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# ***Media Release***

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## **Farm Bill Progresses**

# **Midwest Dairy Coalition Praises Senate Ag Committee for Including Dairy Security Act**

**WASHINGTON, D.C.** — The Midwest Dairy Coalition today praised the Senate Agriculture Committee for including the voluntary Dairy Security Act (DSA) in its version of the 2013 Farm Bill. The DSA is an improved safety net for dairy producers, combining margin insurance with market stabilization.

“We want to thank members of the Senate Ag Committee for their diligence on this issue. Their decisions were ultimately made in the best interests of dairy producers as well as taxpayers,” said Steve Etko, coordinator, Midwest Dairy Coalition. “DSA offers an improved safety net for dairy producers, insulating the nation’s rural economy at critical times when farmers face particularly challenging situations that make it difficult for them to cash flow their businesses.”

Etko says DSA offers a financially sound risk management program that gives dairy farmers options to better manage margin volatility. Farmers will be able to guard against catastrophically low margins, like those experienced in 2009 and again in 2012. Meanwhile, consumers will benefit from a market stabilization component of the DSA program that will help to moderate volatile milk prices through better market balance.

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The DSA also includes a 2-tier premium system advocated by the Midwest Dairy Coalition, which provides lower margin protection premiums on a farmer's first 4 million pounds of production annually, to make the transition to the new safety net program more affordable for small- and medium-scale operations, which have historically benefited the most from the Milk Income Loss Contract (MILC) program. The MILC program will end under the DSA.

The margin protection provisions of the DSA are entirely voluntary. However, because the premiums for the margin protection are subsidized by the federal government, farmers who participate must also agree to periodic and temporary market stabilization provisions to help minimize the cost of the program to taxpayers. Specifically, during times of low margins, participating farmers must agree to either cut back production slightly for a brief period of time, or to contribute financially to the purchase of dairy products for donation to food banks. Either option will help return margins to levels that are more economically sustainable for farmers. The market stabilization provisions are temporary and would in no way impede a producer's long-term growth decisions.

"DSA was designed to give farmers greater options for managing risk, without the wide swings in margins that have battered farmers and taxpayers in the past," said Etko. "But the program is also designed to be entirely voluntary, so that farmers not interested in the program do not have to participate. We appreciate the work completed by the Senate Ag Committee and look forward to these provisions being included as the 2013 Farm Bill becomes law."

The House Agriculture Committee is expected to take action on its version of the 2013 Farm Bill tomorrow.

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The Midwest Dairy Coalition is an alliance of farmer-owned dairy cooperatives representing dairy farmers in eight Upper Midwest states. The Coalition collectively represents nearly 11,000 dairy farmers or about 20 percent of those in the nation. Representing a large majority of dairy farmers in the Upper Midwest, the Coalition provides an effective and useful forum for discussion, debate and common action on dairy issues of the day.