

FINAL SETTLEMENT AGREEMENT APPROVED IN DAIRYAMERICA LAWSUIT



About 26,000 U.S. dairy farmers will split approximately \$26 million in a settlement agreement reached in a decade-long lawsuit over misreporting of nonfat dry milk prices that negatively affected the milk prices they received.

On May 8, 2019, the U.S. District Court Eastern District of California approved a \$40 million settlement agreement regarding the lawsuit, *Carlin, et al. v. DairyAmerica Inc., et al*, case number 1:09-cv-00430-AWI-EPG. The lawsuit was originally filed in 2009 and, prior to the settlement, faced the potential of several more years of hearings, according to court documents.

Of the total \$40 million settlement, the court awarded 33 percent (\$13.33 million) in attorney fees and reimbursed law firms approximately \$825,000 in litigation costs. The claims administrator will receive about \$418,000.

While the claims on the remaining funds average about \$1,000 per dairy, the actual payment to each individual dairy will be distributed on a pro rata basis.

Progressive Dairyman inquiries into the timing of payments were not returned. (Story written by Dave Natzke, Progressive Dairyman Magazine)



Yoder Family Farm, Barnesville

THIS ISSUE

DairyAmerica Settlement Approved by Court

GMP referendum Ballots must be post-marked by May 30

How to Manage SSN No Match Letters

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Milk production down in March, SE Shows Largest Loss

Dixie Dairy Report

UGA/UF to Host Corn Silage Field Day on June 20

The 2019 Corn Silage and Forage Field Day sponsored by the University of Georgia and University of Florida will be held at UGA Tifton Conference Center in Tifton, Georgia on June 20, 2019. The program starts at 8 AM and concludes with field demonstrations after lunch. There is no charge to attend the event, however UGA does request pre-registration online to allow provisions for refreshments and lunch at: <http://ugatiftonconference.caes.uga.edu/events.html>.

This field day is an extension and education program that offers the latest educational techniques/resources for forage producers to improve forage yield and quality, as well as methods of forage conservation. This is an excellent opportunity to network with industry professionals and to listen to the latest research in forage production.

Agenda for the 2019 Corn Silage and Forage Field Day:

7:30 am	Registration
8:00 am	Welcome and Introductions Ballroom A
8:15 am	Tour variety test plots
9:40 am	Return to conference center
10:00 am	Management Practices for Making Silage , Ballroom A, <i>Dr. Limin Kung, Univ. of Delaware</i>
10:35 am	Break (tour exhibits)
10:55 am	Breakout sessions: Managing bermudagrass stem maggot , <i>Dr. Lisa Baxter, UGA, Ballroom A B</i> Using dairy waste and other byproducts as fertilizer for growing forage , <i>Dr. Glen Harris, UGA, Room 19 C</i> Weed control in corn and forage sorghum , <i>Dr. Eric Prostko, UGA, Room 14</i>
11:20 am	Repeat Breakout Sessions
11:40 am	Visit exhibits
12:00 pm	Lunch
1:00 pm	Drive to the Animal & Dairy Science Farm
1:15 pm	Incorporating legumes into summer grasses to improve forage quality , <i>Dr. Jennifer Tucker, University of Georgia</i>



****Continuing education credit (1 hour) has been approved for Georgia Certified Operators of NPDES and LAS permitted facilities. **Continuing Education Units (4.5 hours) have been approved for Certified Crop Advisors.**

For additional information, contact Dr. John Bernard at jbernard@uga.edu or 229-391-6856.

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Don't Forget to Postmark your GA Milk Referendum Ballot by May 30!



Georgia dairymen have until May 30, 2019, to return their ballots for the current GA Milk referendum. If you did not receive a ballot please contact Andy Harrison at (404) 710-1196.

Georgia Milk encourages dairymen to participate in the upcoming referendum and to vote "YES" to keep the organization working for you. We believe that the investment made by each dairyman into our organization has been beneficial for their businesses. It is imperative that we continue to serve our industry and work to build a stronger dairy industry in Georgia and the Southeast.

How to Manage the Return of Social Security No Match Letters - James Wimberley, Employment Law Bulletin June 2019 Edition

Social Security "no-match" letters generate a great deal of concern in the employer community as to how to handle such issues. Immigration and Customs Enforcement (ICE) has in the past taken the position that receipt of one of these notifications creates an affirmative duty to investigate and potentially take action, at least to avoid a potential finding of constructive knowledge of illegal employment. On the other hand, the Immigration and Employee Rights Section (IER) of the Department of Justice has strict rules as to whether employers are going too far in their employment verification duties. At one time, federal regulations provided a safe harbor procedure for handling these issues, but the Obama Administration rescinded the regulation and suspended the issuance of Social Security mismatch letters in 2012. Thus, this year will be the first time in seven years that employers will receive Social Security no-match letters when the government has discovered that the W-2 records submitted by the employer do not match the government's records on employee names and Social Security numbers (SSNs).

In the past, ICE has taken the position that an employer must take affirmative action upon discovering a Social Security discrepancy, but the discrepancy is only "evidence" of constructive knowledge of unauthorized employment. In 2011, the predecessor to IER provided specific "dos and don'ts" related to no-match letters. The most important suggestions in the IER guidance are as follows:

Do:	Don't:
1. Check the reported no-match information against your personnel records.	1. Use the receipt of a no-match notice alone as a basis to terminate, suspend or take other adverse action against the employee.
2. Inform the employee of the no-match notice and ask the employee to confirm the name/SSN reflected in your personnel records.	2. Attempt to immediately reverify the employee's employment eligibility by requesting the completion of a new I-9 form based solely on the no-match notice.
3. Advise the employee to contact the SSA to correct and/or update SSA records.	3. Follow different procedures for different classes of employees based on national origin or citizenship status.
4. Give the employee a reasonable period of time (no specific time period is listed) to address a reported nomatch with the local SSA office.	4. Require the employee to produce specific I-9 documents to address the no-match.
5. Periodically meet with or otherwise contact the employee to learn and document the status of the employee's efforts to address and resolve the no-match	5. Require the employee to provide written evidence from SSA that the no-match has been resolved
6. Submit any employer or employee corrections to the SSA.	

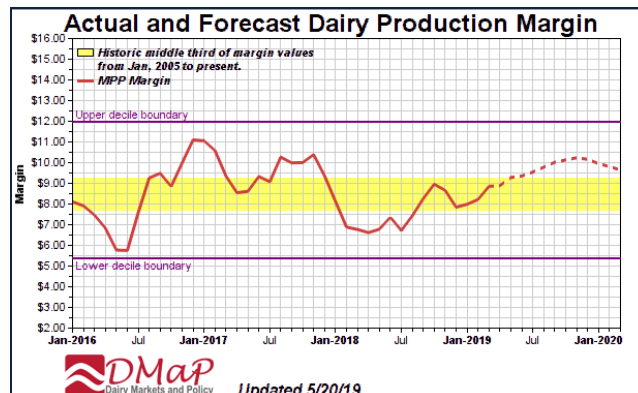
SSA began issuing letters called Employer Correction Requests in March 2019. These letters do not include the names or SSNs of employees. Instead, the letters ask employer to register online with SSA's business services unit to obtain the nomatch information.

Dairy Margin Coverage Signup Begins on June 17th

From Charles Garrison, South East Dairy Farmers Association

The USDA's Farm Service Agency (FSA) has released calculated margins that will result in payments for each of the first three months of the calendar year and signup for the new dairy producers economic safety net, the Dairy Margin Coverage (DMC) program, is set to begin on June 17th.

Dairy producers have several coverage election decisions to make ahead of the DMC signup. The program will allow purchase of annual margin protection in 50-cent intervals up to \$9.50/cwt. on up to five million pounds of production history. Signing up for \$9.50 for calendar year 2019 would seem a straightforward decision as payouts for January, February and March more than pay the premium for the entire year.



In addition, producers can choose to make a single coverage election for the five-year life of the program and receive a 25% discount on annual premiums owed. Producers can also qualify to apply 75% of net payments into the former Margin Protection Program for Dairy (MPP_Dairy) credited toward premiums owed in DMC. A producer who prefers a refund of those premiums can get half of the net (premiums paid less payments received) back.

The USDA has an online decision tool that producers can use to help calculate the coverage selection that best suits their farming operation. The decision tool is available at: www.fsa.usda.gov/DMC-decision-tool.

Milk Production Declines in March; Southeast Leads Nation in Loss

Written by Calvin Covington, Dixie Dairy Report May 2019

Milk production For the first quarter of 2019, production is only 0.2% higher than a year ago with March production 0.4% lower than last March. March is the first month since December 2013 month over month milk production has declined. At the end of March there were 86,000 less cows than a year ago. March's monthly milk production per cow was only up 0.5%.

Quarter over quarter milk production change varies across the country. Northwest, Plains, and Southwest are the only regions of the country showing more than single digit milk production growth. In the Northwest, Idaho and Colorado are responsible for the most of the production. In the Southwest region it is Texas. There are more cows going to slaughter and more dairy farms exiting the business. Through the first three months of this year, 42,400 more dairy cows were slaughtered compared to a year ago.

U.S. MILK PRODUCTION by REGION – 1 st Quarter 2019 versus 1 st Quarter 2018			
Region	2018	2019	Change
	(billion lbs.)		(%)
Southeast	2,456	2,284	-7.0
Midwest	16,946	16,993	0.3
California	10,307	10,361	0.5
Northwest	7,834	8,016	2.3
Northeast	7,725	7,620	-1.4
Southwest	6,798	6,869	1.0
Plains	2,322	2,357	1.5
Alaska + Hawaii	10.9	2.2	-79.8
Total	54,399	54,502	0.2%

Southeast milk supply and demand. As shown above, the Southeast leads the nation in lower milk production. First quarter production is 7.0% below a year earlier, and is down in every Southeast state as follows: Florida (5.3%), Georgia (1.5%), Virginia (11.9%), Kentucky (8.3%), North Carolina (4.4%), Tennessee (15.2%), South Carolina (13.2%), Louisiana (10.9%), Mississippi (2.7%) and Alabama (9.5%). Lower milk production in the ten Southeast States is due to fewer cows. Compared to a year ago, the Southeast's dairy herd has shrunk about 6% or 31,000 cows. Virginia has the greatest cow decline, 10,000 head, followed by Florida down 8,000 head.

For the three (3) southeastern federal orders combined, first quarter producer milk is down 5.2%, almost 3 million lbs. per day. Most of the decline is in the Appalachian and Southeast orders, Florida order producer production is only down about 100,000 lbs. per day.

Unfortunately, Class I demand is down as well. For all three orders during the first quarter of this year, average daily producer milk in Class I is down about 1.5 million lbs. Due to production down more than Class I sales, the combined orders' first quarter Class I utilization is 73.3% compared to 71.6% in 2018. Daily average Class I sales for the first three months of 2019 are 1.4% lower in the Florida order, 6.6% lower in the Appalachian order, and 6.0% lower in the Southeast order.

Dixie Dairy Report – May 2019

Calvin Covington

Dairy prices starting to improve. April prices, for the four commodities that establish federal order milk prices, are all higher than a year ago. Except for dry whey, all are higher than two years ago as well. The May Class I Mover is the highest since December 2017. Reasons for improving prices are: slower growth in milk production, both nationally and internationally; butter and powder inventories lower than last year; and cheese production steady. We project cheese, powder, and butter prices to continue to advance leading to higher milk prices. However, our forecasts show milk price increases will be a “walk” not a “run” upward. Less milk, not stronger dairy product demand is fueling higher prices. Plus, due to China’s swine flu (China is a major buyer of whey for feed) the dry whey price will struggle. Every penny change in the dry whey price changes the Class III skim price about \$0.06/cwt.

Blend prices. Due to improving dairy product prices, and a change in the Class I Mover calculation, coming months blend price projections, for the three southeastern orders, are higher than last month. April blend prices are projected a few pennies below March, due to the March Class I Mover lower than February. Blend prices are projected to increase about \$0.75/cwt. in May, and further increase each month through the end of the year. Our current projections show blend prices averaging about \$2.00/cwt. higher this year compared to 2018.

Mailbox milk prices. Nationally, the 2018 average mailbox price of \$15.72/cwt. was \$1.57/cwt. lower than 2017, and the lowest mailbox price since 2009. For the three southeastern mailbox reporting areas, the Appalachian and Southeast States 2018 mailbox prices were also the lowest since 2009. In Florida the 2016 mailbox price was the lowest since 2009. Of all 20 mailbox reporting areas

throughout the country, Florida has the highest mailbox price, and also the lowest decline from 2017. Differing levels of mailbox price decline is impacted by over-order premiums, balancing and marketing expenses, milk utilization, cooperative operations, and milk hauling.

DAIRY PRODUCTS SALES REPORT PRICES and CLASS I MOVER

Product	April 2019	March 2019	April 2018	April 2017
(\$/lb.)				
Butter	\$2.2669	\$2.2740	\$2.2452	\$2.1160
Cheese (block & barrel)	\$1.6468	\$1.5383	\$1.5737	\$1.4960
Nonfat Dry Milk Powder	\$0.9641	\$0.9589	\$0.7134	\$0.8386
Dry Whey	\$0.3923	\$0.4127	\$0.2592	\$0.5243
	May 2019	April 2019	May 2018	May 2017
(\$/cwt.)				
Class I Mover (3.5% fat)	\$16.42	\$15.76	\$14.41	\$15.20
Class I Mover (2.0% fat)	\$12.74	\$12.03	\$10.81	\$11.74

PROJECTED BLEND PRICES—BASE ZONES – SOUTHEASTERN FEDERAL ORDERS

Month	Appalachian	Florida	Southeast
(\$ /cwt. 3.5% butterfat)			
March (actual) 2019	\$18.31	\$20.41	\$18.70
April	\$18.27	\$20.33	\$18.58
May	\$18.95	\$21.03	\$19.20
June	\$19.51	\$21.28	\$19.62
July	\$19.57	\$21.54	\$20.14

SOUTHEASTERN REPORTING AREAS 2017 and 2018 ANNUAL MAILBOX MILK PRICES

	Appalachian States	Florida	Southeast States
		(\$/cwt.)	
2017	\$18.09	\$18.96	\$17.55
2018	\$16.28	\$17.74	\$16.18
Change	(\$1.81)	(\$1.22)	(\$1.37)