

What's Wrong with NMPF's Foundation for the Future?

The dairy industry has NOT reached consensus on dairy policies proposed by the National Milk Producers Federation in the "Foundation for the Future". IDFA and many dairy producers strongly oppose its key component, a new controversial government program designed to periodically limit milk production. The package also fails to reform the government's milk price regulations under the Federal Milk Marketing Order system.

The FFTF Imposes New Taxes and Increases Government Bureaucracy

The FFTF relies on the creation of a new government program, called the Dairy Market Stabilization Program (DMSP), which will require dairy manufacturers to send to the government a portion of milk payments that would otherwise go to farmers. Participation by dairy farmers will be mandatory and no region may opt out. During 2009, when over \$1 billion in Federal assistance was provided to dairy farmers, the DMSP would have withheld nearly \$390 million from producers. This growth management program is triggered well before the FFTF's revenue insurance provides support to farmers and the USDA is required to track each producer's production base to determine withholdings.

The FFTF Jeopardizes Industry Growth and Creates Regional Disparities

Economic analysis reveals that the DMSP will cause exports to decline, imports to decrease, and milk prices to be more volatile. The program will derail the dairy industry from effectively capturing new international markets at a time when Congress and the President agree that exports are essential for job growth here at home. The DMSP penalizes states that are expanding their dairy production and processing industries. Capital investment in manufacturing plants and future growth in dairy farms in the US will be jeopardized, and thousands of jobs lost, if the FFTF becomes law.

The FFTF Increases Government Intervention in Dairy Pricing

The FFTF will make the current government milk pricing system even more disruptive to dairy markets. Contrary to NMPF's claims, the FFTF retains all four classes of milk and actually increases regulatory complexity. It further confuses the system by incorporating market prices only for cheese, yet retains formula pricing for Class IV milk that is used nearly exclusively by dairy co-ops. The FFTF fails to address, and even increases, the regional disparities created under the current system.

IDFA represents the nation's dairy manufacturing and marketing industries, with a membership of 550 companies, representing nearly 200,000 jobs, across the United States.

Additional information on dairy policies and recent studies on the Foundation for the Future proposals can be found at www.keepdairystrong.com or by contacting: Ruth Saunders at rsaunders@idfa.org or Chelsea Woodey at cwoodey@idfa.org