

# SMISA PROGRAM OVERVIEW

1. Sustainable Milk Inventory System Act (SMISA) would facilitate the authority for the United States Department of Agriculture (USDA) to establish a national program of dairy inventory management based on a regional farmer board program under the Federal Milk Marketing Order (FMMO) system and accounting.
2. All existing dairies are issued regional QUOTA that allows for production of a designated amount of milk at a predetermined price.
3. Each FMMO region of the country establishes a dairy board made up of dairy farmers with limited processor involvement.
4. Prices are determined by farmers on a region-by-region basis based on cost of production and other cost indices.
5. Using processors forecast demand for milk for dairy products, each region will produce enough milk to meet processors needs.
6. Milk requested for use in export by processors would be included in regional dairy supply demand. Imports are subject to USDA market review to assure that they do not undercut SMISA inventory management.
7. Changes in forecast demand for dairy products will cause issuance of additional QUOTA for those dairies that choose to grow and those dairies that will accept more QUOTA. New dairy farmers can be issued portions of this new quota.
8. New growth QUOTA is issued equally.
9. Dairies can buy and sell existing QUOTA based on the value set on the open market, but new QUOTA is only issued by regional boards based on demand increases.
10. This would be a farmer driven program with mandatory enrollment of all dairies including organic.
11. Organic market inventory would use similar system to set organic prices and manage inventory to meet processor and consumer demand.
12. Vertically integrated producers would be exempt up to 3 million pounds per month as provided under FMMO Producer/Handler exemption.

## IN SUMMARY

Sustainable Milk Inventory System Act (SMISA) was developed by the California Dairy Campaign (CDC) and members of the California Farmers Union (CFU) as a long-term solution to the serious structural problems faced by the United States dairy industry. SMISA was designed to allow for regional cost and supply differences and to allow farmers to control those regional requirements.

The Canadian Dairy industry has a track record of 50 years of dairy stability that places: Price, Supply and Export/Import under the farmer's control with the full support of government regulators. SMISA is a U.S. version of the Canadian system with improvements. Further refinement and improvements are welcomed to assure that the finest dairy system in the world emerges for the benefit of this generation and the next generations of dairymen and their consumers. Short-term solutions based on one-time taxpayer handouts do not fix anything. We must stand together and structurally change the system to assure the long-term sustainability of all U.S. dairies regardless of location, size or niche served.

***Dairy farmers are invited to comment and suggest additions or changes.***

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