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Reduced Safety Net Looms

Midwest Dairy Coalition Urges Quick Passage of New Farm Bill

WASHINGTON, D.C. — With dairy producers facing a reduced safety net in only a matter of days, the Midwest Dairy Coalition today urged quick passage of a new five-year Farm Bill.

At a time when dairy producers are facing high feed costs as a result of the severe drought, federal dairy assistance is scheduled to end, unless Congress takes swift action. The current dairy safety net program, the Milk Income Loss Contract (MILC) program, is scheduled to step down to a lower level of support starting on Sept. 1. Once it does, projections show that MILC program assistance will end for the foreseeable future, according to Steve Etko, coordinator, Midwest Dairy Coalition.

On September 1st, the enhancements made to the MILC program as part of the 2008 Farm Bill disappear and revert back to lower levels of support. One of those enhancements was a provision to adjust the MILC trigger level monthly based on feed costs, in recognition of the trends toward high feed costs and the effect on dairy producers' bottom line. Without a continuation of the feed cost adjuster from the 2008 Farm Bill, MILC program assistance will likely end on September 1st.

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“Based on market projections, the August MILC payment will be the last dairy assistance payment this year, unless Congress takes immediate action to pass a new Farm Bill or extend the current MILC program until the Farm Bill debate is completed,” Etko explains. “Ultimately, Congress must complete its work on the new five-year Farm Bill, to give dairy farmers greater options for managing risk during these periods of high feed costs.”

The Midwest Dairy Coalition has stated previously that it supports the dairy provisions of the Senate-passed Farm Bill, and well as the Farm Bill passed by the House Agriculture Committee. However, the House leadership refused to allow the Committee-passed bill to be considered on the House floor prior to the August Congressional recess. Completion of a final Farm Bill prior to its expiration on September 30th remains uncertain, because Congress does not return from recess until September 10th, and the House has yet to pass its version of the bill.

“The Midwest Dairy Coalition is urging Congress to pass a new Farm Bill without further delay and to also pass a short-term extension of the MILC program at its current level as a stop-gap measure, to assure that the nation’s dairy farmers are not put in harm’s way by Congressional inaction,” said Etko.

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