



NEWS RELEASE
Wednesday, August 3, 2011

For more information, contact:

Chris Galen
(703) 243-6111 ext. 356
cgalen@nmpf.org

Dairy Producers Reject Status Quo, Support Policy Offering Budget Savings

Commentary from Jerry Kozak, President and CEO of NMPF

ARLINGTON, VA – Dairy producers realize that the status quo protections offered by current federal policies have failed them during the past decade – especially in 2009 – yet some may understandably be apprehensive about advocating comprehensive reform of those policies.

The Dairy Product Price Support Program (DPPSP) and the Milk Income Loss Contract (MILC) program combined constitute nearly 80 percent of the dairy budget baseline over the next ten years, according to the Congressional Budget Office. However, the DPPSP has become an ineffective safety net for farmers, and has created an unintended outcome whereby the U.S. has become burdened with balancing the world's milk supply.

The MILC program also has been ineffective in providing a safety net for farmers, and treats farms and entire regions of the country unequally. More specifically, it does not address the rise in volatile feed costs, and has not prevented the exodus of farms during its decade of existence. In 2001, there were 97,460 U.S. dairy farms, but by 2010, that figure was 62,500 – a loss of 36 percent of the nation's dairy farmers, almost all of which were small to medium-size operations of 500 cows or less. This clearly demonstrates the inadequacy of the current program and the need for better dairy policy.

The policy proposals contained in the National Milk Producers Federation's Foundation for the Future (FFTF) eliminate the DPPSP and MILC programs, and create a more efficient and effective safety net in the form of a Dairy Producer Margin Protection Program, the costs of which are shared by dairy farmers and the federal government. FFTF also establishes a Dairy Market Stabilization Program to prompt producers to respond more quickly to economic signals from the marketplace and at no cost to the government.

-more-



2101 Wilson Blvd., Suite 400, Arlington, VA | FutureForDairy.com

Existing farm programs, including the dairy title within the Farm Bill, are expected to undergo further cuts as part of the new federal budget deal passed by the House and Senate. FFTF was created to achieve better economic protection for farmers, while also yielding a budget savings – compared to current baseline spending levels – precisely because farm safety nets are going to shrink in the future. **The Congressional Budget Office says FFTF will save \$166 million over the next five years**, at a time when Congress has now pledged to cut more than a trillion dollars from federal spending.

Dairy producers have acknowledged that shrinking federal resources are the reality. Keeping the status quo is not an option, either *economically*, as the best safety net to producers, or *fiscally*, due to budget demands. Producers have been calling for something better for the past two years. We can't stay where we are and change is needed, which is why Foundation for the Future was developed.

To learn more about Foundation for the Future, including the Dairy Producer Margin Protection Program and the Dairy Market Stabilization Program, visit www.futurefordairy.com.

###

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. Visit www.nmpf.org for more information.