Look.  Look.  See their salaries.  Oh, what salaries.  Feel the pain.  (Now we know where much of dairy farmers' hard-earned money is going.  Small wonder the big-wigs in U.S. dairy promotion have never wanted dairy farmers to have a one-farmer, one-vote referendum on continuing the mandatory USDA dairy promotion check-off!)

—The above page is obtained from Dairy Management, Inc.'s IRS Form 990 for the business year 2008.

How to Research Form 990 Info

The information contained in these reports was obtained from Guidestar, an online database containing information on 1.8 million nonprofit organizations. Guidestar's Web site can be found at www2.guidestar.org. The site is searchable and easy to navigate. Registration with an e-mail address and the creation of a password is all that is required to view the IRS 990 documents. Perhaps a database should be assembled showing the IRS 1040 forms of all the non-profit U.S. dairy farms.

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<th>(A) Name</th>
<th>(B) Breakdown of W-2 and/or 1999-Misc Income</th>
<th>(C) Deferred Compensation</th>
<th>(D) Not tax-exempt benefits</th>
<th>(E) Total of column (D)</th>
<th>(F) Compensation reported in prior year: IRS Form 990 or IRS Form 990-EZ</th>
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For years, some dairy farmers have wondered what salaries were being paid to top dairy industry leaders. This article reveals, for the first time, salaries of certain key personnel at dairy promotion groups and trade associations. Information for this article was gained by accessing publicly available data through Internal Revenue Service Form 990. What does Dairy Management, Inc. (DMI) CEO Tom Gallagher make in 2008? How ‘bout Jerry Kozak at National Milk Producers Federation? Connie Tipton at the International Dairy Foods Association? But perhaps the biggest shocker of all contained in the IRS Form 990 is the light sheen on a whole new scan operated by Dairy Farmers of America (DFA). DFA’s in-house dairy promotion unit, Dairy Promotion Services, is bankrolled by funds generated by USDA’s mandatory dairy promotion check-off. Unbelievable: Dairy Promotion Services in 2008 had an operating budget of $55,858,481. That figure is just slightly below the combined revenues of the nation’s two largest (by far) qualified state dairy promotion agencies: the California Milk Advisory Board and the Wisconsin Milk Marketing Board. Outside DFA, who’s ever heard of DPI or its activities?

Not all dairy promotion groups, or nonprofit trade associations, are listed in the article. A few additional groups will be profiled in an upcoming issue of The Milkweed. On an organization by organization basis, reporting of salary data may vary. We hope this information allows dairy farmers to judge for themselves, in these most difficult times, how much “pain” certain illustrious leaders are feeling.

Dairy Management, Inc. (DMI)

DMI is combined national dairy promotion entity, based in Rosemont, Illinois. DMI operates off of a portion of the national dairy promotion check-off funding generated to the National Dairy Promotion and Research Board. DMI also includes the United Dairy Industry Assn., – a consortium of state and regional dairy promotion units. All dairy groups that take in dairy farmers’ promotion check-off money must meet USDA’s rules as “Qualified Programs.”

At DMI, the following executives’ 2008 compensation packages totaled:

Using the information from IRS Form 990 for compensation of DMI’s top executives, it’s important to pay close attention to not only the “Base Compensation,” but also other categories such as “Bonuses & Executive Compensation,” “Other Compensation,” “Deferred Compensation,” and “Nontaxable Benefits.” See the full spread sheet of this information on the accompanying copy lifted from DMI’s IRS Form 990.

The Milkweed will summarize the total compensation packages of 2008 for the eight DMI executives whose salary information is included in the IRS Form 990:

Thomas Gallagher: $695,675 total compensation ($62,200 nontaxable benefits) + $50 deferred compensation.

Julian Toneye: $587,681 total compensation (including $174,268 nontaxable benefits) + $58,035 deferred compensation.


Jean Ragalie: $406,768 total compensation ($84,325 nontaxable benefits) + $33,120 deferred compensation.

Gregory Miller: $389,348 total compensation ($92,447 nontaxable benefits) + $30,010 deferred compensation.


Mark Leitner: $355,499 total compensation ($82,196 nontaxable benefits) + $28,408 deferred compensation.

Charles Cruikshank: $315,377 total compensation ($84,449 nontaxable benefits) + $7,348 deferred compensation.

According to a researcher who looked at other agricultural non-profit trade associations, the salaries for DMI executives are way over the top of salary levels paid to top-tier officials at the national beef and pork trade groups.

Analysis: Tom Gallagher raked in $13,386 per week in 2008, or $334 per hour based upon his 40-hour work week reported in IRS Form 990. Tom Toneye earned $1,251.55 per year… including a whopping $174,268 in non-taxable benefits! Egad. That guy’s been as worthless as mammaries on the male member of the porcine species for the past 30 years! How in Sam Hill did DMI’s top eight executives average nearly $100,000 EACH in nontaxable benefits in 2008? What a scam!

U.S. Dairy Export Council

This organization siphons off check-off dollars and USDA grants to boost U.S. dairy product exports. Total revenue for 2008 was $16,322,518. CEO Tom Suber’s salary is listed above with DMI data. Suber enjoyed $105,154 in nontaxable benefits in 2008.

National Milk Producers Federation

NMPF serves as the lobby for the nation’s dairy cooperatives. The interests of dairy farmers should be viewed as distinct from those the big cooperatives alleg ing to represent dairy producers. NMPF is worsening its way into programming, such as with receipt of hundreds of thousands of dollars in money from USDA to promote the premises and livestock identification programs so widely despised by farmers.

CEO Jerry Kozak is one of the slipperiest individuals in the U.S. dairy industry. NMPF total revenues in 2008 were $133,120. The vast bulk of that income was derived from the “Cooperators Working Together” program – a scam involving paying farmers to kill their dairy herds and also to subsidize U.S. dairy product exports. Top-level salaries at NMPF in 2008 included:

Jerry Kozak $647,632
James Tillsion $313,344
Thomas Balmer $302,200
Jaime Casteneda $285,944
Rob Byrne $201,764
Christopher Galen (aka “Motor Mouth”) $197,661
Peter Vitaliano $193,086
Charles Beckendorf $56,542

Analysis: Nice to see that former NMPF board president Charlie Beckendorf was able to subsidize his failing herd of scrub Holsteins (sold at basically the kill price in late 2008) with more than $50,000 in money from USDA to promote the premises and livestock identification programs so widely despised by farmers. He’s getting paid $313,344 to repeat such claptrap!

Wisconsin Milk Marketing Board

The WMMB receives a dime of the 15-cent mandatory USDA promotion check-off (per cwt.). WMMB’s annual revenue in 2008 totaled $26.7 million. Credit WMMB with spending the bulk of its funds promoting and developing markets for
Credit Scarcie in 2010 for Dairy Producers

by Pete Hardin

Available credit for dairy farmers, in early 2010, is darn near impossible to obtain. Without operating credit – particularly in advance of spring expenses for seed, fertilizer and diesel fuel – productivity on U.S. dairy farms will start to constrict.

Rumous milk prices during the past year-plus have left many dairy farmers with severely depleted equity positions, few available sources of money and dairy livestock values down several hundred dollars per head. The red-ink-bath suffered by dairy producers since late 2008/early 2009 leaves few bankers willing to talk about offering more credit. The banking community – agricultural and otherwise – is under severe pressures from federal regulators to maintain, in their loan portfolios, certain ratios of creditors’ assets to debts. With all the equity erosion and asset depreciation (i.e., livestock devaluation) dairy has suffered … even those bankers who are willing to lend to dairy producers right now are handcuffed by loan portfolio standards required by federal overseers.

IRS Form 990 Reveals Many Dairy Salaries, con’t

James H. Robson (CEO) – $167,000 in salary and $16,700 in employer paid contributions to his pension program, for a total of $184,700.

Analysis: Compared to the salaries and overall performance of many of the bozos in dairy promotion organizations, it looks like WMMB’s CEO is a real bargain with Robson’s $184,700 compensation package, given his extensive consumer product marketing expertise.

International Dairy Foods Assn. (IDFA)

IDFA is THE national lobby organization for dairy processors. IDFA and the Wisconsin Milk Marketing Board work together; does DFA do to honestly spend that $58 million? DFA is a near-silent player in dairy promotion circles, in light of its mammoth size. DFA looks like a previously unrecognized, and therefore, a disinterested Dharma. That means that in 2008, DFA took the discretionary revenue (10 cents of the 15-cent total check-off), where possible, from nearly 58 billion pounds of milk. Some states (California and Wisconsin) commit the discretionary dime to state programs. In other areas, that discretionary dime goes wherever the marketer directs. Looks like DFA has been directing all possible “discretionary dimes” from USDA’s mandatory checkoff towards its in-house coffers. And where the money goes after that … even high-level DFA personnel know for sure. USDA oversight is virtually non-existent.

There’s a certain irony in DFA’s siphoning the discretionary dime in-house. That’s because directors appointed to the NDPRB board for the past decade-plus have been top-heavy with DFA lobbyists (generally corporate or regional directors). Frequently, DFA lobbyists have held between 60% and two-thirds of all NDPRB posts. Worse yet: the DFA-heavy NDPRB board (in tandem with DMI) has regularly diverted funds to DFA-owned businesses and DFA-friendly firms. Examples: NDPRB/DMI approved grants to DFA-owned businesses to acquire UHT fluid milk processing equipment; the MBR/DMI has heavily weighed towards firms buying their pizza cheese from Leprino Foods. (DFA is Leprino’s near-exclusive raw milk supplier.)

An audit of DFA by USDA’s Inspector General would be in order.

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Current, low-ball farm milk prices (and projections for more of the same) merely make a bad problem worse: constraining dairy producers’ cash flows and heightening bankers’ worries about creditors’ ability to pay off loans.

Thus, many dairy farmers face spring 2010 with reduced options for planting and raising crops. Farming without money to buy seed and spring expenses is a challenge that will be faced by many dairy producers, and solutions to that common dilemma may be as many as there are dairy farmers caught in this credit crunch.

In various dairy regions around the country, it’s much the same story: no available credit. According to background provided by a person involved in agriculture finances in Wisconsin state agriculture department officials have sought out at least two state agencies, looking for additional credit sources for agriculture. No luck.

Most dairy farmers are uniquely structured: land, cattle, climate, soils, buildings, herd genetics and maintenance, and the operator’s skills bring together a one-of-a-kind package of opportunities and realities.

The Milkweed offers a couple insights into this dairy farm credit crisis:

1) BEWARE of “CREDIT CARD FARMING.” Where there’s a willingness to turn to credit cards as a source of operating capital during spring planting season provides a threatening disadvantage to farmers so inclined: credit card interest rates are currently far higher than mortgage rates and payment charges are humongous. Margins in agriculture do not permit paying off interest rates above 20%. And late payments charges multiply faster than flies on afterbirth lying in the middle of a field on a hot July day.

– In the event of ultimate bankruptcy, credit card incurred charges for farmers for farming expenses do not offer any of the (now fewer) potential advantages for writing off debt. Some how, some way, credit card companies’ claims against farmers in bankruptcy are almost impossible to write down or get interest/penalties deferrals.

2) In coming months, The Milkweed sees two emerging opportunities for dairy livestock prices. Buyers are particularly interested in short-term feeders here. DFA could articulate higher milk prices in the second half of 2010, and they want animals bred and ready to milk during the summer or (perhaps better) early fall. Get those open heifers bred and keep them properly maintained, watch price trends. Major reproductive problems in dairy during the past four to six months are causing a scarcity of bred animals (of all sizes) that will be available in the second half of 2010.

– Look for strong prices for dairy cattle and steers. Sometime in 2010, the U.S. dairy and beef industries will see the *** but the fan on available meat supplies. In 2009, USDA reported the fewest births in the commercial beef herd since 1951! (Editor’s note: In 1951, there were about 140 million animals in the United States and they ate a lot of beef.)

USDA further projects that the U.S. commercial livestock herd in 2010 will be at its lowest numbers since 1952. Already in the Southeast, seeming high prices for dairy cattle/steers are being driven by good-quality cull are bringing about $1.10 per pound dressed weight. The dire shortage of U.S. beef and dairy animals available for slaughter will only increase as 2010 passes.

So far in 2010, dairy cattle slaughter is running significantly behind 2009’s figures. Maybe producers are reluctant to cull hard prior to trying to arrange their lines of credit with lenders. Whatever … I have a strong price for dairy cows and steers lie on the near horizon.

Of course, all this horse manure and financial pain would be dramatically reduced if dairy farmers received fair prices for their milk.

The Milkweed • March 2010 — 7