# The Milk from Family Dairies Act (S. 4906) - A New Vision for US Dairy

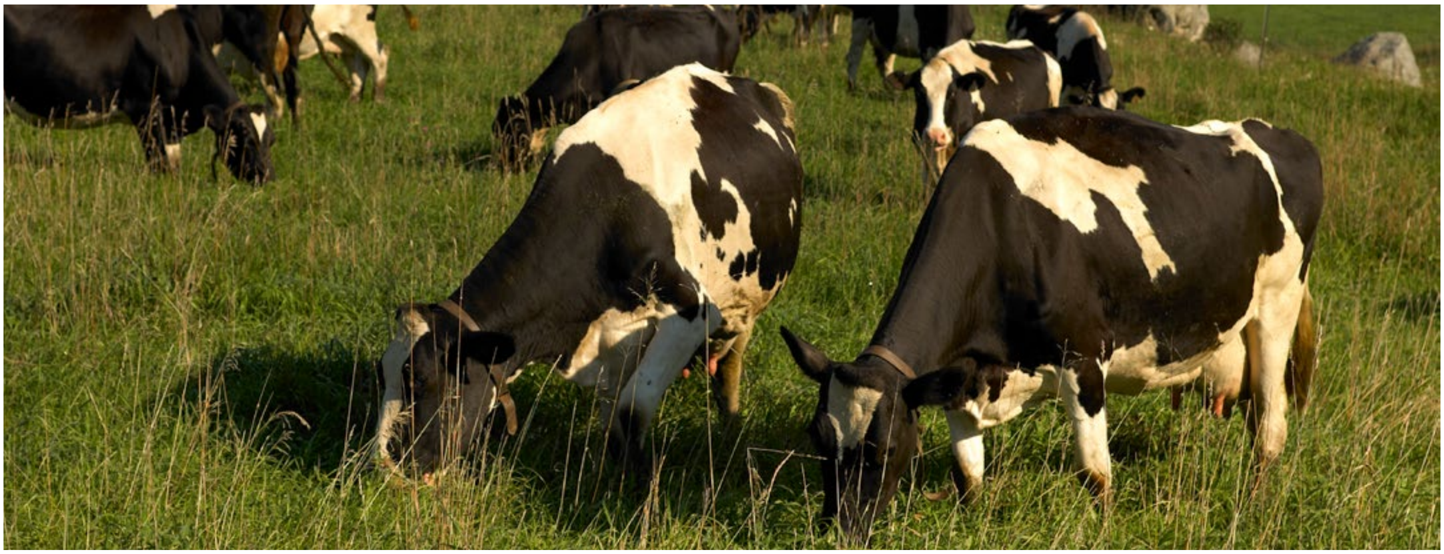

*Photo by Troy Freund.*

Today's dairy policy is a disaster for dairy farmers, rural communities, and consumers. Small farms can't cover their costs of production from the sale of milk, and all farms are pressured to produce more milk in an attempt to recoup those costs. Smaller, family-scale dairies are being forced out of business every day by volatile milk prices. Lack of market stability forces producers to scale up their operation to stay competitive, leading to a vicious cycle in which increased production floods the market with milk and further lowers milk prices, and in turn, income. **Since 2000, 75% of dairy farmers have closed for good, unable to stay financially afloat in an increasingly consolidated market. There are only 24,000 dairy farms in the U.S. today.**

Dairy farmers have very little power to negotiate their product pricing. Because fluid milk is so perishable, farmers are dependent on a handful of available processers who bottle milk and make dairy products. The price farmers receive for their milk from processors can vary greatly and regularly fails to cover the farmer's cost of production, leaving farmers without any profit. Ensuring a fair price for dairy farmers would allow small- and mid-size dairies to stay afloat and put the brakes on consolidation within an ever-concentrated dairy industry.

**The Milk from Family Dairies Act (MFDA) would ensure market transparency and fair prices for family dairy farmers, maintain consumer access to reliable and reasonably priced dairy products, and revitalize rural communities.**

## The Milk from Family Dairies Act Would:

- Establish a Dairy Market Stabilization Program to ensure dairy farmers get a fair price for their milk based on their cost of production, administered by the Secretary of Agriculture with advisement from a producer-led National Dairy Producer Board and producer-led Regional Dairy Producer Boards.
- Reform import controls to monitor and generate demand for domestic dairy through trade policy, including increasing dairy import license fees and imposing new or lowering existing tariff-rate quotas on dairy products.
- Initiate annual reviews of and publications on the economic impacts of horizonal and vertical

integration in the dairy sector on farm-gate prices for dairy producers and grocery prices for dairy consumers.

- Reform and create USDA programs that revive regional dairy supply chains, including through new training and apprenticeship programs, expanding access to the Dairy Business Innovation Initiatives, new cost-share grants for small-scale dairy infrastructure, and more funding for the Local Agriculture Market Program.

### The Dairy Market Stabilization Program of the Milk from Family Dairies Act would:

- Require the National Board to establish a national production base for milk, for allocation to each region, and require the Regional Boards establish allowable milk marketings for
- allocation to each producer in that region
- Require milk handlers to pay dairy producers based on a variable floor price based on herd size.
- Require the National and Regional Boards to annually adjust the national production base, the regional production bases and allowable milk marketings to align production with demand.
- Reward dairy producers with a dividend for staying within their allowable milk marketings, derived from a fee imposed on producers who exceed their allowable milk marketings.
- Establish multiple on ramps during program initiation, including allowable milk marketings based on historical production and limitations on the rate at which the largest dairies would be affected.

### Highlights of the Milk from Family Dairies Act include:

- **Control, transparency, and leadership for dairy farmers,** through program governance, accountability mechanisms (elections, appeals, opt-outs, and referenda), meetings and hearings, GAO oversight, and online resources
- **Strong corporate accountability,** including prohibitions on financial exploitation or consolidation within the program, actively-engaged-in-farming requirements, market consolidation reporting that addresses corporate concentration's effects on dairy farmer livelihoods, limitations on participation for the very largest dairies, and dairy producer-friendly trade policies
- **Opportunities for the very largest dairies to scale down their operations,** including short-term program exemptions, USDA resources, and limits on production changes to ensure a smooth transition into the program
- **Strong consumer benefits,** including market consolidation reporting that addresses corporate concentration's effects on dairy consumer grocery prices, reduced externalities related to production, increased economic activity related to regionalization, and taxpayer savings of ~$1.5 billion, even after new investments in dairy infrastructure.

## For more information please contact:

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