



# National Milk Producers Federation

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February 8, 2018

Agri-Mark, Inc.  
Associated Milk Producers Inc.  
Bongards' Creameries  
Cooperative Milk Producers Association  
Cortland Bulk Milk Producers Cooperative  
Dairy Farmers of America, Inc.  
Ellsworth Cooperative Creamery  
FarmFirst Dairy Cooperative  
First District Assoc.  
Foremost Farms USA  
Land O'Lakes, Inc.  
Lone Star Milk Producers  
Maryland & Virginia Milk Producers Cooperative Association  
Michigan Milk Producers Association  
Mid-West Dairy Farmers' Company  
Mount Joy Farmers Cooperative Association  
Northwest Dairy Assoc.  
Oneida-Madison Milk Producers Cooperative Association  
Prairie Farms Dairy, Inc.  
Premier Milk Inc.  
Scioto County Cooperative Milk Producers' Association  
Select Milk Producers, Inc.  
Southeast Milk, Inc.  
St. Albans Cooperative Creamery, Inc.  
Tillamook County Creamery Association  
United Dairywomen of Arizona  
Upstate Niagara Cooperative, Inc.  
Zia Milk Producers, Inc.

The Honorable Mitch McConnell  
Majority Leader  
United States Senate  
Washington, D.C. 20510

The Honorable Charles Schumer  
Minority Leader  
United States Senate  
Washington, D.C. 20510

The Honorable Paul D. Ryan  
Speaker  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Nancy Pelosi  
Minority Leader  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Ryan, and Minority Leader Pelosi:

Dairy farmers and the cooperatives they own have endured several difficult years in a row. Milk prices have remained stagnant, export market challenges abound, and many of the major dairy states face a capacity crunch as supply continues to outpace demand. This year, dairy farmers are expected to see a double-digit decline in cash receipts according to the U.S. Department of Agriculture (USDA). We are pursuing multiple solutions to these complex challenges, but an immediate key factor is fixing the broken federal dairy safety net to help farmers weather these challenging times.

With that in mind, we strongly support the Bipartisan Budget Act of 2018 (H.R. 1892). This legislative package includes badly-needed reforms to the Margin Protection Program for Dairy (MPP-Dairy) and offers the potential for access to additional risk management tools from USDA. Critically, the reforms to MPP-Dairy will improve the program to make it a more workable safety net for dairy producers while also improving the baseline in advance of consideration of the 2018 Farm Bill.

The MPP-Dairy reforms are important and multifaceted, including:

- Raising the catastrophic coverage level from \$4.00 to \$5.00 for the first tier of covered production for ALL dairy farmers;
- Adjusting the first tier of covered production to include every dairy farmer's first five million pounds of annual milk production (about 217

cows) instead of four million pounds, a recognition of the growth in herd sizes across the country;

- Reducing the premium rates, effective immediately, for every producer's first five million pounds of production, to better enable dairy farmers to afford the higher levels of coverage that will provide more meaningful protection against low margins;
- Modifying the margin calculation to a monthly (from bi-monthly) basis, to make the program more accurate and responsive to producers in difficult months;
- Waiving the annual \$100 administrative fees for underserved farmers;
- Directing USDA to immediately reopen the program signup for 2018.

In addition to these vital reforms to MPP-Dairy, H.R. 1892 also removes the \$20 million annual cap on all livestock insurance, including the Livestock Gross Margin-Dairy program. This will allow USDA to develop a wider variety of additional risk management tools for dairy producers that can complement MPP-Dairy.

Taken together, the dairy policy reforms included in this package will provide dairy farmers with a better safety net. NMPF urges a YES vote on H.R. 1892 and looks forward to working with Congress on final improvements to dairy policy in the upcoming 2018 Farm Bill.

Sincerely,



Jim Mulhern  
President & CEO