



July 29, 2019

Member Organizations:

*Associated Milk Producers Inc.*

*Bongards' Creameries*

*Ellsworth Cooperative Creamery*

*FarmFirst Dairy Cooperative*

*First District Association*

*Midwest Dairymen's Company*

*Rolling Hills Dairy Producers Cooperative*

Coordinator:

*Steve Etka*  
[steveetka@gmail.com](mailto:steveetka@gmail.com)  
703-519-7772

The Honorable Sonny Perdue  
Secretary  
U.S. Department of Agriculture  
1400 Independence Avenue, S.W.  
Washington D.C. 20250

Dear Mr. Secretary:

I am writing on behalf of the members of the Midwest Dairy Coalition with regard to implementation issues related to the Dairy Margin Coverage (DMC) program.

First, we would like to thank you for your efforts to prioritize the rollout of the DMC in USDA's 2018 Farm Bill implementation plan, given the severity of the economic crisis facing U.S. dairy farmers.

In addition, we also want to thank you for the decision to include dairy quality alfalfa into the formula for calculating the feed cost portion of the DMC. This is a significant step toward making the DMC feed cost formula more reflective of actual dairy feed costs.

One area where we are requesting more flexibility is with regard to production history rules related to dairy operations that have added cows in order to accommodate intergenerational transfers.

Under the old Margin Protection Program, USDA modified the production history regulations to recognize that many dairy farm families have children, grandchildren (or their spouses) who want to join as a partner in their family's dairy operation after completing their schooling. However, in many cases, these family operations are not big enough to generate the income needed to support all of the partners when the next generation is incorporated into the operation. Therefore, it is very common for these family operations to buy additional cows to accommodate the addition of the next generation into the operation. To facilitate these circumstances, USDA amended the MPP production history regulations to allow such operations a one-time update to their production history to reflect the production from the additional cows, as long as they notified the Farm Service Agency about the change within 60 days of adding the cows.

Unfortunately, the much-appreciated change in the MPP production history regulations related to intergenerational transfers also coincided with a time when there was widespread recognition by dairy farmers, Congress and USDA that the MPP program was failing to meet its goals. In recognition of the failure of the MPP, USDA gave participating dairy farmers additional flexibility to opt out of the program. As a result, many dairy farm families that expanded their operations to accommodate inclusion of a new family member into the operation did not inform FSA of their change within the 60-day window, because they did not intend to participate in the MPP in the future.

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Midwest Dairy Coalition Letter to Secretary Perdue

Dairy Margin Coverage Program implementation

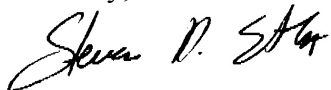
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We appreciate that the implementing regulations for the new Dairy Margin Coverage (DMC) have extended the old MPP intergenerational transfer production history regulations into 2019 for farm families to make a one-time increase in their production history when they add cows in 2019 to accommodate inclusion of the next generation into the operation. However, we believe it would be very appropriate to re-open the window to also allow those dairy farm families who expanded their operations in 2014 through 2018 to update their production history to reflect that one-time change if they failed to do so at the time of their actual expansion.

Specifically, we urge you to provide a one-time waiver, through December 31, of the 60-day notification deadline to allow producers who expanded their herds from 2014 through 2018 to facilitate intergenerational transfers to update their DMC production. In addition, procedures should be established for FSA offices to reflect these production history changes even for those farmers who have already signed up for the DMC, and to have their updated production history apply retroactively to the beginning of 2019.

We thank you for your consideration of this request and the urgent need to act on this matter during the current DMC sign-up period.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven D. Etko". The signature is written in a cursive, slightly slanted style.

Steven D. Etko

Coordinator

1301 Hancock Avenue

Alexandria, VA 22301