



December 17 Update



Farm Bill Fails to Address Dairy Crisis



Last week, by a vote of 369 to 47 in the U.S. House and 87 to 13 in the U.S. Senate, Congress passed a farm bill. However, the legislation fails to address the ongoing dairy crisis that is causing dairy producers in California and around the country to go out of business due to the fact that milk prices fail to cover production costs. Milk prices paid to dairy farmers in

California today are more than 20 percent below the average cost of milk production. Milk prices have remained below production costs for four years and there is no end in sight to the substantial income losses for dairy producers. It is unprecedented in recent years for milk prices to remain this low for this long and yet Congress is passing a status quo farm bill when a significant policy change is needed to ensure more dairies aren't forced out of operation.

During consideration of the last farm bill, there was a major debate over a modest inventory management plan, but this time around this critical issue was completely dropped. Until dairy farmers have the ability to manage their milk inventories, their share of the retail dollar will continue to shrink and more family dairy farms will go out of business. Dairy farmers in Canada have an inventory management program and their milk price is almost twice the amount U.S. dairy farmers here are paid. Consumer prices for dairy products in Canada are comparable to prices paid here, but because Canadian dairy farmers manage their milk inventories, dairy farmers in Canada are paid a more equitable milk price.

Dairy farmers nationwide continue to be paid a smaller and smaller share of the retail dollar while there is much profitability further up the food chain. The farm bill fails to address this fundamental flaw in our federal dairy pricing

system. California Dairy Campaign will continue to call for a farmer-led inventory management plan to balance milk production with market demand and establish an equitable milk price for dairy farmers.

Executive Director Lynne McBride

Dairy Programs in the Farm Bill

The recently passed farm bill makes modifications to the Margin Protection (MPP) Program renaming the program the Dairy Margin Coverage (DMC) program.

Since early 2016, when it was clear the MPP was failing, California Dairy Campaign and California Farmers Union joined with National Farmers Union and dairy organizations in other states to call on Congress

to refund the premiums that dairy producers paid into the ineffectual Margin Protection Program. In 2017, just one dairy in California signed up for any additional MPP coverage beyond the minimum \$4 catastrophic level. Dairy producers paid far more into the DMPP than they received in indemnities with premiums exceeding payments by more than \$80 million since the program began. As a result of this ongoing effort to call for MPP refunds, the farm bill includes a refund provision.

Margin	First 5 Million	Over 5 Million
	Premiums	Premiums
\$ 4.00	None	None
\$ 4.50	\$ 0.0025	\$ 0.0025
\$ 5.00	\$ 0.005	\$ 0.005
\$ 5.50	\$ 0.03	\$ 0.10
\$ 6.00	\$ 0.05	\$ 0.31
\$ 6.50	\$ 0.07	\$ 0.65
\$ 7.00	\$ 0.08	\$ 1.11
\$ 7.50	\$ 0.09	\$ 1.413
\$ 8.00	\$ 0.10	\$ 1.813
\$ 8.50	\$ 0.11	
\$ 9.00	\$ 0.11	
\$ 9.50	\$ 0.15	

Congressional summary of the legislation:

Premium Repayment: Allows each dairy operation that participated in MPP in 2014-2017 to receive a repayment of a portion of premiums paid over that time period as either a 50% direct refund or a 75% credit toward future DMC premiums.

Coverage Percentage: Allows operations to cover between five percent and ninety-five percent of production history. Previously under Margin Protection Program (MPP), producers could only cover between twenty-five and ninety percent.

Coverage Levels: Allows operations to cover margins between \$4.00 and \$9.50 in fifty-cent increments for their first five million pounds of participating production. Previously under MPP, there were no options at \$8.50, \$9.00, or \$9.50. Operations enrolling more than five million pounds can cover margins between \$4.00 and \$8.00. Operations choosing \$8.50, \$9.00, or \$9.50 coverage in the first tier can choose any second coverage level in their second tier.

Producer Premiums: Establishes the premium rates in the table (which appears above) apply per covered hundredweight per year. The Conference Report includes a much cheaper \$9 coverage option at \$0.11/cwt compared to

the House bill (\$0.17/cwt) or the Senate bill (\$0.18/cwt). The report also establishes a coverage option at \$9.50 and makes the price of \$4.50 and \$5.00 coverage uniform across tiers, reducing the cost of \$5 coverage for operations covering more than five million pounds by nearly 90%.

For More Information Visit our Web Site



**Join Us for Our Upcoming
Annual Membership Meeting
In Hanford, CA
on January 23, 2019**

Each year during our Annual Meeting we come together to look back on our work throughout the year and ahead to set our

policy priorities for the New Year.

We invite you to join us for our Annual Meeting on January 23 in Hanford. Friends and family are more than welcome.



**California Dairy Campaign and
California Farmers Union
Joint Annual Meeting**

Date: Wednesday, January 23, 2019

Location: Hanford Fraternal Hall
1015 N. 10th Street,
Hanford, CA

Contact Bertha Medina at 209-632-0885 to RSVP.

**National Farmers Union Women's Conference in San Diego
January 13-17 2019**

SAVE THE DATE!



**WOMEN'S CONFERENCE:
FARMING IN COMMUNITY
SAN DIEGO, CALIFORNIA
JANUARY 13-17, 2019**



National Farmers Union Women's Conference is just around the corner! We hope you can join us from January 13-17 at the Catamaran Resort Hotel and Spa in San Diego, California. The theme of this year's conference is "Farming in Community." Participants will have the opportunity to tour local

farm, share their stories with fellow attendees, and listen to experts present on topics such as business planning, running for office, accounting systems, food safety, activism, and more.

We hope you can join us for the 2019 Women's Conference, and in the meantime, please let me know if you have any questions. Contact Executive Director Lynne McBride at 209-632-0885 for more information.

**For More Information
Contact us**

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