



News Release

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"Connecting Cows, Cooperatives, Capitol Hill, and Consumers"

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Bennet Amendment to Senate Farm Bill Dairy Program Costs Farmers \$400 Million Impact of Measure is Huge Increase in Out of Pocket Costs for Dairy Farmers

ARLINGTON, VA – A proposed amendment to the Senate Agriculture Committee's farm bill draft would cost dairy farmers more than \$400 million in additional expenses, according to the National Milk Producers Federation (NMPF).

The Senate Agriculture Committee postponed consideration today of the 2012 Farm Bill, but when that process resumes, Sen. Michael Bennet (D-CO) is expected to offer an amendment to make dramatic changes to the dairy title of the legislation. Bennet's amendment would increase the cost to dairy farmers on the margin insurance program "by as much as a staggering \$429 million in the next five years," said Jerry Kozak, President and CEO of NMPF.

"Senator Bennet's amendment is both bad policy and bad politics," Kozak said. "It drives up the cost of this program to farmers, and it erodes the careful political and economic balance that the Senate Ag committee has created."

The dairy portion of the Senate farm bill proposal replaces three existing dairy programs, and uses the budget savings from those to help pay for the Dairy Producer Margin Protection Program. A basic, \$4 level of margin insurance is free to farmers, although there are up-front administrative fees tied to the volume of milk insured under the program. If a farmer wishes to insure a larger margin, the premium rates increase with the level of protection.

Under the Bennet amendment, the costs to the dairy farmer – of both the initial administrative fee, and the supplemental premium rates – are greatly increased.

"Senator Bennet's amendment would raise the overall price tag of the insurance program to farmers. Dairy processors say they agree with the concept of margin insurance, but with this amendment, they're jacking up the cost of the program to farmers by millions of dollars a year, and once again shifting the risks of the marketplace away from them, onto the backs of our hard-working dairy farmers," Kozak said.

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NMPF has calculated the additional aggregate cost to farmers of the Bennet amendment, based on the average milk production of farms of in six size categories.

Each year of the farm bill, the additional cost paid by dairy producers would be \$37 million for \$4 of margin protection, and \$86 million of \$6 margin protection. Over the five-year lifespan of the farm bill, those figures balloon to \$186 million, and \$429 million.

Yesterday, NMPF wrote a letter to members of the Senate Agriculture Committee to oppose the Bennet amendment, reminding them of “the hard work that senators on both sides of the aisle have put into the completion of this mark. Please don’t allow last-minute amendments such as this to thwart all the effort that has been made to this point.”

The National Milk Producers Federation, based in Arlington, VA, develops and carries out policies that advance the well-being of dairy producers and the cooperatives they own. The members of NMPF’s 31 cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of more than 32,000 dairy producers on Capitol Hill and with government agencies. Visit www.nmpf.org for more information.