



News Release

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“Connecting Cows, Cooperatives, Capitol Hill, and Consumers”

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Economic Analysis Says Dairy Security Act Works to Increase Dairy Farm Revenue Prospects for Passing New Farm Bill Reviewed at National Dairy Producers Conference

INDIANAPOLIS, IND. – The benefits of adopting the Dairy Security Act (DSA) as part of the next farm bill will be obvious to farmers and policy makers as Congress begins assembling new agricultural policy this spring, according to speakers here at the [National Dairy Producers Conference](#).

During a two-hour long session Monday reviewing the prospects of the Farm Bill in general – and the outlook for the Dairy Security Act in particular – panelists agreed that the risk management approach embodied in the Dairy Security Act provides a cost-effective safety net for farmers.

University of Minnesota economist Marin Bozic, [who participated in the discussion in Indianapolis](#), reported that farmers who enroll in the DSA will find that the program “works as catastrophic risk insurance. It reduces extreme margin risk, as it pays you the most when you need it the most.”

He said that farmers will likely view the risk of not enrolling in the program as far greater than being part of it. Regarding concerns that milk production growth could be restricted by the DSA’s market stabilization component, Bozic told the crowd that producers using the three-month rolling base will experience milk production growth over the long term similar to if they were not part of the program.

Bozic is one of a group of Midwestern university professors who have performed a detailed analysis of how the DSA program performs for farms of various sizes, under various economic conditions. The analytical tool he reviewed has been developed to help farmers determine how best to participate in the DSA, once it becomes law.

One of the other academics, John Newton, described how an independent economic model of DSA can serve as a tool for farmers to help them make decisions regarding participation on the proposed DSA. Newton, an Ohio State University doctoral candidate, said that DSA works for farmers, whether small or large, and regardless of whether the model is merely a yearly analysis or a cumulative revenue report over a period of years.

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Monday's findings by the agricultural economists about the effectiveness of the DSA will bolster the case on Capitol Hill that the measure needs to be part of the next farm bill, according to NMPF's Chief Executive.

"We've spent the past three years working within the industry, and with members of Congress, developing a program that meets the needs of America's dairy farmers in the 21st century," said Jerry Kozak, President and CEO of NMPF, which organized the National Dairy Producers Conference. "The evidence continues to demonstrate that the DSA is both good policy, and good politics."

Kozak said that competing approaches to the DSA, either featuring no market stabilization element, or exempting all but the largest farms from market stabilization, are both overly costly, and politically unacceptable.

"Any proposal featuring margin insurance alone, such as the Goodlatte-Scott amendment, which severely limits the amount of milk that farmers can insure, will hamper the growth of their operations. Beyond that, it's a prescription for lower milk prices and higher government costs, which will scuttle the whole economic basis for margin insurance in the future," he said.

By the same token, "any approach that attempts to drive a wedge between farmers of differing sizes by exempting large numbers of farmers from the market stabilization program is divisive and wrong. In addition, it would dramatically increase the cost of the overall farm bill. The industry has moved beyond the regional divisiveness of past dairy policies and Congress needs to do so as well," he said.

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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 for more information.