



# News Release

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

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## **Dairy Security Act Would Have Increased Farm Milk Prices More Than \$1.00 Per Cwt. Had it Been in Effect Last Year, NMPF Official Tells Midwest Dairy Leaders**

ROCHESTER, MINN. – Milk prices for Midwest dairy farmers would have been more than \$1.00 per hundredweight higher last year if the proposed federal Dairy Security Act (DSA) program had been available to them, a national dairy industry official told cooperative farm leaders gathered here Wednesday for the Minnesota-Wisconsin Dairy Policy Conference.

Jim Mulhern, Chief Operating Officer for the National Milk Producers Federation and a Wisconsin native, said a farmer with 200 cows, who purchased margin coverage at a level of \$6.50 per hundredweight, would have received more than \$44,000 in additional payments in 2012 under the Dairy Security Act that is now pending before Congress.

"The DSA was designed for the type of conditions we experienced last year: high feed costs and weak farm milk prices. If DSA had been in effect, dairy farmers who chose to participate in the program would have received margin insurance payments to cover increased costs and would have had to make only small reductions in milk output under DSA's market stabilization program," Mulhern said. "The net increase in farm revenue at the \$6.50 margin coverage level would have averaged more than \$200 per cow for the year," he said. "This is income that would not have been received by a farmer if they weren't in the program."

The Dairy Security Act was approved by both the House and Senate Agriculture Committees during consideration of last year's farm bill. The full Senate also approved the bill, but the House failed to vote on the farm bill last year, so Congress is now beginning efforts to pass a farm bill this year.

Mulhern said the Senate Agriculture Committee is expected to begin work on a new farm bill later this month, and the House Agriculture Committee likely will follow later this spring.

"I believe Congress will pass a farm bill this year, and when all the dust settles, DSA will be the dairy program in the final bill," he said. "Congress will adopt the DSA because it is the only program that truly provides an effective safety net without busting the budget."

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“The plan’s combination of affordable margin insurance and a stabilization program to quickly send production signals to producers when market prices are falling is specifically designed to protect both farmers and taxpayers,” Mulhern said.

A margin insurance-only alternative proposed by milk processors is irresponsible, Mulhern said, because it would create price-depressing milk surpluses and potentially cost billions of dollars.

“It would be terrible for our industry to enact a margin insurance-only program that guaranteed processors access to cheap milk by encouraging excess milk production, but that is exactly what some have proposed. An insurance-only program is dangerous because, by insulating producers through insurance payments, it actually prevents market signals from getting through,” he said.

Mulhern added that realistic insurance rates under a margin-only program would have to be much higher than those proposed in the Dairy Security Act in order to cover a greater portion of the cost of such a program.

“We are able to keep the insurance rates affordable under the DSA because the market stabilization program will help keep supply and demand in better balance,” he said. “Without stabilization, a margin-only program could become prohibitively expensive for small- and medium-sized producers to participate. That would be damaging here in the Midwest, and throughout the country.”

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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 30 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](http://www.nmpf.org) for more information.