



News Release

2101 Wilson Blvd., Suite 400, Arlington, VA 22201
703.243.6111 • www.nmpf.org

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

FOR IMMEDIATE RELEASE
Friday, September 23, 2011

Contact: Christopher Galen
(703) 243-6111 ext. 356
Email: CGalen@nmpf.org

NMPF Hails Introduction of Dairy Security Act Legislation

House Bill Embodies Improved Version of Foundation for the Future Package

ARLINGTON, VA – The National Milk Producers Federation (NMPF) is giving its full support for a new bill introduced today in the House of Representatives that would make broad improvements in dairy policy.

The bipartisan "Dairy Security Act of 2011" was formally introduced today by the House Agriculture Committee's Ranking Member Collin Peterson (D-MN), along with senior House Republican Mike Simpson (R-ID). The bill is modeled on the dairy reforms developed and promoted by NMPF, and would revamp and improve the farm-level safety net for dairy producers.

"It's been a long journey of reforming dairy policy following the difficult days of 2009, when America's dairy producers lost billions of dollars in equity, but the introduction of the Dairy Security Act is a huge step towards ending an ineffective program, and replacing it with something much better," said Jerry Kozak, President and CEO of NMPF.

"We are thankful for Congressman Peterson's diligent attention this issue, as well as his commitment to real reform, and we look forward to working with him and Congressman Simpson to get this bill passed," Kozak added. The bill reflects [the changes endorsed this week](#) by NMPF to its initial "Foundation for the Future" proposal to reform dairy policy.

The Dairy Security Act (DSA) bill is somewhat different from the [legislative discussion draft](#) introduced by Peterson this summer, in that it now makes voluntary the Dairy Market Stabilization Program (DMSP), which will help reduce milk output during times of low margins. However, if dairy producers wish to elect to enroll in the subsidized margin insurance program through the U.S. Department of Agriculture, they will automatically be enrolled in the Dairy Market Stabilization Program so that they are promptly alerted when additional production may affect their overall margins.

-more-

NMPF RELEASE///PAGE TWO

The new legislation is also an improvement over the earlier version, according to NMPF, because it extends the Basic level of margin insurance coverage to 80 percent of a producer's production history, from 75 percent as initially proposed. The Supplemental margin coverage option is also improved, as it will now allow producers to purchase insurance for growth in their milk production history.

Other changes to the final version of the legislation include a refined provision in the Dairy Market Stabilization Program to ensure that it does not activate during times when signals for farmers to reduce production may impinge on the ability of the U.S. to export dairy products.

Lastly, the Dairy Security Act of 2011 simplifies the Federal Milk Marketing Order pricing system through a formal hearing process conducted by USDA. The proposal directs changes in the way milk used to manufacture cheese (Class III) is priced, from a complicated end-product formula, to a more market-oriented competitive pricing system.

The Congressional Budget Office has evaluated, or scored, the legislative draft to assess its budget impact, and finds that the DSA will reduce federal spending by \$167 million during the next five years, and \$131 million during the next ten. That level of savings "represents one of the major benefits of this approach, since it will not only provide farmers better security, but also save the government money when the main topic of conversation in Washington is on reducing the deficit," Kozak said.

NOTE: Congressman Peterson has posted several documents explaining the Dairy Security Act, including a [Summary](#), a [Fact Sheet](#), and a [Myths and Facts sheet](#).

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 40,000 dairy producers on Capitol Hill and with government agencies. For more on NMPF's activities, visit our website at www.nmpf.org.