



**Agriculture
and Markets**

Dairy Promotion Order (DPO) Advisory Board Orientation

June 23, 2020

Dairy Promotion Order (DPO)

What is the Dairy Promotion or “Check Off” Program?

- In 1983, under the mandated USDA national “checkoff” program, milk producers in the US are required to pay 15 cents per hundredweight (cwt) of milk produced to be spent, on an annual basis on promotion and research (7 U.S.C. 4501-4514)
- In New York State the NYSDPO was proposed in 1972 and approved by a referendum vote of NY Dairy Producers (<https://www.nysenate.gov/legislation/laws/UDA/16-X>)
 - The New York State law requires an assessment of 10 cents per cwt on all NY produced milk, this money is sent to the NYSDPO on a monthly basis.
 - This is the maximum rate allowed to offset the national obligation which means 10 cents stays in NYS for NY programming and 5 cents is sent to USDA for national programming
- In 2019, the NYSDPO collected **about \$15 million**. These funds are allocated to organizations based on goals set by the NYSDPO board

Board Members

- *The NYS Dairy Promotion Advisory Board* is comprised of ten New York State dairy producers who advise and recommend to the Commissioner of Agriculture and Markets how the NYSDPO funds are spent.
- Nominations can be accepted from any NY dairy producer and are solicited through a Department press release and cooperative communication
- Pursuant to NYS regulation 40.15, specific organizations are represented on the Board

Board Members (cont.)

Organizations listed in 1 NYCRR 40.15 are as follow:

1. Dairylea Cooperative, Inc (merged with DFA)
2. *Eastern Milk Producers Cooperative Assoc. Inc (merged out)*
3. *Northeast Dairy Cooperative Federation, Inc (merged out)*
4. *Allied Federated Cooperatives, Inc. (merged out)*
5. Niagara Frontier Cooperative Milk Producers Bargaining Agency, Inc
6. Rochester Cooperative Milk Producers Bargaining Agency, Inc
7. New York Farm Bureau, Inc
8. New York State Grange, Inc
9. Agri-Mark, Inc
10. At-Large

If an organization does not still exist, then their seat is treated as an “at-large” seat

Board Member Roles & Responsibilities

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The overarching goals set by the DPO Board for 2020 are as follows:

- Increase the consumption of New York milk and dairy products by youth (lunches, breakfasts, and other offerings)
- Increase retail sales of New York milk and dairy products.
- Improve the image of dairy products and / or dairy producers among consumers, thus improving the acceptance and consumption of New York milk and dairy products.
- Improve communication to dairy producers to inform them how they can assist in improving the consumption of New York milk and dairy products.
- Increase the sales and consumption of milk and dairy products produced in the US and exported to other countries.
- Participation in national programs influencing increased consumption of milk and dairy products.

Board Member Roles & Responsibilities (cont.)

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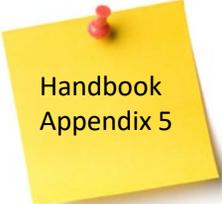
- Board members are “Public Officers” and so therefore must comply with the provisions of the Public Officers Law.
(<https://www.nysenate.gov/legislation/laws/PBO/74>)
- The purpose of this law is to apply the highest standards of integrity to the work you do.
- Public officers must always act in the best interest of the public.
- Under section 74 of the Public Officers Law, you:
 - May not disclose confidential information or use such information, or position on the Board, for personal gain
 - Must avoid Conflict of Interests (fact and appearance)

Conflict of Interest

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- A conflict of interest exists when you or your family member may benefit – financially or otherwise, directly or indirectly – from a matter being decided by the Board
- An appearance of conflict of interest exists when the public might reasonably conclude that such a benefit exists
- Conflicts erode trust and harms reputation
- Board members must submit annual disclosure form
- Failure to submit form is considered a resignation
- Failure to disclose a potential conflict may result in removal

Conflict of Interest Disclosure Statement



Section 74 of the Public Officer’s Law includes the prohibition of any interest, financial or otherwise, direct or indirect or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his duties in the public interest.

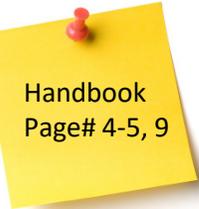
Additionally, an officer or employee of a state agency, member of the legislature or legislative employee should not by his conduct give reasonable basis for the impression that any person can improperly influence him or unduly enjoy his favor in the performance of his official duties, or that he is affected by the kinship, rank, position or influence of any party or person.

Therefore, I, _____ (name) declare the following organizations to be potential conflicts within my duties as a member of the Commissioner’s Dairy Promotion Advisory Board. If any other potential conflicts come to my attention, I shall notify the Commissioner immediately, and recuse myself from the related discussions. Additionally, I will disclose to the Commissioner if I receive compensation or expense reimbursement from any other source related to my duties on the Advisory Board.

_____	_____
Signature	Date
Organization	Nature of potential conflict
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Name of Organization Providing Compensation or Expense Reimbursement related to my duties on the Advisory Board

Board Member Roles & Responsibilities (cont.)



- Appointments
 - Serve at pleasure of the Commissioner
 - 3 year term
 - Unpaid

- Travel is required – reasonable & actual expenses reimbursed

- Regular attendance is required to ensure quorum (*quorum is attendance of at least 6 members*)

- Board member are expected to arrive prepared for meetings

Travel

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- Board member travel will be required for:
 - Board meetings
 - Subcommittees
 - Conferences
 - ✓ Joint Annual meeting (location changes each year, last year was in New Orleans)
 - ✓ Cornell Agricultural and Food Business Outlook Conference (Ithaca)
 - Tours

- Travel to conferences and events:
 - Can be out-of-state
 - Represent NYDPO
 - Return prepared to present / discuss key points to Board

- Travel plan & budget
 - Currently does not exist but will be a discussion item in a future meeting

Travel

- Note: Travel advances are not given. Board members are reimbursed for actual and necessary expenses in accordance with guidelines published by the NYS Office of the State Comptroller (OSC). See appendix 10 of your handbook for additional information on travel guidelines

- Reimbursable expenses include:
 - Mileage
 - Tolls, parking
 - Breakfast and dinner is reimbursed at per-diem rates based on location
 - Hotel reimbursed at per-diem rates based on location. Tax exempt form should be used

- To be reimbursed, the Board member must submit the form titled; “Claim for Travel Reimbursement” and attach all receipts. See Appendix 8 of your handbook

Subcommittees & Workgroups

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➤ Special Subcommittees

- Board may appoint any number of members to carry out assigned tasks
- Once the specific assignment is complete, subcommittees cease to exist
- Example: Research Subcommittee

➤ Advisory Workgroups

- May consist of any number of persons that are not Board members
- May be selected by the Commissioner and the Board
- Provide insight or advice
- Cease to exist upon completion of assignment

Open Meetings Law

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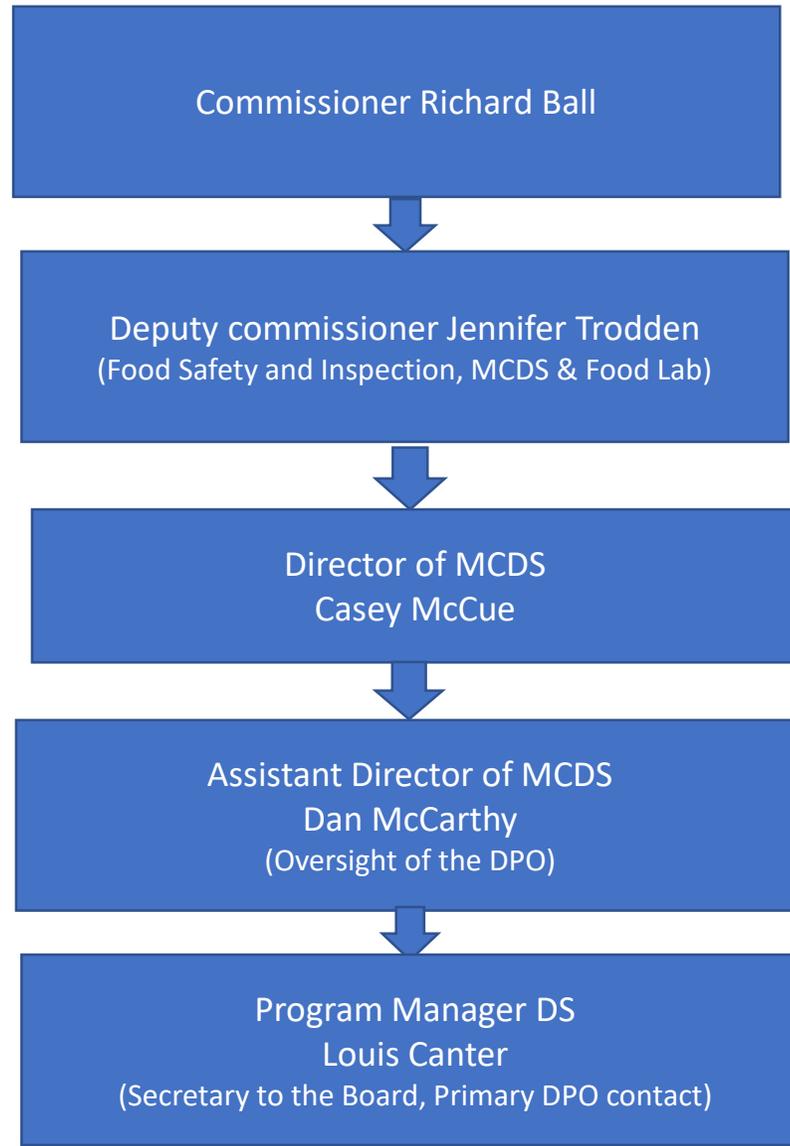
- All meeting of the Board must be open to the public. No member of the public may be asked to leave during an open meeting
- Board duties do not meet executive sessions criteria
- Notification and access of meetings
 - Public notice of time & place at least one week prior
 - All meeting streamed live and recorded. Public is given access to such streaming
 - All notifications, recordings, minutes, and materials are published on the Department's website

Department Responsibilities

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- NYS Department of Agriculture & Markets (Department) duties in support of the DPO include:
 - Ensuring compliance with all applicable laws and regulations.
 - Administering the approved contracts and programs.
 - Keeping Board members apprised of pertinent issues.
 - Arranging meetings, developing the agenda, preparing meeting materials, and
 - Compiling information and research as necessary.
 - Appoints the Secretary to the Board

Department of Agriculture and Markets

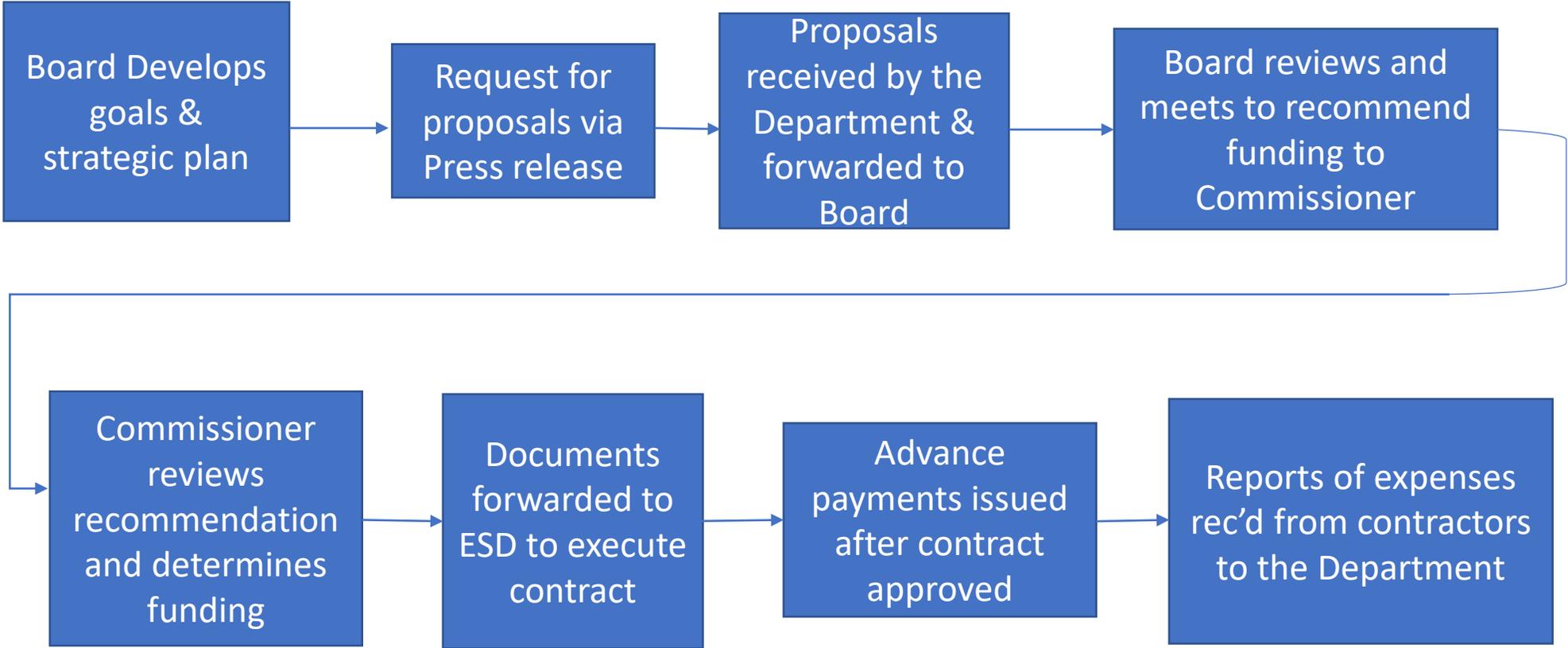


Empire State Development (ESD) Responsibilities

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- In 2016, the Dairy Promotion Order was administratively transferred to Empire State Development (ESD). The Department continues to administer this program in cooperation with ESD. Several divisions within ESD provide services to the Dairy Promotion Order, such as fiscal management and contract preparation.
- Contract preparation varies slightly, based on dollar amount and length of the contracts
- Contracts over \$1 million require OSC approval

Contracting Process



DPO Press Release Seeking Proposals

DAIRY PROMOTION ORDER ADVISORY BOARD SEEKING PROPOSALS TO PROMOTE NEW YORK'S DAIRY INDUSTRY

Applications Due September 6, 2019

The New York State Department of Agriculture and Markets today announced the Dairy Promotion Order (DPO) Advisory Board is making available \$15 million in funding to boost the New York State dairy industry. The Dairy Promotion Order Board is requesting proposals from organizations to advertise and promote New York dairy, as well as conduct research and educate consumers about New York-produced fluid milk and dairy products.

The funding is made available directly from New York State dairy producers through the NYS Dairy Promotion Order Act and is intended to help dairy farmers and processors further their reach to both domestic and international markets.

Applications for qualifying promotional or research projects should focus on increasing consumption of dairy products in New York State and align with at least one of the following DPO Advisory Board goals:

- Increase the consumption of New York milk and dairy products by youth (lunches, breakfasts, and other offerings)
- Increase retail sales of New York milk and dairy products.
- Improve the image of dairy products and / or dairy producers among consumers, thus improving the acceptance and consumption of New York milk and dairy products.
- Improve communication to dairy producers to inform them how they can assist in improving the consumption of New York milk and dairy products.
- Increase the sales and consumption of milk and dairy products produced in the US and exported to other countries.
- Participation in national programs influencing increased consumption of milk and dairy products.
- Conduct research projects to ensure the safety and / or expand the demand for New York dairy products and dairy ingredients.

Eligible applicants include private businesses that are not affiliated with the DPO Advisory Board, non-profit entities, and research institutions. Project proposals may not promote a specific brand or trade name. Final reports and / or research papers on approved projects may be made publicly available.

To be considered for funding during the 2020 calendar year, applications are due September 6, 2019. Applications and additional information can be found at <https://www.agriculture.ny.gov/DI/DInews.html#0>

The DPO Advisory Board advises the NYS Department of Agriculture and Markets Commissioner on the disposition of approximately \$15 million a year in funds collected from milk producers under the producer-approved New York Dairy Promotion Order. The DPO Advisory Board also makes recommendations on promotion and nutrition education programs and various dairy product and research projects. The Advisory Board consists of ten New York milk producers appointed by the Commissioner who serve a three-year term. The first New York State Dairy Promotion Advisory Board was appointed in May 1972 at the request of dairy producers.

New York State has nearly 4,000 dairy farms that produce nearly 15 billion pounds of milk annually, making New York the nation's fourth largest dairy state. The dairy industry is the State's largest agricultural sector, contributing significantly to the State's economy by generating nearly half of the State's total agricultural receipts, and providing some of the highest economic multipliers in the State.



Qualified Program Eligibility

The USDA approves certain organizations as 'Qualified Programs'. These Programs conduct dairy promotion, research, or nutrition education program. Qualified Programs must apply for continued qualification on an annual basis. Programs funded by the NYDPO must meet these Federal definitions:

§1150.114 Promotion.

Promotion means actions such as paid advertising, sales promotion, and publicity to advance the image and sales of, and demand for, dairy products generally.

§1150.115 Research.

Research means studies testing the effectiveness of market development and promotion efforts, studies relating to the nutritional value of milk and dairy products, and other related efforts to expand demand for dairy products.

§1150.116 Nutrition education.

Nutrition education means those activities intended to broaden the understanding of sound nutritional principles, including the role of milk and dairy products in a balanced diet.

Qualified Programs Eligibility

Funded projects must also meet the requirements of the NYS DPO Laws and Regulations

§ 40.31 Advertising, promotion, education and publicity of dairy products.

The commissioner, with the advice and assistance of the advisory board, is hereby authorized to contract with any person or persons to carry on or cause to be carried on such advertising, promotion, education and publicity programs as he may believe will create new markets for the milk of producers as defined in this Part or maintain present markets therefor. For such purposes, he may expend such monies or any part thereof as may be available pursuant to this Part. No advertising, promotion or publicity programs shall be conducted pursuant to this Part which make reference to any particular brand or trade name.

NYS Eligible Qualified Programs

➤ Within NYS, Qualified Programs are:

- NYS Department of Agriculture and Markets (Dairy Promotion Order)
- American Dairy Association North East
- Milk for Health on the Niagara Frontier
- Rochester Health Foundation

ORGANIZATIONS FUNDED BY NYSDPO

Promotional Contracts

➤ **American Dairy Association North East (ADANE)**

- Dairy farmer-directed to build demand, sales, and consumer trust in dairy products and dairy farmers. Implements local programs to drive milk and dairy sales at retail outlets and in schools, along with outreach to environmental organizations
- Organized along four key programs: Retail marketing, Integrated communications, Industry relations, Youth Programs
- Works closely with Dairy Management Inc. (DMI), the national dairy checkoff organization
- Funding of \$10.5 million for 2020 (www.americandairy.com)

Promotional Contracts

➤ **U.S. Dairy Export Council (USDEC)**

- The USDEC is a non-profit, independent membership organization that represents the global trade interests of U.S. dairy producers, processors and cooperatives
- Dairy Management Inc. founded USDEC in 1995 and, through the dairy checkoff program, is the organization's primary funder
- Funding of \$100,000 for 2020 (<https://www.usdec.org/>)

Promotional Contracts

➤ **New England Dairy Promotion Board (NEDPB)**

- Outside of NY but promotes consumption of NY milk in New England
- Programs related to nutrition marketing and public affairs on behalf of dairy farmers to build dairy advocates through communications and relationships
- Integrated communication programs including the production of an annual report and funding of individual volunteer / producer-led state groups and preparation of communication materials to producers in our region at various meetings.
- Funding of \$1.65 million for 2020 (<https://www.mustbethemilk.com/>)

Promotional Contracts

- **Milk for Health on the Niagara Frontier (MFH)**
 - Involved in marketing efforts including production and airing of television and radio ads, school presentations and county fairs
 - Focused in Western NY
 - Funding of \$450,000 for 2020 (www.milkforhealth.org)

Promotional Contracts

➤ **New York Animal Agriculture Coalition (NYAAC)**

- Farmer founded and funded organization that strives to build consumer trust and public support for modern agricultural practices, through consumer education, media engagement and industry cooperation
- Focuses its efforts on primarily dairy advocacy and outreach
- Funding of \$150,000 for 2020 (www.nyanimalag.org)

Promotional Contracts

➤ **VentureFuel**

- “The Future of Dairy Startup Competition”
- National competition that will solicit innovative ideas from entrepreneurs to promote and market dairy products produced in NYS
- Funding of \$475,000 for 2020 (<https://www.venturefuel.net/>)
- Meeting needed with Board to discuss competition

Research Contracts

➤ **Cornell University**

- Identifying and limiting outbreaks of foodborne illnesses
- Developing new food sources and preservation methods to expand the available food supply for a growing world population
- Improving the quality and consumer appeal of products on store shelves
- Funding of \$1.5 Million for 2020 (www.foodscience.cals.cornell.edu/research)

Current Financial Dashboard

		YTD Apr-20	% of Budget	2020	BUDGET 2019	% Change
Revenue:						
	Assessment Income	5,097,276	34%	15,000,000	15,283,000	-2%
	Less: Est. Administrative Cost	(9,884)	6%	(170,000)	(174,775)	-3%
	Total Available Revenue	5,087,392		14,830,000	15,108,225	-2%
Expenses						
	Promotion Contracts	4,200,000	32%	13,325,000	13,555,136	-2%
	Research Contracts	0		1,500,111	1,553,081	-3%
	Total 2020 Expenses	4,200,000		14,825,111	15,108,217	-2%
	2020 Net	887,392		4,889	8	

Contract Assessment

- Board members act as trustees of NYDPO's assets and must exercise due diligence and oversight to ensure finances are well managed
- Board reviews mid and year-end data to assess the effectiveness of the contracts at meeting the goals
- Spreadsheet created as an evaluation tool

Contract Assessment (cont.)

Areas to consider when evaluating contracts/projects:

- ✓ Is the evaluation spreadsheet complete?
- ✓ How well does the projects align with DPO's goals and strategic plan?
- ✓ Financial use of funds – efficient and effective use of funds?
- ✓ Are results worth the investment?

DPO Goals and Objectives (Hypothetical Example)

Description	Goal (NYS)	Actual Result	% Achieved	Weighting	Assessment (Achieved x Weight)
School Breakfast Participation	Increase daily participation by 60 %	Increased by 54%	90%	35% of contract	31.5%
Engage in social media	Reach 1,000,000 NYS households in target market	1,150,000 households reached	115%	10% of contract	11.5%
Enhance Image of chocolate milk in sports	Reach 250,000 college students and athletes	275,000 reached	110%	25% of contract	27.5%
Increase yogurt consumption in schools	Increase purchases by 75%	60% increase	80%	30% of contract	24%
				Total Assessment	94.5% of 100%

What to Expect During a Board Meeting

- Date is determined by doodle poll (watch your email)
- Location is determined by a predetermined schedule
- Based on meeting schedule, the agenda is created and approved by Chair and Co-Chair
- Various different groups present to provide an update or status of their research/projects
- Meetings are open to the public with the last, or beginning, 15 minutes of the meeting open for public comment / questions

Tentative Meeting Schedule

2020 Proposed DPO Board Schedule

Month	Agenda Item	Note	Location
June 23	<ul style="list-style-type: none"> Member orientation 		WebEx
July (2 meetings)	<u>First Meeting</u> <ul style="list-style-type: none"> 2020 YTD review <u>Second Meeting</u> <ul style="list-style-type: none"> 2021 Goals & Strategic plan Research Subcommittee? Department solicits proposals based on Board goals (press release) Proposals due Sept. 1st.	Due to COVID, two separate meetings needed to catch up	WebEx
August	<ul style="list-style-type: none"> Research Subcommittee meets (if applicable) to review Cornell proposals 		TBD
September (2-day meeting)	<ul style="list-style-type: none"> 2021 Proposals received presentations Research Subcommittee recommendation Board recommends funding 		TBD
October / November	<ul style="list-style-type: none"> Board education / speaker 		TBD
January 2021	<ul style="list-style-type: none"> 2020 year-end review 		TBD

★ Discuss best time of year to review projects and discuss possible changes



Welcome Aboard Everyone!

Questions?