

WESTERNUNITEDDAIRIES

WEEKLY UPDATE

March 26 2020

WUD Mourns the Passing of Johan "John" Bartelink

The Escalon Times

Johan "John" Bartelink was a terrific brother, uncle, husband, father, grandfather, great-grandfather, and dairyman. Johan was born February 17, 1934. He immigrated from Holland in March 1957 to the United States. Johan and Nellie were married in Hayward, California on October 18, 1958. After several stops along the way, they settled in Escalon in 1967, where he established Bartelink Dairy.

Johan proudly served in the National Guard from 1958-1962. He was a longtime member of St. Patrick's Church, where he was involved in many things including, Our Lady of Fatima Festa, the Men of St. Patrick's Church and served as an usher. He was also a member of American Legion Post 263: Gustafson Thompson. He was well known in the community, as he was constantly involved in activities including the Honor/Color Guard at sporting events and parades. Johan loved to travel, but his main passion was being a dairyman. He was involved with multiple associations throughout his life, including the California Milk Advisory Board, DHIA, Western United Dairymen, San Joaquin County Farm Bureau and Dairy Farmers of America. His passion was obvious to anyone who was around him or spoke to him, as he was a tremendous advocate for the dairy industry. He was a dairyman for life, working hard until the very end, and continued to give many tours to school children helping to spread the word about dairies and cows.

Johan is survived by his wife of 61 years, Nellie; his children Jerry, Henry (Jennifer), and Patricia (Mark); grandchildren Nate (Mandy), Travis (Katie), and Ryan; great-grandchildren Avery, Ashton, Kaili, Grace and Jaxon. In lieu of flowers, please send donations to The American Legion Post 263, P.O. Box 596, Escalon, CA 95320. Funeral services will be announced at a later date.



COVID-19 Critical Updates for Dairy Employers and Essential Employees

By WUD's Legal Affairs Team

As we attempt to answer all questions on recent labor guidelines from our members, if you have a question that you need assistance with, please don't hesitate to contact our office at **(209) 527-6453**, or feel free to email anja@wudairies.com. For a complete site of resources and information on the COVID-19, please visit our website: <https://westernuniteddairies.com/covid-19-update/>

Also, please utilize the Essential Employee Permission Forms: [\[English Version\]](#) [\[Spanish Version\]](#)

1. Employees cannot elect to stay home and get paid simply because they are worried about COVID-19. Agriculture and other critical industries are exempted from both federal and state shelter in place orders.
2. The federal emergency paid sick leave law applies to people who are under an order of quarantine or isolation, have been advised by a health care provider to self-quarantine, experience symptoms related to COVID-19 and are seeking a medical diagnosis, or need to care for an individual who is under an order of quarantine or isolation. These individuals can get paid if they miss work for these reasons. **Continued on page 2.**

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ON COVID-19:

WUD is doing everything possible to get information out to our members on safety standards and essential workplace priorities. WUD is also working hard with Sacramento to showcase how safe our local food supply is and the quality of the food we make is the best in the world. For resources, visit westernuniteddairies.com/covid-19-update.

Questions? Call the office at: 209-527-6453 or email us at: info@wudairies.com

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Cont. from page 1: updates from employers: 3. Federal emergency paid sick leave and partial pay FMLA leave apply to employees who need to stay home to care for children whose school or day care are closed due to COVID-19 precautions.

While the law is silent as to documentation, we do recommend that employers request documentation such as a fax or email from a health provider who has ordered quarantine or isolation, or proof of enrollment in a school or day care that has closed. If employees are afraid and choose to stay home, we recommend against any disciplinary action, but those employees need not be paid.

H.R. 6201 “Families First Coronavirus Response Act” Frequently Asked Questions

In these unprecedented times, employers have to absorb information rapidly as the landscape is evolving almost overnight as federal, state, and local authorities announce new laws and action plans. We have assembled these frequently asked questions to provide general guidance related to your human resources function and the related tax implications of this Act.

Q: When does the Act go into effect?

A: The Act established that it would go into effect within 15 days of the date of enactment (March 18, 2020), which is expected to be no later than April 2, 2020. Currently, the Act is scheduled to end on December 31, 2020.

Q: Does the Act apply to small businesses that employ fewer than 25 employees?

A: Yes, the Act applies to all private employers with less than 500 employees.

Q: What does the Act’s Emergency Paid Sick Leave provision actually provide?

A: The Act provides emergency paid sick leave for all employees in response to the novel coronavirus pandemic known as COVID-19. Full-time employees are entitled to 80 hours of paid sick time and part-time employees are entitled to a pro rata share of 80 hours, depending upon the employee’s average hours per week over a two-week period. Employers must pay employees that are using the emergency paid sick leave to care for themselves the employee’s regular wage up to a maximum of \$511/day, or \$5,110 in the aggregate. Employers must pay employees that are using the emergency paid sick leave to care for a person under quarantine or isolation due to exposure to or experiencing symptoms of COVID-19 two-thirds (2/3) of the employee’s regular pay, up to a maximum of \$200/day, or \$2,000 in the aggregate.

Q: How does an employee become eligible for emergency paid sick leave under the Act?

A: All employees, regardless of length of employment can become eligible in any of the following ways:

- The employee is subject to a Federal, State, or local quarantine or isolation order related to COVID-19;
- The employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19; or
- The employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis.
- The employee is caring for their child if the child’s school or place of care has been closed, or if the child care provider of the child is unavailable, due to COVID-19 precautions. The employee is experiencing any other substantially similar condition specified by the Secretary of Health and Human Services in consultation with the Secretary of the Treasury and the Secretary of Labor.
- Employers of an employee who is a health care provider or an emergency responder may elect to exclude the employee from the Emergency Paid Sick Leave provisions of the Act.

Q: How much Emergency FMLA Leave is required?

A: The Act provides for 10 weeks of leave paid at 2/3 of the employee’s regular pay, up to a maximum of \$200/day, for an employee to care for their child who is under 18 if the employee is unable to work or telework due to the child’s school or place of care has been closed, or the child care provider for the child is unavailable due to a public health emergency. However, the paid portion of the leave does not begin for 2 weeks (10 work days), which must be taken as unpaid leave unless the employee has available PTO or qualifies for the emergency paid sick leave provision of the Act. Employers cannot force an employee to use other available paid leave during this period.

Q: How does an employee become eligible for Emergency FMLA Leave under the Act?

A: Employees that have been employed for at least 30 days are eligible for Emergency FMLA Leave if the employee is caring for their child whose school or place of care has been closed, or the childcare provider of such child is unavailable, due to COVID-19 precautions.

Q: Will employers be reimbursed for wages paid under the Act?

A: Employers can claim a tax credit for 100% of the wages paid under the Act up to the amount of all payroll taxes paid on ALL employees’ wages from now until December 31, 2020. **Continued on p.3**

Cont. from page 2: updates for employers. The wages paid are subject to the limitations of \$200/day, \$2,000 in aggregate per employee (Emergency Paid Sick Leave to care for another person) and \$511/day, \$5,110 in aggregate per employee (Emergency Paid Sick Leave for the employee's personal use). Employers are also eligible for a tax credit for employees taking Emergency FMLA leave to the maximum credit of two-thirds (2/3) of the employee's regular pay, up to \$200/day, \$10,000 in aggregate per employee. Employers should continue paying payroll taxes and take the credit on their next tax filing.

Q: How do I claim the tax credit?

A: The tax credit is taken by withholding the amount of the eligible credit from the employer's payroll tax deposits. Employers can offset the amount of their eligible tax credit against the amount the employer is required to deposit for the employer and the employee's share of the Social Security and Medicare taxes.

The Internal Revenue Service (IRS) issued a notice, IRS Notice IR-2020-57, that states that the tax credits can be taken against "withheld federal income taxes, the employee share of Social Security and Medicare taxes, and the employer share of the Social Security and Medicare taxes with respect to all employees. However, this language appears to be contradictory to the language of the Act, which states that the credit may be applied against Social Security and Medicare taxes. Therefore, without further guidance from the IRS or the Department of Labor (DOL), we caution employers against using federal income tax withholdings as a method of taking the tax credit.

The IRS and DOL will issue regulations and guidance on how an employer may properly claim the tax credits. We will update this response when the IRS or DOL issue further guidance.

Q: Will employers have to pay FICA taxes on the benefits paid to employees under the Act?

A: Employers will not pay FICA taxes on leave paid pursuant to the Act. Employers will not report Social Security (OASDI) tax on the benefits. Employers will report Medicare tax, but they will receive a dollar-for-dollar credit for the Medicare tax.

Q: Will employees pay income tax and FICA on the paid leave they receive pursuant to the Act?

A: Employees will pay income tax and FICA (both SSA (OASDI) and Medicare).

Q: What if compliance with the Act will put such a burden on a small business that it will likely fail?

A: The Secretary of Labor has the authority to exclude businesses with fewer than 50 employees when the imposition of such requirements would jeopardize the viability of the business as a going concern. The DOL will issue regulations to better define when a small business is exempt or how to request exemption.

Q: What is the procedure for employees to request leave under the Act?

A: The DOL has issued guidance regarding how employees should request leave under the Act, [link below](#)

Q: Do I need to inform employees of their right to take emergency paid sick leave under the Act?

A: Yes, employers will need to post a model notice of the requirements of this Act, [link below](#) prior to April 2, 2020. We recommend that employers continue to utilize their current FMLA procedures. [FMLA employee rights](#) [FMLA employer rights](#)

For a full list of Wage and Hour FAQ's please visit <https://www.dol.gov/agencies/whd/pandemic>

The goal of this article is to provide employers with current labor and employment law information. The contents should not be interpreted or construed as legal advice or opinion. For individual responses to questions or concerns regarding any given situation, please consult a qualified attorney, or WUD can provide you with a recommendation.

CV-Salts Notice to Comply Letters

By Paul Sousa, Director of Regulatory and Environmental Affairs

The Central Valley Regional Water Quality Control Board has recently announced that they will delay sending out "Notice to Comply" letters to dairies and other permit holders by at least 60 days. These letters were originally anticipated to go out to facilities in priority one areas this month, starting in motion the implementation of CV-Salts. The delay in the letters also delays the deadlines triggered by the letters. Please stay tuned for new dates for this important letter.

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Bill Summary: Amended H.R. 748, Virus Emergency Funding

About \$342 billion would be provided to respond to the coronavirus pandemic in an emergency supplemental spending package released by the Senate Appropriations Committee. The provisions are intended to be part of a \$2 trillion "phase three" stimulus package drafted as a Senate amendment to H.R. 748.

The full document, available [here](#), outlines where the funds will be allocated. Of particular interest, the USDA funding piece:

The Agriculture Department would receive:

- \$15.8 billion in mandatory funding for the Supplemental Nutrition Assistance Program, formerly called food stamps, of which \$100 million would be used for food distribution on American Indian reservations.
- \$9.5 billion for the Office of the Secretary to provide aid to agricultural producers affected by the virus.
- \$8.8 billion for child nutrition programs.
- \$450 million for the Emergency Food Assistance Program (TEFAP), of which \$150 million could be used for costs associated with distribution.

The measure would allow the Commodity Credit Corporation to use as much as \$14 billion in previous funding to reimburse net realized losses.

CDFA Extends Application Period for Methane Reduction Program Incentive Grants

SACRAMENTO, March 23, 2020 - Due to recent events with [COVID-19](#), the California Department of Food and Agriculture (CDFA) has extended the acceptance period for applications from dairy and livestock operators for its Dairy Digester Research and Development Program (DDRDP) and Alternative Manure Management Program (AMMP). The new grant application deadline is 5 p.m. PT, April 27, 2020, which is a 30-day extension.

CDFA's dairy methane reduction programs provide financial assistance for the installation of dairy digesters and implementation of non-digester-based manure management practices that result in long-term methane emissions reductions and maximize environmental co-benefits on commercial dairy and livestock operations in California. These programs are funded through a \$34 million appropriation from California Climate Investments, authorized by the Budget Act of 2019. Prospective grant applicants are encouraged to visit the [DDRDP](#) and [AMMP](#) webpages for additional information about the programs and grant requirements. *DDRDP and AMMP are part of California Climate Investments (CCI), a statewide program that puts billions of Cap-and-Trade dollars to work reducing greenhouse emissions, strengthening the economy, and improving public health and the environment—particularly in disadvantaged communities.*



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What's up...? Well, not much this week. So let's put that market update in quarantine for this week and switch gears a bit.

By Annie AcMoody, Economist

Anxiety, stress, uncertainty. Confidence, defiance, invincibility. It's a tale of many conflicted Americans, but no matter which side you fall under, the market has been struck by the former with such force that very few things have been able to lift it back up. This week's discussed \$2 trillion package was one of them. Will it prevent the US from slipping into recession? At the rate things are closing and social distancing becomes a regular phrase of our daily vocabulary, it seems unlikely. Although the package would help, the economic outlook, no matter how you slice it, is rough. Unemployment is sky rocketing. Habits are changing. How long will it be before people are comfortable going to the movies, a concert, or eating in crowded restaurants again?

Whether a handshake becomes jazz hands; whether the cruise ship industry becomes a thing of the past; whether airlines have to cram less people on flights in the future; there is one thing that will not change. People have to eat. When this is all said and done and life resumes to its new normal (whatever that looks like), the critical infrastructure will remain. And that means agriculture. That means you, and what you do every day to feed America. The road there will be bumpy. The decline in restaurant sales will cause dramatic losses in dairy purchasing. According to USDA's Economic Research Service, Americans spend 50% of their food budget on eating out. That's a concerning figure to look at. Looking a bit closer into the data though, and you can see that closer to a third of Americans' calories are consumed eating at home. Cutting out restaurant purchases will leave them with a slightly higher disposable income for grocery purchases or other economic activity. The increase in purchasing food for home has already been significant, with gains over 30% year-over-year in many categories. Savings from not eating out are now being spent at the grocery store, and admittedly also into stock piling. Consumers are reconnecting with comfort food at home, and shelves of butter, cheese, yogurt, beef, frozen pizza and milk are running low or empty at many locations. Maybe this will bring some perspective. In the midst of all this, the words of Joaquin Phoenix at the Oscars are long forgotten by most consumers. Sure, the increased stockpiling will likely ease a bit in the next few weeks once people understand food will be there and grocery stores are still open. But not all dairy is convenient for long term storage. And consumers will go back to the store for more.

Pizza places are also well positioned to maintain sales, with Dominos reporting they were hiring 10,000 workers and Pizza Hut three times that to keep up with delivery demands. Papa Johns is also pulling many food industry workers and Papa Murphy's is adjusting with touch-less pickups. California is the US' number one producer of mozzarella, producing over a third of the nation's share. March Madness may have taken on a literal meaning these days, but the lack of sports on tv did not entirely crush America's spirit, and family pizza night seems alive and well.

Kids drink a lot of milk through the school lunch program – 1.2 million half pints last year, to be specific. No school could mean no milk for many, but communities and school districts all over the country have come together to continue deliveries of school lunches for kids in need. In many areas, it's a no questions asked policy to receive a free meal. No school will no doubt curtail milk demand through that channel, but emergency continuation of the program in most areas will mitigate the impact.

International trade will suffer, there's no doubt. This is a global issue and demand everywhere is being impacted. Borders are closed for travelers, but not yet to many goods – when logistics allow them to move. For the U.S. dairy industry, we stand to feel the hit of that impact if consumers don't pick up the slack. With 15% of US milk production going outside our borders, that's a lot of cows out of a job if demand doesn't keep up. Imports represent about 4% of US milk. January was the best month for exports in the last 5 years, so this pandemic will likely be a slap in the face of February and March data after such a victorious start to the year. But as issues ease in parts of Asia, demand may slowly recover. It will be key for the U.S. to maintain the trade relationship progress that had started earlier in the year.

Sacramento has a lot more fish to fry these days than dreaming up new regulations for dairy. And maybe – maybe – they will realize the importance of local agriculture in the face of a crisis and weigh the economic impact of regulations more carefully in the future. With significantly fewer cars on the road, the same number of cows, and better air quality, maybe some research will come out pointing fingers in a different direction. Maybe in a few months, Steve will be arguing with his neighbor at the local coffee shop where a temperature check and hand sanitizers may be mandatory. Maybe Karen will have so much pent up desire for living that she will spend much more than she did before the crisis. There are a lot of maybes. But if anything, I would bet three certainties remain: the next few weeks will bring wild and unpleasant price volatility, major supply chain adjustments, and highlight the importance of domestic agriculture in the face of a national crisis.

Latest commodity prices

Average (\$/lb)	AA Butter	NFDM	40# Blocks	Barrels	Dry Whey
February	\$1.8176	\$1.2503	\$1.9609	\$1.6293	\$0.3661
March	\$1.7645	\$1.1445	\$1.8084	\$1.6231	\$0.3750
March 25	\$1.7351	\$1.1160	\$1.7745	\$1.5552	\$0.3787
From last week	-9.15 cents	-4.77 cents	-2.62 cents	-4.55 cents	+0.77 cent

Latest class prices—Order 51

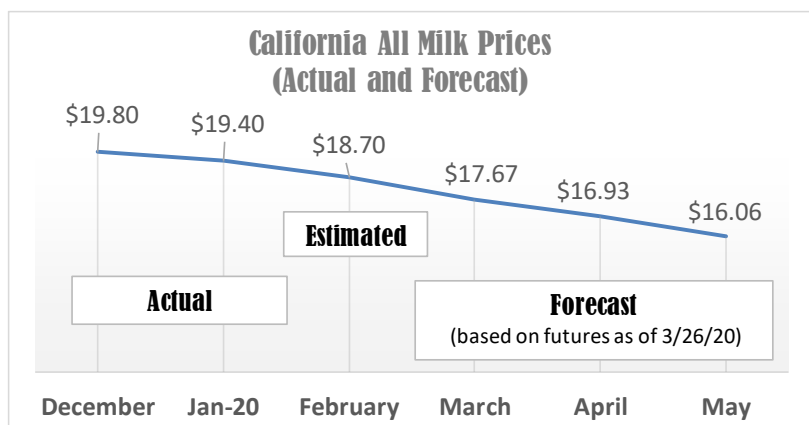
Price (\$/cwt)	Class I LA	Class II	Class III	Class IV	PPD	Statistical Uniform Price
December	\$21.43	\$16.81	\$19.37	\$16.70	-\$1.77	\$17.10 (Tulare) - \$17.60 (LA)*
January	\$21.11	\$17.05	\$17.05	\$16.65	\$0.51	\$17.01 (Tulare) - \$17.56 (LA)*
February	\$19.65	\$16.84	\$17.00	\$16.20	-\$0.12	\$16.38 (Tulare) - \$16.88 (LA)*

*Does not include the quota deduction.

CA quota prices

Price (\$/cwt)	# of buyers	# of sellers	# sales	Low end	Average	High end	Quota SNF transferred
January	3	2	3	\$175	\$230	\$260	1,462.44
February	0	0	0	-	-	-	0
March	1	2	1	\$150	\$158	\$175	1,572.00

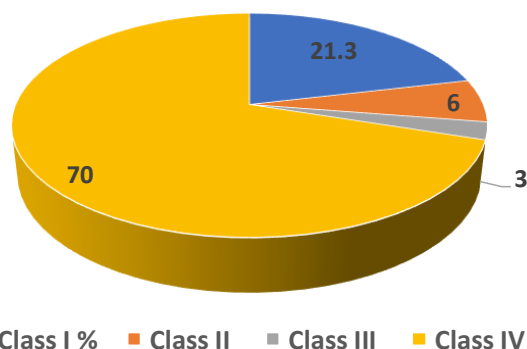
CDFA will no longer mail out quota sales price information each month. We will include it on this page to allow our interested members to keep track.



This forecast is for informational purposes only and should not be used as a price guarantee. It is subject to change as market conditions change.

Under the California system, this chart included actual, estimated and forecasted overbase prices. Since overbase prices are no longer relevant under the FMMO, this chart will focus on the California all-milk price forecast. Since we have historical data on the all-milk price and will continue to get such data, it seems an appropriate measure to show price trends in the state as we get more months of data under the FMMO.

California FMMO February 2020 Pool Utilization



California FMMO pool corner—Feb data

Class	Pounds	Pounds (Jan)	Price	Price (Jan)
I	399,556,933	452,813,456	\$19.65	\$21.11
II	116,031,205	156,381,134	\$16.84	\$17.05
III	47,574,594	415,721,164	\$17.00	\$17.05
IV	1,313,517,977	1,310,413,051	\$16.20	\$16.65
Total	1,876,680,709	2,335,328,705		