



DELIVERED VIA EMAIL

Member Organizations:

*Associated Milk  
Producers, Inc.*

*Bongards' Creameries*

*Ellsworth Cooperative  
Creamery*

*FarmFirst Dairy Cooperative*

*First District Association*

*Midwest Dairymen's  
Company*

*Scenic Central Milk  
Producers*

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April 7, 2015

Val Dolcini  
Administrator  
Farm Service Agency  
U.S. Department of Agriculture  
1400 Independence Avenue, S.W.  
Washington DC 20250

Dear Administrator Dolcini:

I am writing on behalf of the member cooperatives of the Midwest Dairy Coalition to make recommendations with regard to the dairy Margin Protection Program (MPP). These comments supplement our earlier comments on this topic, and are gleaned by experiences from the last enrollment period.

The Midwest Dairy Coalition (MDC) is an alliance of dairy cooperatives representing dairy producers in eight Upper Midwest states on federal dairy policy issues. The Coalition collectively represents over 9,000 dairy farmers, or about 20 percent of the dairy farmers in the nation. On a regional basis, the Coalition's membership represents the majority of dairy farmers in the Upper Midwest, and provides an effective and useful forum for dairy organizations to discuss, debate and propose common action dealing with the ever-changing federal dairy issues of the day.

The MDC was very active in the lengthy 2014 Farm Bill process, and has been very supportive of the Margin Protection Program, authorized by that legislation. Collectively, we have used our Midwest Dairy Coalition website to disseminate information about the program. Our member cooperatives also spent a great deal of time educating their members about the program during the 2014-15 enrollment process.

**Detailed Enrollment Data Needed to Inform Educational Efforts for 2016 Enrollment**

Our member cooperatives are in regular contact with their dairy farmer-owners about the MPP program, and will engage in additional educational efforts about the program prior to the 2016 enrollment process. To maximize the effectiveness of these efforts, it is critical that USDA make available detailed data about the 2014-2015 MPP enrollment results.

While USDA publically released national and state-by-state MPP enrollment data on Jan. 16 of this year, the information was very limited. We are requesting USDA to release the following additional data about the MPP enrollment for the 2014-15 coverage period:

1) *Distribution data detailing the extent of buy-up coverage purchased by dairy farmers.* We are requesting distribution data showing the percentage of farmers (nationally and by state) who bought up to the various levels of coverage, from \$4.50 to \$8.00. At this time, we only know the percentage of farmers who bought up without knowing the level of coverage.

2) *Herd size distribution for operations enrolled in the program.* Without this data, it is very difficult to analyze whether farm scale plays a role in program participation.

3) *Updated NASS herd numbers.* The 2014-15 MPP enrollment percentages were presented relative to 2013 NASS herd numbers. It is more accurate for that data to be presented in terms of actual 2014 NASS herd numbers, since the updated NASS figures are now available.

### **Enabling Cooperatives to Deduct MPP Premiums from their Members' Monthly Milk Checks Would Facilitate Enrollment**

A common service dairy cooperatives provide to their member owners is deducting business-related expenses, such as farm insurance premiums, from monthly milk checks. The cooperatives then send those payments to businesses or agencies on behalf of their members.

Prior to the 2014-15 MPP enrollment period, many in the dairy industry urged USDA to allow dairy cooperatives to provide a similar service with regard to MPP premiums. While USDA did not allow for such procedures during the 2014-15 coverage periods, enabling this procedure for the 2016 MPP enrollment would reduce cash-flow burdens for participating farmers and encourage greater participation.

The only premium payment methods USDA has allowed under the MPP rules are for one or two lump-sum payments. This discourages farmers from buying up to higher (more expensive) levels of coverage, especially now that milk prices and margins have fallen significantly from those experienced during the last MPP enrollment period. Simply, dairy farmers' cash flow statements are much tighter.

We believe that Congressional intent is clear with regard to the need to provide farmers with maximum flexibility in premium payment methods. Section 1407(d) of the Agricultural Act of 2014 states:

*The Secretary shall provide more than 1 method by which a participating dairy operation may pay the premium required under this section in a manner that maximizes participating dairy operation payment flexibility and program integrity.*

In addition, there is precedent for cooperatives engaging with the Farm Service Agency regarding dairy program-related transactions on behalf of their dairy farmer owners. For example, during years when the Milk Income Loss Contract Program (MILC) was in place, many cooperatives provided a similar service. They reported dairy producers' monthly production figures to USDA, since those figures were used to calculate MILC payments.

We strongly believe establishing the procedures to allow dairy cooperatives to deduct MPP premiums from their monthly milk checks, and to remit those payments to USDA on behalf of their members, would provide much greater flexibility for the participating producers. We encourage you to make this change well in advance of the July 1, 2015, start date for the 2016 MPP enrollment period.

If such procedures are established, provisions should be included to allow the participating producer to sign a document with USDA's Farm Service Agency in order to authorize the premium deduction by the cooperative. Procedures for remittance of those premiums to FSA could then be established. If the producer

requests the cooperative to stop monthly deductions, the obligation to pay the premiums remains with the producer -- not with the cooperative.

### **Prompt Publication of New MPP Production History Rules with Regard to Inter-generational Transfers**

On Aug. 29, 2014, USDA published implementation and registration details for the new MPP. As part of that document, USDA also invited comments from the public regarding whether the MPP production history rules should be changed to address the unique circumstances of inter-generational transfers within a family farm structure. Many organizations provided comments. (See link to the Midwest Dairy Coalition comments: [http://www.midwestdairycoalition.com/uploads/Comments\\_on\\_MPP\\_intergenerational\\_transfers\\_FINAL.pdf](http://www.midwestdairycoalition.com/uploads/Comments_on_MPP_intergenerational_transfers_FINAL.pdf)) There has been no public response from USDA to these comments.

Because the 2016 enrollment period for the MPP is rapidly approaching, we are urging any modified regulations be published as quickly as possible so we can inform producers about the changes.

### **Extended Sign-Up Period Would Help Improve 2016 Enrollment**

Prior to the 2014-15 MPP enrollment period, USDA announced the 2016 enrollment period would begin July 1, 2015 and end September 30, 2015. Many in the dairy industry, including the Midwest Dairy Coalition, supported efforts to have a several-month gap between the enrollment period and the coverage period, based on concerns about maintaining program integrity and minimizing taxpayer cost.

However, given the relatively low participation in the program in the initial enrollment period, we are requesting USDA consider extending the 2016 enrollment period through the end of November of 2015.

Thank you for your consideration of these comments.



Steven D. Etko  
Coordinator

Cc: Mike Schmidt, Deputy Administrator for Farm Programs