



2025 Farm Bill Priorities

Dairy Margin Coverage (DMC) Program

The Dairy Margin Coverage (DMC) Program has proven to be a critical risk management tool for dairy farmers. The voluntary program gives participating dairy farmers the ability to manage risks associated with changes in the margin between milk prices and feed costs. The program was established in the 2018 Farm Bill as a successor program to the inadequate Margin Protection Program (MPP). In the new Farm Bill, the DMC should be continued with the following updates:

- The 5-million-pound annual production threshold (about 200 cows) between Tier I premiums and the higher Tier II premiums should be updated to reflect the growth in average dairy herd size, which is now about 360 cows.
- The production history used under the DMC program must be updated to reflect more current production levels of participating dairy farmers. Current DMC production history rules are tied to outdated production levels. When Congress writes the new Farm Bill, the DMC production history provisions should be updated to allow DMC participants to update their production history to more recent levels.
- In the House, the Dairy Farm Resiliency Act (H.R. 294), was introduced by Reps. Langworthy (R-NY), Van Orden (R-WI), and Courtney (D-CT). The bill would allow dairy farmers to update their Dairy Margin Coverage (DMC) production history to more recent levels and would modestly increase the amount of milk eligible for lower premiums under Tier I of the DMC. The bill has been endorsed by the Midwest Dairy Coalition.
- In addition, the Midwest Dairy Coalition urges Congress to increase the top DMC margin level from \$9.50 to \$10.00 per hundredweight to partially reflect the increased costs of non-feed inputs used by dairy farmers. Variable feed costs are already captured in the base margin calculation formula of the DMC.

Federal Milk Marketing Order (FMMO) Modernization

Until the update that was completed this year, the federal milk marketing order (FMMO) system had not been significantly updated since 2008. Because of the complexity of the system and the inter-related nature of all the aspects of the pricing system, the Midwest Dairy Coalition called for a full-scale review and modernization of the system.

Responding to the concerns of dairy farmers and the broader dairy industry about the need to update the FMMO system, USDA's Agricultural Marketing Service initiated the formal administrative hearing process established by Congress to consider proposed changes. In late January 2024, the Federal Milk Marketing Order hearing concluded. Many Midwest Dairy Coalition member cooperatives participated in that hearing process.

In December of 2024, USDA published a "Final Decision" regarding the new FMMO, including the proposed changes. In keeping with the FMMO reform process established by law, dairy producers and their producer-owned dairy cooperatives in each of the 11 federal order regions voted overwhelmingly (by at least a 2/3 vote margin) to support the new system, as amended. Because this producer referendum vote threshold was achieved, the new FMMO reforms are now being implemented.

In general, the Midwest Dairy Coalition has supported using the formal FMMO hearing process for considering changes to the system and has discouraged piecemeal intervention by Congress into the complex process. However, one important aspect to FMMO reform does require a statutory update. Specifically, the Farm Bill should include a provision to require USDA to conduct mandatory plant-cost studies every two years, a critical step to ensure that the "make allowance" data used to calculate milk prices under the FMMO system are accurate and regularly updated. Statutory change is needed to authorize this survey. This change has been supported by the leadership of the House and Senate Agriculture Committees and is the subject of legislation (H.R. 295) introduced in the House by Reps. Langworthy (R-NY), Van Orden (R-WI), Morelle (D-NY), Finstad (R-MN) and in the Senate (S. 581) by Senators Gillibrand (D-NY), Collins (R-ME), and Shaheen (D-NH).

The Midwest Dairy Coalition includes:

Associated Milk Producers Inc., Bongards Creameries, Ellsworth Cooperative Creamery, First District Association, FarmFirst Dairy Cooperative, and Rolling Hills Dairy Cooperative.

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Current Marker Bills Supported by the Midwest Dairy Coalition

Whole Milk for Healthy Kids Act (H.R. 649/S.222)

The Whole Milk for Healthy Kids Act, as introduced by Reps. G.T. Thompson (R-PA) and Kim Schrier (D-WA) in the House, and Sens. Marshall (R-KS), Welch (D-VT), McCormick (R-PA), and Fetterman (D-PA) in the Senate, will allow whole and reduced-fat milk to again be served in the School Meals Program. On March 12, 2025, the House bill was reported out of the House Committee on Education and Workforce by a vote of 24 to 10.

Dairy Business Innovation Act (S.420 /H.R.985)

Senators Tammy Baldwin (D-WI) and Marsha Blackburn (R-TN) and Representatives Van Orden (R-WI) and Carbajal (D-CA) introduced the Dairy Business Innovation Act of 2025, to reauthorize and strengthen the Dairy Business Innovation (DBI) Initiatives to help more American dairy farmers and processors add value to their businesses, including creating new products, expanding their markets, and modernizing their production facilities.

Main Street Tax Certainty Act (H.R. 703/ S. 213)

Rep. Lloyd Smucker (R-PA) and Sen. Steve Daines (R-MT) introduced the Main Street Tax Certainty Act, marker legislation to make the Section 199A tax deduction permanent, a priority for the Midwest Dairy Coalition in the upcoming tax deliberations. The Section 199A tax deduction, which was created in the Tax Cuts and Jobs Act (TCJA) of 2017 and revised in the Consolidated Appropriations Act of 2018 to ensure that agricultural cooperatives receive similar tax relief as the businesses that benefited from the TCJA's corporate tax rate reduction. Section 199A provides a tax deduction roughly equal to 20% of net income for all forms of businesses except C corporations. TCJA reduced the corporate tax rate from 35% to 21%, so Congress recognized that other forms of business – including cooperatives – should also have an equitable tax reduction. Section 199A also applies to sole proprietorships, partnerships, S corporations, and LLCs. Section 199A expires in 2025, and this legislation would make this tax provision permanent. The goal was to have this provision included in the tax package being considered by Congress as part of upcoming Budget Reconciliation process.

Fair Milk Pricing for Farmers Act (H.R. 295/S. 581)

Reps. Langworthy (R-NY), Van Orden (R-WI), Morelle (D-NY), and Finstad (R-MN) and Senators Gillibrand (D-NY), Collins (R-ME), and Shaheen (D-NH) have introduced bipartisan legislation to give USDA the authority to establish mandatory audited surveys of dairy plants as they relate to cost of manufacturing dairy products, known as “make allowances.” The cost of manufacturing raw milk into finished dairy products is one of the data points used in the federal milk marketing order (FMMO) system. These audits would be a far better indicator of actual costs than current estimates, which have been based on voluntary plant participation.

Innovative Feed Enhancement and Economic Development (FEED) Act (H.R. 2203/S. xxxx)

Reps. Nick Langworthy (R-NY), Kim Schrier (D-WA), Jim Baird (R-IN), Chellie Pingree (D-ME), Erin Houchin (R-IN), and Jim Costa (D-CA) re-introduced this bipartisan legislation to establish a new pathway at the U.S. Food and Drug Administration (FDA) for novel feed additives to increase livestock efficiency and production. This will allow U.S. dairy farmers to continue to innovate, including through their ongoing sustainability efforts. We expect the Senate version of this bill to be introduced again in the coming weeks, by Senators Marshall (R-KS) and Baldwin (D-WI).

Dairy Nutrition Incentive Program (S. 1021/H.R. 2496)

The Healthy Fluid Milk Incentive Projects program was authorized in the 2018 Farm Bill to incentivize the purchase of fluid milk under the SNAP program for low-income individuals and families. The Dairy Nutrition Incentives Program, introduced by Senators Klobuchar (D-MN) and Marshall (R-KS) in the Senate and Reps. Costa (D-CA) and Langworthy (R-NY) in the House, would broaden that program to include SNAP incentives for yogurt and cheese, in addition to fluid milk. The bill also provides the program with more stable funding.

Marker Bill legislation supported by the Midwest Dairy Coalition during the past Congress (2023-24), which we intend to endorse again if reintroduced in the new Congress (2025-26)

Dairy PRIDE Act (S. 549/H.R. 1462, in the 118th Congress) *Truth in Labeling for Non-Dairy Beverages: FDA Standards of Identity*

Currently, FDA regulations require products labeled as milk, yogurt, ice cream and cheese to be produced from dairy animals. Unfortunately, FDA has not enforced those regulations, which has resulted in many plant, nut-based or lab-generated products being inappropriately labeled using dairy terms. Consumers are often unaware that the nutritional attributes of milk and other dairy products far exceed those of non-dairy beverages.

In recognition of this problem, in February of 2023, FDA released a proposed guidance on the labeling of plant-based beverages which falls far short of what dairy producers want or consumers deserve, and equally short of full enforcement of FDA's own standards of identity regulations for milk labeling. One portion of FDA's proposal does improve the consumer marketplace, which is a requirement for front-of-packaging disclosures by plant-based beverages of their inferiority to dairy. As guidance, this does not have the same strength as regulation.

Bipartisan legislation has been introduced in the Senate [Sens. Baldwin (D-WI)] and Risch (R-ID)] and House [Rep. Joyce (R-OH) and Ann Kuster (D-NH)] to require FDA to fully enforce its own regulations by prohibiting the use of dairy terms on non-dairy products labels.

**Safeguarding American Value-Added Exports (SAVE) Act
(S. 1652 /H.R. 3423, in the 118th Congress)**

Protecting the Ability to Use Common Cheese Names in Export Markets

The *Safeguarding American Value-Added Exports (SAVE) Act* directs USDA to work with the U.S. Trade Representative in proactively protecting common food names like “parmesan” and “feta” from the European Union’s abuse of its geographical indications (GIs) system.

Led by Senators. Thune (R-SD) and Baldwin (D-WI) in the Senate and Reps. Dusty Johnson (R-SD) and Jim Costa (D-CA) in the House, the aim is for the language to be folded into the Farm Bill as a first-of-its-kind effort to counter the EU’s continued attempts to monopolize generic terms in key dairy export markets around the world. Specifically, the legislation will amend the *Agricultural Trade Act of 1978* and direct USDA to establish a list of common names frequently subject to GI misuse, and coordinate with USTR to use trade agreement negotiations, memoranda of understanding, or exchanges of letters with foreign trading partners, to defend the right to use common names for agricultural commodities.

Farmers First Act (S. 1736/H.R. 6379, in the 118th Congress)

The Farmers First Act, introduced by Senators Baldwin (D-WI) and Ernst (R-IA) in the Senate and Reps. Feenstra (R-IA) and Costa (D-CA) in the House, would reauthorize the Farm and Ranch Stress Assistance Program (FRSAN) through 2028. Four regional centers established through FRSAN are increasing access to farm stress services across the U.S. by coordinating efforts to serve the unique needs of the populations in each region.

Agriculture Labor Policy and Dairy Farms

[(H.R. 4319, Reps. Newhouse (R-WA) and Lofgren (R-CA), in the 118th Congress]

Foreign-born workers are a critical part of the U.S. dairy economy and the communities where they live. While border security is important, establishing a clear process for immigrant dairy workers to establish legal status is critical. The Midwest Dairy Coalition supports agriculture labor reform legislation to:

- Provide an affordable and efficient guest-worker program that ensures the continued availability of immigrant labor for all of agriculture, including dairies; and
- Permit those currently employed or with employment history in the U.S. to earn the right to work here legally, regardless of their current legal status.

The Midwest Dairy Coalition supported the Farm Workforce Modernization Act (H.R. 4319).