



Legislative Watch

Issues important to today's dairy farmers

NMPF Reviews Merits of its Comprehensive Farm Bill Proposal During Senate Hearing

The National Milk Producers Federation urged the Senate to develop a new farm bill that is more predictable and market-oriented, and presented members of the Senate Agriculture Committee with a comprehensive package of new farm policy proposals to achieve those objectives.

In testimony on April 24 to the Senate, NMPF President and CEO Jerry Kozak said that “we firmly believe that a multi-faceted approach is necessary in order to create a more effective, market-oriented safety net.” Kozak said NMPF’s highly-detailed plan “was created with extensive input and discussion by dairy producers throughout the nation, taking into consideration the concerns of producers of all sizes. We have taken ideas that have been successful in the past and, where appropriate, built on them.”

Examples of these improvements include NMPF’s proposal for the dairy price support program. NMPF is recommending that it be changed to a program whereby the USDA purchases specific dairy products at specific price levels, in contrast to the current program, under which the USDA is given vaguer discretion to support farm-level milk prices. NMPF’s more definitive program will make the program “more predictable than the status quo,” Kozak said.

The same is true for NMPF’s recommendation for a direct payment program. The current Milk Income Loss Contract (MILC) program will be less valuable to farmers in the future. That’s why NMPF is

recommending a new milk producer security payment in place of the MILC. NMPF’s program would be decoupled from milk production and price levels, meaning it would generate payments to farmers regardless of market prices.

Because dairy policy needs to address more than just economics, NMPF is backing expansions of the existing Environmental Quality Incentives Program and the Conservation Reserve Program. Such programs need to place added emphasis on helping dairy farmers invest in technologies that convert animal waste to electricity. Digesters that convert methane into power “represent a win-win opportunity, as they help generate power from what is now a waste product, and they improve the environment at the same time,” Kozak said. With the greater interest in biofuels in America, the next farm bill should address ways of capitalizing on new sources of renewable fuels, and in so doing, improve air and soil quality and create economic growth in rural communities.

Kozak said the farm bill must also continue emphasize America’s animal health infrastructure, particularly in an era with a greater focus on food safety and the looming threat of bioterrorism. He advocated the continuation of programs to help eradicate cattle diseases and improve the overall health of the nation’s dairy herd. In addition, Congress should create a new program to help manage the disposal of potentially high-risk animal products.

Kozak also urged the Senate to work with the USDA to finalize the implementation of an item included in the 2002 Farm Bill, but never put into place: a promotional assessment on imported dairy products. That item has been hung up in the USDA for the past five years, and needs to be finalized again in the new farm bill to ensure its implementation.

NMPF’s farm bill proposal also includes creation of a forward contracting program for manufactured classes of milk. The organization’s support for such a program is contingent on certain farmer-friendly safeguards, and is predicated on passage of the other farm bill elements that NMPF is seeking.

A copy of NMPF’s farm bill package can be found at www.nmpf.org.

Producers scoring 95 percent or more on Grade A Surveys and Federal Check Ratings

MMPA Michigan Dairy West

April 2007

James, David & Steven Spencer*
Hapalson Frms

Edward Hudzinski

Howard & Delesa Clark

Huron-Clinton Metropolitan
Authority

Dale & Laura Guldenstein

*scored 100 percent

NMPF calls on USDA to Implement Mandatory Auditing Protocols Under Development for 6 Years

The recent revelation that nonfat dry milk prices were not accurately reported in monthly government surveys is evidence that the U.S. Department of Agriculture needs to do a more thorough, methodical job of reviewing the product pricing and inventory data it collects, according to NMPF.

In mid-April, the USDA said that the National Agricultural Statistics Service (NASS) had been collecting price data on nonfat dry milk sales that did not accurately reflect current market prices for the product. NASS officials will now go back 52 weeks to review pricing data for other nonfat dry milk sales in an attempt to clarify the veracity of its historic pricing data. Those reported prices are part of the information used to calculate the price

that farmers receive each month in their milk checks.

NMPF said that the reporting error “is yet another example of why we need to finally implement mandatory auditing of product prices and inventories,” according to Jerry Kozak, President and CEO of NMPF. “NMPF helped pass a law nearly seven years ago giving authority to NASS to mandate the reporting of this type of data, and it is unconscionable that it’s taken another mistake like this situation to point out the need to get it implemented.”

Back in October 2000, Congress passed legislation requiring the reporting of dairy product inventories and prices. The law gave the USDA the authority to require dairy manufacturing plants to report any data

having an impact on product prices, including both sales and products stored in inventory. That data was to be subject to mandatory reporting and auditing. NMPF was the lead organization pushing Congress to pass a law giving the government additional product data collection capabilities.

Due to confusion and delays over the intent of the legislation, the NASS still does not have the full ability to audit such data, meaning the accuracy of its current reports may be suspect. Such was the case in 2000, when a warehouse reporting error resulted in a 32 percent miscalculation in domestic butter stocks. A similar situation occurred in 1999, when millions of pounds of cheese suddenly appeared in the NASS cold storage report. Both errors resulted in a sharp drop in

farm-level milk prices.


“The sad thing is that the tools to prevent these types of gaffes already exist – it’s merely a matter of putting them into use,” Kozak said. “If there is anything good that can come from this debacle, it will be the implementation of the law that our industry asked for – and Congress passed – nearly seven years ago,” Kozak said.

New from the leader in Dairy Liner Technology

IMPULSE™

THE ANTI-TWIST, HIGH PERFORMANCE TRIANGULAR SHELL-LINER SYSTEM

Introducing IMPULSE, the latest evolution from Milk-Rite, the leader in Dairy Liner technology. The IMPULSE system combines a revolutionary new shell design with an anti-twist, interlocking triangular liner. This system delivers enhanced performance through minimal air evacuation. This promotes the liner to open and close faster, and results in longer milk and rest phases. IMPULSE liners are also available in standard life (IP1) and extended life (IP2) models.



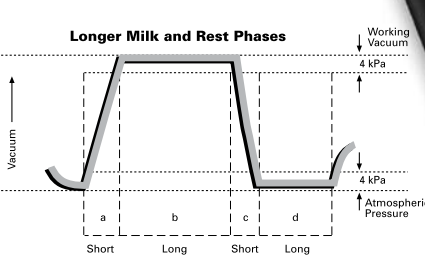
Triangular Shell Interior Reduces Air Volume for Faster Opening and Closing of Liner

Locking Anti-Twist Feature

Improved Slippage Control

Impact Resistant Shell

Longer Milk and Rest Phases



MILK-RITE

(East) 1-800-558-0150
(West) 1-800-927-4454