

FAMILY FARMING AND DAIRY
2018 SPECIAL ORDER OF BUSINESS

U.S. dairy farms are an important segment of our nation's economy. As one of the world's largest dairy producing nations, the industry provides roughly \$140 billion in economic output, \$29 billion in household earnings and more than 900,000 jobs.

The economics of the dairy sector over the last four years have forced producers to shutter dairy farms across the country. The United States Department of Agriculture (USDA) projects the nationwide average price paid to dairy farmers will be \$15.80 per hundred weight (cwt), while average cost of production is \$22.70 per cwt. Dairy farmers nationwide are paid 30 percent below average production costs.

Despite dairy's economic contribution to our nation, federal programs are failing producers who face such difficult conditions. NFU recognizes efforts made by members of congress to improve federal dairy programs, but the changes to the Margin Protection Program (MPP) included in the "Bipartisan Budget Act" are insufficient because they do not fix the fundamental brokenness of U.S. dairy policy. Additional support will be necessary to reverse the harm dairy farmers have endured the last four years. Federal dairy policy must provide *both* a safety net for family dairy farms in all regions and of all herd sizes, *and* a mechanism that manages milk inventories or dairies will continue to receive chronically low milk prices.

NFU calls on Congress to provide much needed reform in the upcoming farm bill for dairy farms. Farm bill reforms should include the following:

The establishment of an incentives-based inventory management program to manage milk inventories based on market demand and pricing stability,

Passage of the Dairy Premium Refund Act,

An increase in federal spending to establish an effective dairy net,

Additional risk management policies for dairy farmers, including Livestock Gross Margin (LGM) for Dairy,

Programs that account for the actual cost of production; and

Federal contract protections between dairy farmers and their milk handlers, including at least 90 days notice of any termination of service.