Reform Act instructed the Department of Labor to create special procedures for dairy workers.**

## **Workplace Safety Issues Get Focus in 2011**

In 2011, the Occupational Safety and Health Administration (OSHA) put more of an emphasis on work force safety in agriculture. This national level focus has caused an increase in farm inspections in some states. In Wisconsin, the regional OSHA office expects to conduct 12 inspections in 2012. Farms are pulled from the CAFO list, and the resulting inspections are not announced in advance. California, Oregon and Washington have been doing more inspections, with 70 dairies being inspected in the last year. NMPF will continue to follow OSHA and its policy regarding inspections of farms for worker safety issues.

In September 2011, the Department of Labor published a proposed rule to revise the child labor regulations in the Fair Labor Standards Act, which set forth the criteria for the employment of minors in agricultural and nonagricultural occupations. Under the proposal, children under 16 would not be allowed to work on a farm that isn't directly owned by their parents, or operate any power-driven equipment, herd livestock on horseback, or work around breeding cattle. NMPF is one of many agricultural groups with concerns about the proposal, and will continue to work with Congress and the Department of Labor to seek a workable solution.

## **NMPF Formulates Immigration Policy Goals for the Dairy Industry, Pursues H-2A Visa Reform**

NMPF's Immigration Task Force formulated a unified set of immigration principles and goals for the dairy industry, to help prepare for opportunities in Washington, DC that address the workforce needs of its members. The task force brought together much of the industry to develop a cohesive set of immigration principles.

At the same time, NMPF worked with Sen. Patrick Leahy (D-VT), Chairman of the Senate Judiciary Committee, to draft and introduce the H-2A Visa Reform Act, which instructs the Department of Labor to create streamlined special procedures, similar to those for sheepherders, for dairy workers. That legislation is still pending in the Senate in 2012.

## **NMPF Fights Agriculture's Inclusion in the Federal Contractor E-Verify Program**

NMPF lobbied extensively to oppose mandatory E-Verify regulations that would require all federal contractors to use the E-Verify system. The Department of Homeland Security specifically exempted the vendors of agricultural products from the new requirement, including bulk shipped agricultural products such as milk.

Similarly, NMPF worked closely with business groups in formulating policy recommendations that will make any future E-Verify regulations more acceptable for dairy, and more importantly, preempt state-specific requirements for the system.

## **“Snowball in the Pacific” – Trans-Pacific Partnership Negotiations**

The most important active trade negotiations in 2011 – and continuing into 2012 – were the Trans-Pacific Partnership Free Trade Agreement talks. NMPF continued to staunchly defend the view that U.S.-New Zealand dairy trade should not be expanded as part of this effort, particularly given the pervasive anti-competitive practices whereby one company controls roughly 90% of a country's milk production. In addition to this primary goal, NMPF continued to play a lead role in the development of the Sanitary PhytoSanitary, and Intellectual Property chapters, in order to best defend U.S. interests as well. Near the end of 2011, Japan and Canada announced their interest in these negotiations, a prospect that NMPF welcomed with great enthusiasm, since including these large and insulated markets is a long-standing goal.

*“U.S.-New Zealand dairy trade should not be expanded.”*



## FTAs Passed with Three New Countries

The U.S. had long ago negotiated Free Trade Agreements (FTAs) with South Korea, Panama and Colombia, only to see the ultimate Congressional approval of the agreements stall for several years. Finally in 2011, NMPF successfully worked with a coalition of like-minded organizations to secure final passage of these FTAs, each of which is expected to yield benefits for U.S. dairy producers through increased exports. In particular, the FTA with South Korea is important, as it is likely to be the second most commercially meaningful trade deal (after the North American Free Trade Agreement), and generate hundreds of millions of dollars in additional benefits to the U.S. industry.

## Free Trade with #1 Export Market Restored

Starting in the fall of 2010, many U.S. cheeses sent to Mexico, America's largest export market, were slapped with retaliatory tariffs due to lack of U.S. compliance with its North American Free Trade Agreement (NAFTA) transportation commitments. NMPF's hard work to shed light on the negative impact of this on U.S. dairy exports, and to build support within the U.S. government for resolving the long-running issue, finally paid off in fall 2011, when Mexico lifted the tariffs in response to U.S. compliance with its obligations. As a result, unfettered access to a market worth \$1.2 billion last year was restored.



**Resolution of the NAFTA trucking dispute reopened U.S. cheese access to a Mexican export market worth \$1.2 billion.**

## EU Somatic Cell Count Requirements Resolved

For more than a decade, the European Union (EU) has required dairy products exported from the U.S. to have a somatic cell count (SCC) of 400,000 per mL at the tank truck level, as reflected on the EU Export Health Certification approved by USDA. In January 2011, the dairy industry was informed that the EU was expanding that requirement to individual farms. NMPF wanted to be sure that this change was workable for dairy cooperatives, ensuring a continuation of trade with the large European market. Throughout the year, NMPF, along with other stakeholders, worked with USDA to ensure that any changes to the EU regulations reflected practices which occur in EU member states. This flexibility was incorporated into the new final EU requirements that were implemented beginning January 1, 2012.

*"The new final EU [SCC] requirements...were implemented beginning January 1, 2012."*

## Addressing Unfounded Barriers to Trade

Technical requirements, some of which lack a sound scientific justification, often hinder America's ability to export products. NMPF was focused throughout 2011 on finding creative ways to address these challenges with several major trading partners, such as China, Indonesia, Russia and India. The first two markets were worth \$326 million and \$199 million respectively last year, while NMPF's work with respect to the latter two countries is focused on regaining access to closed markets.

Additionally, some barriers have taken increasingly creative forms, such as the EU's efforts to prohibit U.S. companies from using some of the most well-known cheese names in markets around the world. In this manner, the EU is seeking to help dampen competition from our growing cheese exports. NMPF took on this fight with particular vigor in our FTA partner markets, and is organizing a newly launched consortium to ardently defend the rights of all to use generic product names such as parmesan, provolone, feta and many others.



## Food Safety & Nutrition



**There is no science behind the claims of raw milk supporters that pasteurization does anything other than make safer a potentially hazardous product.**

*“NMPF has continued to work with FDA...to better understand the impact of potential regulations on the dairy industry, recognizing that a strong food safety system is imperative.”*

## Raw Milk Draws Increasing Attention

Recalls, outbreaks, and investigations of manufacturers of raw milk and raw milk cheeses continued to receive attention in 2011. This alarming trend has the potential to put into doubt the safety of all dairy products. In 2011, NMPF continued to urge both state and federal governments to defend laws against the sale of raw milk.

On April 4, 2011, NMPF sent a letter to New Jersey Governor Chris Christie and State Senate Democratic Majority Leader Stephen Sweeney, urging them to oppose legislation in the state senate that would allow the direct sale of raw milk to the public. Assembly Bill 743 would have permitted the sale of raw milk and established a raw milk permit program. Citing the food safety risks, NMPF stated there was no valid reason to liberalize sales of raw milk, asserting that “there is absolutely no science behind the claims of raw milk supporters that pasteurization does anything other than make safer a potentially hazardous product.” Jerry Kozak specifically said, “On a personal note, my professional career began at the New Jersey Department of Health, where I served for 12 years, including as Chief of Staff to the Commissioner of Health. ... It is disappointing to see that the public health gains we achieved in New Jersey in the 1970s would be compromised today by a conscious effort to allow the sale of potentially pathogenic foods.”

In November, raw milk supporters rallied outside FDA headquarters in Maryland, urging the federal government to cease federal efforts to ban the trafficking in raw milk sales across state lines. NMPF again spoke out, calling on FDA to stand firm and to not waver in the face of pressure tactics saying, “We hope that Commissioner Hamburg looks at the evidence, and doesn’t just listen to the noise from those who would weaken public health protections.”

## Food Safety Act Implemented

On January 4, 2011, the Food Safety Modernization Act (FSMA) was signed into law by President Obama. It is the most sweeping reform of U.S. food safety laws in more than 70 years, with the goal of ensuring the safety of the U.S. food supply, by shifting the focus from responding to potential contamination to prevention.

In the first year since the FSMA was signed into law, NMPF has continued to work with FDA – by participating in public meetings and submitting comments – to better understand the impact of potential regulations on the dairy industry, recognizing that a strong food safety system is imperative.

In comments submitted on the 2012 Reinspection Fee Schedule and Guidance Document proposed by FDA, NMPF emphasized the need for transparency about the guidance for the fee schedule, and maintained that small business consideration be given to nearly all dairy farm operations with respect to lessening the burden of fees on the dairy farming industry. Additionally, NMPF asked for clarification that inspections and reinspections conducted by the States through the National Conference of Interstate Milk Shippers, in accordance with the Pasteurized Milk Ordinance, should not be considered in the proposed fee schedule.

NMPF also submitted comments on the Preventive Controls Guidance for Registered Human Food Facilities, and will review the proposed rule when it is published later in 2012. These proposed regulations affect the requirement that food facilities analyze hazards, implement appropriate preventive controls, and develop written food safety plans – to minimize or prevent the potential for products to be adulterated or misbranded. They will likely have a significant impact on those facilities involved in dairy food manufacture.

## NMPF Proposal to Lower Somatic Cell Counts Defeated by One Vote

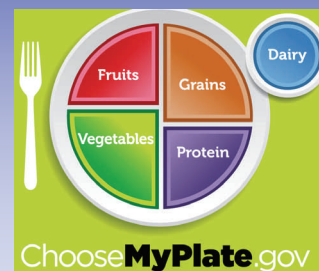
In February 2011, NMPF submitted a proposal to the National Conference of Interstate Milk Shipments to reduce the somatic cell count (SCC) threshold from 750,000 cells/mL, to 400,000. This proposal was the result of the NMPF resolution at the 2010 Joint NDB/NMPF/UDIA Annual Meeting supporting reduction of SCC to the lower level, phased in over a period of three years. Although reducing the SCC to 400,000 per mL has been proposed many times during the past 15 years, the NMPF proposal was the first to advance to the voting delegates for consideration. Ultimately, the proposal failed by one vote on a secret paper ballot.

## Dietary Guidelines Released in 2011

NMPF participated in the development of the 2010 Dietary Guidelines for Americans (DGA) – submitting comments to, as well as participating in meetings with, the U.S. Department of Agriculture. The Dietary Guidelines, which form the basis of federal food nutrition programs, are issued and updated by USDA and the Department of Health and Human Services every five years.

When the final DGAs were released, they continued to encourage three daily servings of low-fat or fat-free milk and milk products for adults and children nine years and older. For children ages four to eight, the recommendation was increased from two to 2.5 servings, and for children ages two to three, the recommendation remained at two servings. Most Americans fail to meet these recommendations.

In June 2011, the much-anticipated new icon, *MyPlate*, was launched as a reminder to help consumers make healthier food choices. NMPF applauded the new icon with a light blue circle depicting a serving of dairy next to the dinner plate to illustrate how to build a healthy eating plan, including a serving of low-fat or fat-free dairy at every meal.



The USDA's new *MyPlate*, which reflects the Dietary Guidelines, reminds consumers to make healthier food choices.

## New Drug Residue Testing Plan Finalized

At the start of 2011, the Food and Drug Administration's Center for Veterinary Medicine (CVM) proposed a new compliance and enforcement sampling program to determine if farms that had sold dairy cows with drug residues in their tissues may also have management practices leading to drug residues in their milk. As initially proposed, the CVM program would have produced a serious disruption in the marketplace, costing dairy producers more than \$30 million. NMPF spent much of last year working to shift the program from an enforcement activity targeting specific farms to a blinded sampling survey.

The revised sampling survey, which began in January 2012, involved collection of universal milk samples at central milk testing laboratories: 900 milk samples from dairy producers with a cull dairy cow tissue residue violation, and 900 random milk samples. FDA will have the samples blinded at the central laboratories, then shipped to the Institute for Food Safety and Health at Illinois Institute of Technology. The milk samples will then be shipped to FDA laboratories, where they will be tested for 30 different antimicrobial and anti-inflammatory residues. NMPF anticipates that the sampling and laboratory analysis will take at least one year.

In November, NMPF continued its educational outreach on residues in both milk and dairy beef by publishing an updated version of the *Milk and Dairy Beef Drug Residue Prevention Manual for 2012*. Residue prevention is one of the core areas of focus for the National Dairy FARM Program™. Additions to the 2012 version included a section on meat drug residue testing, an expanded list of products and risk factors for residues, as well as an updated drug and test kit list. The 2012 manual also included a certificate of participation that can be signed by a producer and their veterinarian to demonstrate their commitment to proper use of antibiotics on the dairy.

"The revised sampling survey...began in January 2012."

## NMPF Supports Disease Traceability and Eradication Efforts

NMPF continued to be an advocate for an effective animal identification and traceability system. In 2011, the USDA's Animal and Plant Health Inspection Service issued a proposed rule establishing regulations for improving the traceability of U.S. livestock moving interstate when animal disease events take place. NMPF strongly championed a system that incorporates RFID tags for identification of dairy animals and a quick transition to an electronic interstate certificate of veterinary inspection. NMPF encouraged USDA to apply consistent standards for dairy cattle across all states and territories and to proceed with rules specific for dairy that do not need to be aligned with those for the beef industry.

Along with animal identification, NMPF remained a strong advocate for brucellosis and tuberculosis eradication efforts. In November, the USDA asked for input on the proposals for the "Appraisals Using Beef and Dairy Calculators" and "Options for Federal Indemnity Payments Veterinary Services for Bovine Tuberculosis and Brucellosis Programs." NMPF stressed that when a herd has been identified with brucellosis or tuberculosis, and depopulation has been identified as the appropriate approach to control the disease, USDA must have the ability to fairly and accurately appraise animals for indemnification purposes.



A system that incorporates RFID tags for identification would help improve traceability when animal disease events take place.



### EPA Finalizes SPCC Milk Exemption for Milk

In perhaps the only mention of dairy farming ever in a State of the Union speech, President Obama used his January 2011 address to highlight the fact that the Environmental Protection Agency (EPA) has finalized the Spill Prevention, Control and Countermeasure (SPCC) exemption for milk. NMPF worked last year, as well as in the four preceding years, to ensure milk was exempt from SPCC requirements. If this exemption were not in place, thousands of dairy farmers would have found themselves burdened with costly reporting requirements. In fact, EPA reported that this exemption will provide dairy farmers an average annualized savings of \$133 million.

*“The [SPCC] exemption will provide dairy farmers an average annualized savings of \$133 million.”*

Meanwhile, for those farms required to comply with SPCC regulations for all other fuel and oil storage, the deadline to comply with the new rules was extended to May 10, 2013. This extension does not remove the regulatory requirement for owners or operators of farms in operation before August 16, 2002, to maintain and continue implementing an SPCC Plan in accordance with the SPCC regulations then in effect. NMPF continues to make available to dairy farmers a self certification SPCC template at [www.nmpf.org](http://www.nmpf.org).



**An amendment in the 2012 appropriations bill prohibits the EPA from requiring large livestock operations to report greenhouse gas emissions.**

### Greenhouse Gas Reporting Exemption Continues for Dairies

Congress extended a critical environmental exemption for dairy farms in the fiscal year 2012 Appropriations Bill. An amendment to that bill prohibits the Environmental Protection Agency (EPA) from requiring large livestock operations to report their greenhouse gas (GHG) emissions. Under current law, farms emitting 25,000 metric tons of CO<sub>2</sub> equivalents from manure management systems are to report those figures to EPA. This includes dairy farms of 3,200 or more cows. However, because of the exemption, the EPA is prohibited from enforcing that reporting requirement.

### Farm Dust Legislation Passes House of Representatives

Last fall, EPA Administrator Lisa Jackson said the agency will not seek to revise the standards for coarse particulate matter (PM<sub>10</sub>), otherwise known as farm dust, alleviating major concerns for farmers and ranchers throughout the country, especially in the West. Nevertheless, there is still anxiety by some that this announcement is just a temporary victory, while the days of farm dust being regulated further by EPA are not too far off in the future.

*“The Farm Dust Regulation Prevention Act of 2011 would exempt farm dust from falling under the purview of the Clean Air Act.”*

To ensure agriculture is protected from such regulations in the future, there have been ongoing efforts in Congress to halt or delay EPA from revising the standards. Legislation introduced by Rep. Kristi Noem (R-SD), the Farm Dust Regulation Prevention Act of 2011, would exempt farm dust from falling under the purview of the Clean Air Act for one year. On Dec. 8, the legislation passed the House of Representatives by a resounding vote of 268-150. The bill has since been sent to the Senate, where many are doubtful it will ever see further action. Prior to the bill's passage in the House, President Barack Obama sent a message to Congress that he would veto the legislation if it were to reach his desk. NMPF, along with a large coalition of agriculture stakeholders, sent a letter pledging support for Rep. Noem's legislation.

## Scholarship Program

## Scholarship/YC Programs

In 2011, the National Dairy Leadership Scholarship Program continued to fund graduate-level research projects of immediate interest to NMPF member cooperatives, in areas such as animal health, economics, food safety, and nutrition. NMPF's Scholarship Committee received a record number of applications last year. Ultimately, four students were awarded a total of \$8,000.

The 2011 Hintz Memorial Scholarship, given to the top scholarship candidate, was awarded to João Paulo Nascimento Martins, a Ph.D. candidate at Michigan State University. The title of his research proposal was "Effect of enhanced luteinizing hormone pulses during ovulatory follicle development on oocyte competency and subsequent pregnancy losses in dairy cattle."

Additional scholarships were awarded to:

- Daniel Garrido, a Ph.D. candidate in Food Science at the University of California-Davis. The title of his research proposal was "Molecular validation of the prebiotic properties of casein glycomacropeptides."
- Amanda Sterrett, a M.S. candidate in Animal Science at the University of Kentucky. Her research proposal was titled "Characterization of relationships between lying behavior, rumination behavior, and core body temperature using novel precision dairy farming techniques."
- Laura Bradner, a M.S. candidate in Biochemistry at Iowa State University. The title of her research proposal was "Optimization of methods for the detection of *Mycobacterium avium* subsp. *paratuberculosis* in milk and colostrum of naturally infected dairy cows."



As the top 2011 NMPF scholarship recipient, João Paulo Nascimento Martins was awarded the Hintz Memorial Scholarship.

## Young Cooperator Program



Encouraged by increased involvement from NMPF member cooperatives, the Young Cooperator (YC) program continued to provide educational programs and networking activities to rising dairy industry leaders throughout 2011.

A small group of YCs and YC coordinators traveled to Washington, DC, in March to meet with the members of Congress they had visited the previous summer. In June, a larger group numbering nearly 60 strong arrived in the nation's capital to receive a briefing on NMPF's priority legislative issues and lobby their congressional representatives. At NMPF's annual meeting in San Diego, 105 YCs attended a full program developed by the 2011 YC Advisory Council before joining the general programming sessions.

Members of the council who provided the leadership behind NMPF's 2011 YC program included: Chaircouple Matt and Kristie Dorsey, Northwest Dairy Association; Vice Chaircouple Brandon and Meg Miller, Land O'Lakes, Inc.; Secretary Jared and Genny Myers, Dairy Farmers of America, Inc.; David and Jennifer Collins, Dairyalea Cooperative Inc.; Matt and Cindy Damm, Dairy Farmers of America, Inc.; Charlie and Sherry Patterson, Maryland & Virginia Milk Producers Cooperative; Burke and Lisa Larsen, Michigan Milk Producers Association; Travis and Jenna Frauhiger, Prairie Farms Dairy, Inc.; Roy and Shiloh Johnson, Swiss Valley Farms Company; Josh and April Neahiger, Tillamook County Creamery Association; Kevin and Melanie Danzeisen, United Dairymen of Arizona; and William and Jamie Purdy, Upstate Niagara Cooperative, Inc.



*"In June, a larger group [of YCS] arrived in the nation's capital to receive a briefing on NMPF's priority legislative issues and lobby their congressional representatives."*



## Dairy Industry Assembles for Joint Annual Meeting

Nearly 1,000 people from multiple sectors of the U.S. dairy industry gathered at the Town and Country Resort & Convention Center in San Diego, CA, from November 14 - 16, 2011, for the joint annual meeting of NMPF, the National Dairy Promotion and Research Board, and the United Dairy Industry Association. It was the 95th annual meeting for NMPF. The sunny southern California weather appealed to many dairy producers, as registration was up from the previous year.

Presentations and topics of conversation centered on the meeting's theme of "Navigating a New Course." In a joint address to the membership, NMPF Chairman Randy Mooney and President & CEO Jerry Kozak provided updates on the efforts made over the previous year to reform dairy policy through the organization's Foundation for the Future initiative (now known as the Dairy Security Act of 2011). They also cited other successes that NMPF achieved on other legislative, regulatory and economic issues.

All eligible members of NMPF's 2011 Board of Directors were re-elected and will serve again in 2012, although there were several changes in the 2012 slate of officers. Randy Mooney, Dairy Farmers of America, will continue to serve as Chairman. Ken Nobis, Michigan Milk Producers Association, was elected the new First Vice Chairman with the retirement of Clyde Rutherford, Dairy Lea Cooperative Inc. Cornell Kasbergen, Land O'Lakes, will continue to serve as Second Vice Chairman. Mike McCloskey, Select Milk Producers, was elected Third Vice Chairman. Dave Fuhrmann, Foremost Farms USA, will continue to serve as Secretary. Doug Nuttelman, Dairy Farmers of America, was elected Assistant Secretary. Pete Kappelman, Land O'Lakes, was elected Treasurer, while Adrian Boer, Northwest Dairy Association, was elected Assistant Treasurer.

At the Awards Luncheon, NMPF presented Certificates of Appreciation to the following retiring directors: Paul Johnston, Agri-Mark; Paul Toft, Associated Milk Producers Inc.; and John Underwood, Northwest Dairy Association. In recognition of superlative and unparalleled leadership within NMPF, Rutherford was presented with the NMPF Leadership Hall of Fame award (top right photo). Rutherford, who has been involved with NMPF's board since 1980, worked to bring about the betterment of NMPF as an organization and the dairy producer community it serves.

### Communicator of the Year

Each year at the Annual Meeting, communicators from NMPF member cooperatives participate in the organization's Communications Competition. The competition recognizes excellence among NMPF cooperative communicators, provides an outside evaluation of communications efforts, and offers feedback for improvement opportunities. In 2011, 106 entries were submitted in 14 categories. The Outstanding Achievement in Communications Award (which recognizes exceptional accomplishment in the fields of public relations, publishing, writing, advertising, and special projects that advances the interests and objectives of America's dairy farmers) was awarded to Frances Lechner, United Dairymen of Arizona (UDA).

### Cheese Contest

During NMPF's 2011 Championship Cheese contest, Foremost Farms USA took the Grand Champion Cheese award - the Chairman's Plaque - for its Extra Sharp Cheddar, produced in Marshfield, Wisconsin. A total of 149 cheese entries were submitted in 10 categories and 15 classes.

Joe Weis and David Scheevel of Foremost Farms USA accepted the award from Kozak (left) and Mooney (right) on behalf of their cooperative.

*"In recognition of superlative and unparalleled leadership within NMPF, [Clyde] Rutherford was presented with the NMPF Leadership Hall of Fame award."*



**Frances Lechner (left), pictured here with UDA's CEO Keith Murfield, was recognized for her work as a cooperative communicator.**





Based on the Hoard's Dairyman Top 50 Coop list and USDA figures for 2010, NMPF cooperatives had 32,000 members, 60% of licensed dairy farms, and 78% of cooperative producers. NMPF coop members produced about 126 billion pounds of milk, 65% of U.S. milk production, and 79% of cooperative milk. At the end of 2011, NMPF had 31 cooperative members, including 26 of the 50 largest dairy coops in the U.S.

The associate membership category continued to grow, with current membership exceeding 75 members. This list included two international cooperatives, processor organizations, state associations, lending institutions, law firms, media, and academia.

## 2011 Officers

Randy Mooney, Chairman Dairy Farmers of America, Inc.	Dave Fuhrmann, Secretary Foremost Farms USA
Clyde Rutherford, 1st Vice Chairman Dairylea Cooperative Inc.	Assistant Secretary* [Vacant]
Cornell Kasbergen, 2nd Vice Chairman Land O'Lakes, Inc.	Ken Nobis, Treasurer Michigan Milk Producers Association
John Underwood, 3rd Vice Chairman Northwest Dairy Association	Mike McCloskey, Assistant Treasurer Select Milk Producers, Inc.

\*Paul Toft, Associated Milk Producers Inc., served as Assistant Secretary until his retirement in March 2011.



**Randy Mooney (right),** pictured here with **House Agriculture Committee Chairman Rep. Frank Lucas (R-OK),** will continue to serve as **NMPF's** chairman in 2012.

## 2011 Board of Directors

Neal Rea Agri-Mark, Inc.	Bill Siebenborn Dairy Farmers of America, Inc.	Jay Bryant MD & VA Milk Producers Coop. Assn.
Steve Schlangen Associated Milk Producers Inc.	Rick Smith Dairy Farmers of America, Inc.	Dennis Tonak Mid-West Dairyman's Company
Ed Welch Associated Milk Producers Inc.	John Wilson Dairy Farmers of America, Inc.	Adrian Boer Northwest Dairy Association
Tim den Dulk Continental Dairy Products, Inc.	Greg Wickham Dairylea Cooperative Inc.	Jim Wegner Northwest Dairy Association
Bill Blalock Cooperative Milk Producers Assn.	Albert Knegendorf Ellsworth Cooperative Creamery	Jim Werkhoven Northwest Dairy Association
Mickey Childers Dairy Farmers of America, Inc.	David Newhouse Farmers Cooperative Creamery	Paul Mills Prairie Farms Dairy, Inc.
Tom Croner Dairy Farmers of America, Inc.	Clint Fall First District Association	Brad Bouma Select Milk Producers, Inc.
Les Hardesty Dairy Farmers of America, Inc.	David Scheevel Foremost Farms USA	Joe Wright Southeast Milk, Inc.
Jerrell Heatwole Dairy Farmers of America, Inc.	Pete Kappelman Land O'Lakes, Inc.	Ralph McNall St. Albans Cooperative Creamery, Inc.
Jackie Klippenstein Dairy Farmers of America, Inc.	Chris Policinski Land O'Lakes, Inc.	Pat Schroeder Swiss Valley Farms
George Mertens Dairy Farmers of America, Inc.	Tom Wakefield Land O'Lakes, Inc.	Keith Murfield United Dairyman of Arizona
Doug Nuttelman Dairy Farmers of America, Inc.	Jim Baird Lone Star Milk Producers	Bobby Hall Upstate Niagara Cooperative, Inc.
Wayne Palla Dairy Farmers of America, Inc.	Dennis Donohue Manitowoc Milk Producers Coop.	Frank Sheckarski, Sr. Zia Milk Producers, Inc.
Dan Senestraro Dairy Farmers of America, Inc.	Randy Geiger Manitowoc Milk Producers Coop.	

*"At the end of 2011, NMPF had 31 cooperative members, including 26 of the 50 largest dairy coops in the U.S."*

## Future Meeting Dates

For more information on  
NMPF's meetings, visit  
[www.nmpf.org/events](http://www.nmpf.org/events).



NMPF will be returning  
to the Dolphin Hotel  
for the 2012 Joint  
Annual Meeting in  
Orlando, FL.



### 2012

Spring Board of Directors Meeting  
March 12 - 13, 2012  
Ritz-Carlton Pentagon City - Arlington, VA

Summer Board of Directors & YC Meeting  
June 12 - 13, 2012  
Westin Alexandria - Alexandria, VA

NDB/NMPF/UDIA Joint Annual Meeting  
October 29 - 31, 2012  
Dolphin Hotel - Orlando, FL

### 2013

Spring Board of Directors Meeting  
March 11 - 12, 2013  
Ritz-Carlton Pentagon City - Arlington, VA

Summer Board of Directors & YC Meeting  
June 11 - 12, 2013  
Westin Alexandria - Alexandria, VA

NDB/NMPF/UDIA Joint Annual Meeting  
November 11 - 13, 2013  
Arizona Biltmore - Phoenix, AZ



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**Phone: (703) 243-6111**  
**Fax: (703) 841-9328**  
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