



A Long Road Worth Traveling

Last July, I wrote in this space about the Farm Bill process. The title of the column was “The Long Road to a New Farm Bill.” Who would have imagined a road this long? The road was long, but it looks like it was worth the wait and the effort it took to get to where we are today. Dairy producers fared very well in the Farm Bill of 2008. We had established our goals and were a unified group working with National Milk Producers Federation (NMPF), as I explained in last year’s column.

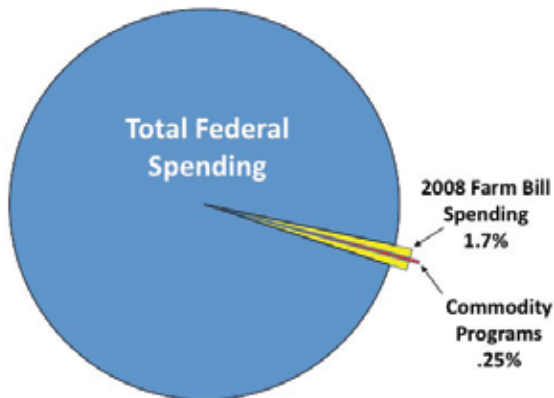
It is now mid-June 2008 as I write this column for the July 2008 issue of the *Messenger*, and I can finally report that the 2008 Farm Bill is now law. The bill

was passed by both the House and Senate, vetoed by the President, over-ridden by the House and Senate, corrected (one title missing from the version that the President vetoed), passed by the House and Senate as a complete Bill vetoed again by the President, then over-ridden by both the House and the Senate again, then finally enacted into law. I realize that is an extremely long run-on sentence, but this has been an extremely long run-on process.

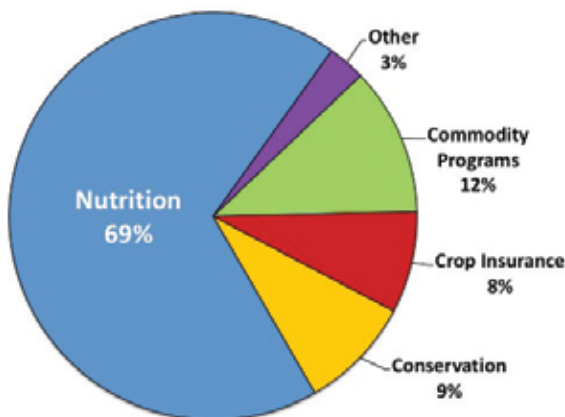
The 2008 Farm Bill endured months of debate, and at times, it seemed as if the economic stability of the U.S. hinged on minimizing spending on this one Bill. The first graph that accompanies this article puts the total cost in perspective. I’m not trying to minimize the 300 billion dollars the farm bill will cost, but 1.7 percent of total Federal spending is not quite as massive as it has been portrayed. Commodity programs are estimated to represent only .25 percent of total federal spending. The rhetoric got pretty nasty at times, especially this spring with all the accusations about the Farm Bill benefiting millionaires with Manhattan, New York addresses who also own farm land. You would have thought “real farmers” weren’t eligible for much of the 300 billion dollars. The second chart shows the distribution of Farm Bill spending, and you can see that almost 70 percent of the total is for nutrition programs. The commodity program portion of the Farm Bill would, at the maximum, amount to 12 percent of the total, and that will only be true if prices “tank” and maximum payments are made in every commodity group, an unlikely scenario.

The truth is, the critics weren’t entirely wrong, so the issue of reforms was also addressed. Bob Goodlatte, ranking Republican on the House Ag Committee, explained to the NMPF board at our June board meeting that significant reforms will be enacted with the passage of the 2008 Farm Bill. That, too, was often lost in the political rhetoric. Congress set new limits on adjusted gross income for individuals to be eligible for farm program payments. The Dairy Price Support Program was changed enough to make it acceptable under current World Trade Organization rules, while at the same time maintaining the principle of price supports. This was a concept constructed by the NMPF staff. NMPF also worked diligently to include collection of dairy check-off funds on imported dairy products. The goal was to

Estimated 2008 Farm Bill Spending as a Percent of Total Federal Spending



2008 Farm Bill Distribution of Mandatory Spending 2008-2012



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CWT Program Renewed for 2009

After Five Years of Operation, Members Vote to Continue Program Through Next Year

The members of Cooperatives Working Together voted in mid-June to continue the historic dairy farmer self-help program through 2009.

In a unanimous vote, the committee overseeing the management of CWT endorsed a continuation of the program—at the present membership assessment level of 10 cents per hundredweight—through calendar year 2009.

“In this season of important votes, CWT has won reelection in a landslide, as its members have decided that our industry is better off with this program,” said Jerry Kozak, President and CEO of NMPF, which manages CWT.

Created five years ago, at a time

when farm-level prices were at 20 year lows, CWT used a variety of programs to strengthen and stabilize milk supplies, and improve the economic health of the U.S. dairy producer community. It is currently conducting its latest herd retirement to adjust the size of the U.S. cattle herd, as many dairy farmers suffer from dramatically higher costs of production.

CWT has produced a strong return on investment for its members, generating 75 cents per hundredweight just in 2007, according to an independent economic analysis. That analysis, by Dr. Scott Brown of the University of Missouri, also showed that the cumulative impact of the herd retirement and export

assistance programs, has helped create an enduring positive effect on milk prices.

Kozak said that CWT’s management committee also asked that the respective task forces overseeing its herd retirement and export assistance programs meet this summer to look at new and different ways of positively impacting the dairy economic environment.

“We’ve had a strong record of successful programs that are both cost-effective and efficient in reducing dairy supplies. But we cannot rest on our laurels, and these task forces will convene to see if we can build even better mousetraps going forward,” Kozak said.

MMPA Matters

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off funds on imported dairy products. The goal was to collect the full 15 cents, but in the end a compromise was reached to collect 7.5 cents. Even that compromise is now in question. After passage, International Dairy Foods Association (IDFA) said they will fight implementation of the 7.5 cent check-off. Time will tell whether or not they are successful.

The dairy industry, with strong leadership from NMPF and extensive efforts by member co-ops like MMPA, has attained every major goal we attempted in the passage of the 2007 Farm Bill. In Michigan, both of our Senators and all but two of our Congressional delegation voted for passage of the Farm Bill. This bi-partisan show of support deserves our recognition. When you have a spare moment, take the time to thank your legislators for listening to our concerns and voting their support.

This process exemplifies what we can do as a small group of people when our objectives are clear and we work together to achieve an end result. The need now is to stay engaged so that we can build on what we have accomplished and move ahead to define and work on new challenges that are around the next bend. We have passed one mile post on the road, but others will continue to appear on the horizon.

Ken

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