

USDA Testimony 2/13/2024

My name is Jeff Milinovich. I work with Mariani Packing and Central California Raisin Packing Company in Del Rey California, a family owned raisin processing plant that has been in operation for the past 70 years. I have been in this line of work for the past 12 years. I have served on the RAC board for 9 years and am currently serving in a packer seat. Prior to working in the raisin industry I worked 2 years with the USDA in the Marketing Orders Administrative Branch currently named the Marketing Order Administrative Division.

The raisin industry has its roots in the Central Valley for over 100 years. The Raisin Administrative Committee is a federal marketing order, led by 47 growers, packers, and a public member. The RAC is directly overseen by the United States Department of Agriculture (USDA) and was created in 1949 as a result of the Agricultural Marketing Agreement Act of 1937. It is comprised of 17 packers and over 1,500 growers. The industry has one major cooperative in Sunmaid Growers of California and one grower cooperative in Raisin Bargaining Association along with fifteen independent processors. The grower farms range from large 1,000 acre growers to small family farms of a few acres. Many of these growers are diversified with other California permanent crops of various nuts and fruits. The industry also has some farmers that specialize solely in raisin production.

Raisin growers of California grow the majority of the crop from the south valley in Bakersfield up to Madera. All growers produce grapes and dry them in the field or in a dehydrator in the months of August to October. Once the raisins are made, they are delivered to processors. These processors receive the raisins in field bins and have them inspected by USDA inspectors to mark the grade and quality to make sure the raisins pass inspection. If the raisins do not pass, the fruit will be disposed of or reconditioned based on the failing nature. Once reconditioned they will be brought back after passing USDA inspection. From here processors will store the raisins, process product to customer specifications, then ship in bulk or consumer pack to buyers.

The industry has shrunk significantly over the last 10 years due to higher value crops in the valley taking over much of the farmland in the growing region. Growers and shippers have also been faced with a myriad of challenges from increased labor costs, inflation of inputs and challenges to the shipping industry. These issues have caused many growers to push their vineyards out or sell their land because returns do not cover their costs of doing business. This has put even more emphasis on the RAC to help the industry come together and work with the USDA in creating a strategy to maximize the return to the grower. This will create a healthy and robust raisin industry in the central valley to provide a livelihood for many of its members for years to come.

As our industry has shrunk, we are proposing to shrink the board. The farmland growing raisins has been drastically reduced in the past 15 years and even further the amount of growers farming raisins has shrunk due to consolidation. Over the years the RAC has struggled more and more to find the 47 board members along with its 47 alternates. As the number of growers and shippers has shrunk over the years the board size has not followed suit. This has caused many issues in our ability to effectively organize meetings and to keep meetings on track due to the large number of people. When the organization was created the industry was much larger, along with many more willing and active participants. Today there is not competition for seats but the opposite, a struggle to fill positions with people willing to participate at the most basic level.

The elimination of districts to run for the board will also produce more competition for positions. When we had many more growers this type of system helped with representation in areas with far less growers and individuals that seemed to be put at a disadvantage to the process. These districts seem to be a relic from an old system that once served a purpose, but today does not seem to have the effect it once did. The districts have created boundaries that have made less competition for seats and caused vacancies. For this reason I see it important to create an open election without boundaries to allow more people to run for open seats.

In support of proposal number 2 we will eliminate language that allows members to run for only an alternate seat. This was implemented as a solution when we had problems getting people to run for seats. It was assumed by allowing people to have an alternate position, they would have less responsibility as a full member and possibly run. Whatever the reason we see 60-80% attendance much of the time with members, often struggling to find a quorum. Even more alarming we see roughly 25% attendance from alternates. These numbers show many people are not putting the time in to be an effective board member. In a recent article by the Harvard Business Review *What Makes Great Boards Great* Jeffrey Sonnenfield states "Regular meeting attendance is considered a hallmark of the conscientious director." Our record for attendance shows we are failing in one of the most important elements of a successful board.

The composition recommended to the committee today was discussed at length in numerous committee meetings. I consider this new composition a fair representation of the industry today. I also do not think this will at any point affect people's ability to make their voice heard in our industry. The RAC meetings are open meetings, and it is of my belief that anyone who would like to speak their opinion or be heard will have every opportunity to do so whether a sitting member, an alternate or any person of the raisin industry not sitting on the board. This new size will help move the board forward in dedicating more time to pressing issues that will help our industry succeed in the future.

Thank you,

Jeff Milinovich