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## **Extra \$350 million for dairy hands off tough decisions to USDA**

**By Jon H. Harsch**

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After a closed one-hour meeting Thursday with the 88-member Congressional Dairy Farmers Caucus, Agriculture Secretary Tom Vilsack told *Agri-Pulse* he assured the congressmen that “when and if a bill is passed with additional support and help and assistance to dairy farmers, we’ll do everything we possibly can to move it out to the countryside as quickly as we can.”

Vilsack’s meeting followed a House-Senate compromise reached Wednesday which allocates \$350 million in emergency assistance to the dairy industry as part of the 2010 Agriculture appropriations bill. If the Ag appropriations bill is passed by both the House and Senate and signed into law, USDA will be directed to spend \$60 million to buy dairy products for government nutrition programs and use the remaining \$290 for direct payments to dairy farmers. So Congress is making the easy decision to hand out more money – leaving USDA with the hard decision on how to allocate that money.

The problem, as pointed out by USDA Under Secretary for Farm and Foreign Agricultural Services Jim Miller, is that “You’re never going to make California and Wisconsin happy on the same day.” In other words, the smaller dairy operations in the Midwest and Northeast would like the emergency money spent to prop up smaller operations. That will happen if the \$290 million is spent on the Milk Income Loss Contract, or MILC, program because MILC pays out to compensate for low milk prices but benefits are capped at three million gallons of milk produced, the annual output of around 200 cows. So if MILC is used, California’s mega-dairies lose out.

At Thursday’s meeting, Rep. Steve Kagen (D-WI) suggested one possible solution: “20% of the milk production in this country is produced by larger milk producers, so then 20% of that \$290 million might go toward the purchase of cheese, it might help those processors and those larger producers, where MILC wouldn’t assist them.” He said USDA then could “use the remaining funds, 80% of that \$290 million, to cut a check rapidly to the farmers and the families that need it most.” Kagen said that if USDA accepts his advice, it should be able to send checks out between mid November and mid December. He said the money’s needed now because, with milk prices below production costs, “Every dairy farm family today is paying off their bills with money they earned 10 to 15 years ago and they need help now.”

USDA Under Secretary Miller told *Agri-Pulse* that “Congress has got a proposal before them that would have the Department take some actions and if and when that proposed law becomes law, we’ve committed to work with them as expeditiously as possible to fulfill the intent of the proposal.”

Miller also explained that USDA is working on long-term solutions in addition to immediate actions such as using the expected extra \$350 million “to provide assistance and stabilize the dairy industry.” He said that “There is some work going on currently in terms of some workshops that include USDA and include the Department of Justice in looking at issues of concentration not just in the dairy industry but more broadly throughout agriculture.” He said he expects USDA will also consider changes to “the Federal Milk Marketing Order System as well as a number of the more specific farm program components.”

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