

MINUTES

LOUISIANA DEPARTMENT OF AGRICULTURE & FORESTRY

Dairy Stabilization Board
Veterans' Memorial Auditorium
5825 Florida Boulevard
Baton Rouge, LA 70806

10:00 a.m., April 20, 2010

I. Call to Order:

Chairman Hillar Moore, Jr., called meeting to order at 10:00 a.m.

II. Roll Call and Declaration of Quorum

	Absent:
Mr. Hillar Moore, Jr.	Mr. Daryl Robertson
Mr. Vernon Toups	Mr. Gerry R. Lane
Ms. Mary Caplinger	Mr. Vincent Cannata
Mr. Dean Graner	

There were four (4) members present. Mr. Hillar Moore, Jr., Chairman, declared there was a quorum present as required to conduct official business.

Staff Members Present:

Director of the Dairy Stabilization Board, Bob Simon
Benjy Rayburn, Assistant Commissioner of Agro Consumer Services
Assistant Division Director, David Meche
Secretary, Gail Moutz

Guests Present:

Gerald Simmons, Louisiana Dairy Products
Gary Cazaubon, Chief of the Dairy Division, DHH
Dr. Gary Hay, School of Animal Sciences, LSU
Dr. Charlie Hutchinson, LSU Dairy Division
Cal Simpson, Bell Bell
Ted Cole, Brown's Dairy
Charleen Ziegler, Brown's Dairy
Jackie Goudeau, Kleinpeter Dairy

IV. Adoption of Minutes – December 29, 2009

A motion was made by Mr. Dean Graner and seconded by Mr. Vernon Toups to approve the minutes. The motion passed unanimously.

V. Review of Financial Statement

Assessments we compare year to date.

Mr. Bob Simon, Director of the Dairy Stabilization Board went over the financial statements which were a year to date period. Mr. Simon stated that salaries have changed slightly due to two auditors retiring and one employee that was employed as part time in the Dairy Division.

Mr. Simon reported there were no indirect costs shown and the Financial Statement presently shows total expenditures and a net income of \$43,083. Mr. Simon stated the assessments are steady and we have not had any problems with the collection of them.

A motion was made by Mr. Vernon Toups and seconded by Mr. Dean Graner to approve the Financial Statement. The motion passed unanimously.

VI. Reports

A. Commissioner Mike Strain, D.V.M.

Commissioner Strain was unable to attend the meeting due to the legislative session. Mr. Moore commented on the Commissioner's LSU Dairy Alumni Association Award.

B. Benjy Rayburn, Assistant Commissioner of Agro Consumer Services

Mr. Rayburn stated Commissioner Strain is at the legislature representing the Louisiana Department of Agriculture & Forestry until June 21, 2010.

Mr. Rayburn reported that in July of 2009, the beginning of the fiscal year, the LDAF department's budget was cut approximately eight million dollars. He stated the mid-year budget cuts starting in December of 2009, were one million five-hundred thousand dollars. Mr. Rayburn said the budget cuts at the beginning of the fiscal year equated to approximately seventy-five position salaries and approximately two million dollars in operating expenses.

Mr. Rayburn stated the department has laid off approximately thirty employees. He said the department hasn't filled the positions of the employees that chose to retire via an incentive program and within the last two years the department is down approximately 160 positions.

He stated the Revenue Estimating Conference adopted a deficit of three hundred nineteen million dollars for the remainder of this fiscal year which ends June 30, 2010 and over a two hundred million dollar reduction for next fiscal year.

Mr. Rayburn said the department has a new auditor, Mr. Robert Johnston, in addition to Mr. John Smith, the department's present auditor.

Mr. Rayburn reported on the Dairy Tax Credit Refund program that was passed in the 2007 legislature. He said the milk producers receive a refundable tax credit if certain parameters are met. He stated that with the assistance of

Dr. Wayne Gauthier of LSU, the department reviews the production costs versus the average Federal Milk Order price of milk to determine producer eligibility.

Mr. Rayburn stated that Weights and Measures is the largest division in the Office of Agro-Consumer Services and they have lost approximately ten field inspectors. He said Weights and Measures is required by law to do inspections once a year on commercial devices, but that is becoming difficult due to staff reductions. He said the Dairy Division has three full time employees and one part time inspector. The Louisiana Ag Commodities Division has maintained most of its positions. He said this division performs grain inspection services at elevators for Federal Grain Inspection Services. Mr. Rayburn stated the Office of Agro-Consumer Services is almost totally self-generated.

C. Gary Cazaubon, Chief Administrator of the Dairy Division, DHH

Mr. Cazaubon stated that the Dairy Tax Credit Refund law went into effect in 2007 and there were approximately 202 producers. He stated at the present there are approximately 150.

Mr. Cazaubon stated the average daily milk production total is 93,000 gallons of milk a day. He stated the dairy farms remaining are doing the best they can but will not try to expand.

Mr. Cazaubon stated that there was a loss of farms in Desoto Parish, leaving a total of six operating farms in that area. He stated that Mississippi has 120 farms; Alabama has

68 farms; Georgia is remaining steady with 400 farms and Florida is down significantly to 180 farms, with some milk coming from Kansas and Indiana.

He stated Texas farms are down but the ones remaining are getting larger.

Mr. Cazaubon stated farms are going out of business due to economic problems or the CWT program where dairy farmers pay into a pool to be bought out. He said this program has taken a significant amount of milk out of the southeast.

Mr. Cazaubon stated there are six major processors in the state, Foremost, Borden, Dairy Fresh, Klienpeter Dairy, Sunshine State Dairy and Brown's Dairy. He stated they process about 2,400,000 pounds of milk daily. He stated the majority of Louisiana's milk is coming in from Texas and New Mexico.

Mr. Cazaubon stated Louisiana has two producer processors and two permitted goat dairy operations producing milk, cheese and soap. He stated two more goat processors are planning on starting dairies using micro processors for pasteurization. He stated the processors are selling their products to the 72 farmers markets in Louisiana.

Mr. Cazaubon said the National Conference on Interstate Milk Shipments approved a pilot program three years ago to certify international processors to sell dairy products in the United States and the dairy industry is concerned about their regulations to manufacture cheese and yogurt not being equivalent to Grade "A" requirements. It is important that regulations are equivalent to Grade "A" in manufacturing dairy products.

He said the Louisiana Department of Health and Hospitals, Dairy Division, completed the market survey which consisted of fluid milk processors and frozen dessert plants. He stated in-state and out-of-state the fluid milk processor plants increased from 72 last year to 95 this year. Mr. Cazaubon reported frozen desserts plants increased from 37 to 52 and also five cheese plants were permitted. He stated renewals will be sent out May 1, 2010.

Mr. Cazaubon stated with the reduction of staff, the division can not take samples as in the past, but continue to do milk surveys and stated any one not permitted will have their product seized.

Mr. Cazaubon stated there is a move to legalize the selling of raw milk directly to the consumer in many states which is prohibited by the NCIMS. He stated that 28 states sell raw milk, but it is not allowed through the interstate system. He stated there have been too many instances of illnesses attached to raw milk and so far there has not been any support of it in the state of Louisiana.

D. Dr. Gary Hay, School of Animal Sciences, LSU

Dr. Hay gave brief update of the state of the union at LSU and what is going on with the Ag programs. Dr. Hay reported that the School of Animal Sciences was created in 2006, and is a consolidated department between the Animal Science, Dairy Science, Poultry Science departments. Dr. Hay stated that currently approximately 20 faculty members exist including the Extension Faculty and the Teaching and Research Faculty.

Dr. Hay stated there are 350 undergraduates and approximately 35 graduate students. He stated the LSU School of Animal Sciences is the second largest department in the college of agriculture and continues to grow. Dr. Hay stated there are 347 undergraduates enrolled this fall which is the largest enrollment in a few years and there continues to be a large demand in the animal science division. He stated there are 37 new transfer students coming in this fall that does not include freshmen.

Dr. Hay stated the dairy program is fairly stable, although it has decreased some in last few years. He said within the last three years it has stabilized to approximately 25 to 40 undergraduates in dairy science and are continuing to attract quality students with good academic credentials.

Dr. Hay stated the Ag Center has lost 15 million dollars within the last two years and there have been three budget cuts in the last twelve months. He stated they have had a reduction in staff which is a major concern.

Dr. Hay spoke on the concerns of raw milk being sold and stated there have been recalls on raw milk due to some serious pathogenic problems.

Dr. Hay stated there has been a trend showing a decrease in per capita consumption of fluid milk for the past 15-20 years. He stated that finally changed two years ago, but resumed again this past year, probably due to the overall economy.

E.

Dr. Charlie Hutchinson, Extension Dairy Specialist, LSU Ag Center, School of Dairy Animal Sciences

Dr. Hutchison gave a report on the 2009 dairy industry in the state from the Louisiana Ag Summary data. Milk production was reported by 14 parishes in 2009. Three parishes in the southeastern part of the state and one parish in the northwestern part accounted for about 93% of the milk production, about 92% of the herds and 93% of the dairy cows. The number of dairy farms declined from 186 in 2008 to 166 in 2009. The number of milking cows decreased from 23,218 head in 2008 to 20,105 head in 2009. Total milk production decreased from 316.1 million pounds in 2008 to 273.1 million pounds in 2009. The on-farm value of milk decreased from \$65.4 million in 2008 to \$39.3 million in 2009. The decrease in the on farm value of milk in 2009 was due primarily to a much lower average price per hundredweight of milk (\$20.70/cwt as compared to \$14.39/cwt, 30.5% reduction in price per hundredweight) and to a lesser extent the loss in number of cows (3,113 or 13.4%) and a slight loss in production per cow. Due to the lower price of milk and the cost of feed, fertilizer and fuel, still much higher than the five year average the majority of dairy producers had to use savings and equity in order to cash flow for part or all of 2009.

The total value of milk and animal sales to Louisiana dairy producers was \$47.2 million. Value added contributed \$63.3 million more.

The total economic contribution from dairying in Louisiana, including milk sales, animal sales and additional processing was \$110.4 million in 2009.

Dr. Hutchison stated feed and fertilizer have moderated somewhat in 2010 but are still above the 5 year average. Early projections for milk prices for 2010 were very good, but recent projections reflected lower prices. Price projections were lower due to more milk production nationally than expected, lower dairy cow slaughter numbers, and there is still a large inventory of dairy products, particularly cheese, that are keeping prices lower.

F. Gerald Simmons, LA Dairy Products Association

Mr. Simmons commented that the declining dairy situation is nation wide and not just in the state of Louisiana. The dairy industry is experiencing the effect of the economic problems worldwide.

Mr. Simmons stated that Mr. Cal Simpson, Blue Bell, has been selected Dairyman of the Year. Mr. Simmons congratulated Mr. Simpson.

Mr. Simmons stated the Louisiana legislature has been in session for 3 and 1/2 weeks and approximately 3,000 bills have been introduced. He stated today is the last day for introduction of the bills for the remainder of session.

Mr. Simmons stated that most of the bills introduced in this session are due to budget problems. He stated there is 317 million dollar shortfall just in the months of May and June that are going to be addressed. Mr. Simmons stated the Dairy Industry has been working with Commissioner Strain of the Louisiana Department of Agriculture & Forestry to limit the amount of financial problems for the LDAF department as well as the Ag Center at LSU. He stated the industry will do their best to see that the financial cuts are at a minimum.

VII. Old Business

Mr. Bob Simon stated that at the last meeting he reported on the companies that are not licensed by the Dairy Division, but regulated. He stated the following were a few of these companies; Quaker Oats; Kellogg's; General Meals; Kraft; Post; Oscar Meyer and Stouffers. Mr. Simon stated the Dairy Division investigates to make sure these companies are paying assessments. He stated the Dairy Division is also contacted by attorneys and promotion groups in and out-of-state. He stated this promotes the sale of dairy products in the state of Louisiana. The Dairy Division regulates all dairy with the exception of hard cheese and butter.

Mr. Simon stated the Dairy Division has not had any problem collecting assessments from out of state. He stated we have two auditors that investigate problems in the dairy market and any complaints are dealt with at least within one day if not immediately.

Mr. Simon commended all of the guest speakers and thanked them for their dedication and contribution to the dairy industry and the dairy program.

IX. New Business

None.

X. Public Comments

None

XI. Date for the next meeting

Dairy Stabilization Board made a request that the board meet on a quarterly basis in the future. The date for the next Dairy Stabilization Board meeting will be determined at a later date.

Mr. Simon commended Mr. Hillar Moore, a veteran of the Hiroshima War, for the dedicated services that he and other veterans performed while stationed at Hiroshima 65 years ago. Mr. Moore was applauded by the Board, LDAF staff guest speakers and other guests.

XII. Adjournment

A motion was made by Mr. Vernon Toups and seconded by Mr. Dean Graner to adjourn the Dairy Stabilization Board meeting. The motion passed unanimously.

Dean Graner, Secretary
Louisiana Dairy Stabilization Board