



FAMILY FARMING AND DAIRY 2019 SPECIAL ORDER OF BUSINESS

The number of dairy farmers in the United States has dropped by more than 30 percent over the last 10 years, and the rate of closures across the country continues to accelerate today.

The United States Department of Agriculture (USDA) projects the nationwide average price paid to dairy farmers will total \$15.80 per hundredweight (cwt), while average cost of production is \$22.70 per cwt. Dairy farmers nationwide are paid 30 percent below average production costs and have been paid prices well below production costs for more than four years leading to unprecedented financial challenges for dairy farm families.

The recently passed farm bill fails to address the challenges dairy farmers face today primarily because it lacks an inventory management component that is vital to establish fair milk prices. We urge Congress to pass a three-point plan:

- Establish fair prices.
- Manage milk inventories.
- Provide import/export dairy policy to restore and protect profitability to dairy farmers across the United States.

NFU calls on Congress to pass legislation that includes:

1. The establishment of an incentives-based inventory management program to manage milk inventories based on market demand and pricing stability.
2. Establish a farmer-led plan to establish fair milk prices that are based on the dairy farmers cost of production and retail prices for dairy products.
3. Effective dairy trade policy that manages both imports and exports to ensure that U.S. dairy farmers are paid a fair price from the market.
4. Each FMMO region of the country establishes a dairy board made up of dairy farmers that establish prices with processor involvement.
5. Prices are determined by farmers on a region-by-region basis based on cost of production and other cost indices.
6. Using processors forecast demand for milk for dairy products, each region will produce enough milk to meet processors needs.
7. Milk requested for use in export by processors would be included in regional dairy supply demand. Imports are subject to USDA market review to assure that they do not undercut the dairy farmer-led inventory management plan.
8. Changes in forecast demand for dairy products will allow for increased production for those dairies that choose to grow based on market demand and allow for new dairy operations.
9. New growth production is issued equally, with a program for beginning farmers.
10. Dairies can buy and sell existing production based on the value set on the open market, but new production is only issued by regional boards based on demand increases.
11. This would be a farmer driven program with mandatory enrollment of all dairies including organic.
12. Organic market inventory would use similar system to set organic prices and manage inventory to meet processor and consumer demand.