

**Vermont Dairy Task Force
Response from Dairy Farmers of America**

What changes do you think should be made to the FMMO program to make it operate more effectively for northeast dairy farmers?

DFA is actively engaged in FMMO policy discussions with our farmer-owners, operations team and other state, regional and national dairy leaders, such as National Milk Producers Federation. We are working to understand the issues and concerns from all perspectives with an eye toward developing consensus around policy recommendations that will benefit our member-owners and the broader dairy industry.

What changes to the FMMO program do you see occurring in the near future?

There are discussions around federal order reform occurring across the country. At this time, it is unclear what, if any, FMMO reform will be implemented in the future.

Describe possible local or national hearings that could occur to bring change - Class I mover, make allowance, formula changes, transportation allowances, other.

Earlier this year, we participated in discussions to adjust the Class 1 mover formula to earn back Class I revenue for blend prices that was lost during the early days of the COVID-19 pandemic. National Milk Producers Federation has been a proponent of an adjustment to the Class I mover to capture approximately \$750 million that was lost during 2020 due to the “average of” Class I formula falling short of the “higher of” formula. With the recent USDA action related to the Pandemic Market Volatility Assistance Program, the loss has been reduced. We are in consultation with NMPF about next steps on this issue.

In addition, work is being done to review cost-of-production factors at U.S. milk plants making cheddar cheese, dry whey, butter and nonfat dry milk. A report being conducted by staff at the University of Wisconsin has been due to USDA for some time now. When the report is delivered, we anticipate a spirited, industry-wide discussion about using the information to propose changes to the make allowance found in the Class III and IV pricing formulas.

Describe the actions that Congress might take to change the FMMO.

Historically, FMMO reform would be a function of the U.S. Department of Agriculture through a series of hearings that result in a farmer-referendum. Congress can act to change the Federal Milk Marketing Order through other legislative routes such as the Farm Bill.



What other actions might Congress take to provide more support and stability for dairy farmers, with obvious consideration here for Vermont dairy farmers?

- Improvements to the Dairy Margin Coverage program such as updating base to more current producer volumes provided in the COVID-19 relief program
- A more robust dairy products purchasing program. USDA Farmers to Families Food Box Program heavily weighted purchases toward cheese. While we recognize the Food Box program has come to an end, USDA should continue some form of food purchase and distribution program. Fluid milk and a variety of other dairy products, including cheese and butter of all types, sizes and fat levels should be components of such a program
- School meal programs play an important role in promoting the consumption of healthy foods, including dairy. Congress needs to take steps to protect new USDA rules that allow low-fat (1%) flavored milk to once again be served in school cafeterias. Low-fat flavored milk was banned in 2012 and as a result, school milk consumption decreased
- Infrastructure improvements for transportation. Moving milk from farm to market requires navigating state and regional weight limit regulations. Increased limits and uniform standards across states would reduce hurdles the industry faces today
- Improved broadband access for rural America. Farmers need fast and reliable internet access, which is often hard to find in rural communities
- Improved farm labor access. Dairy farmers continue to face the same shortage of domestic workers as all of agriculture, but the H-2A farmworker program only provides for seasonal labor rather than the year-round workers dairy needs
- Investment in and support of programs to develop on-farm energy production from manure, wind, sun and other sources
- Education and support to assist dairy farmers in their efforts to reduce their carbon footprint and to facilitate the understanding by the general public of the value dairy farms bring to reducing global warming and supporting a more sustainable earth

Provide recommendations for Vermont legislative action that the Task Force should pursue.

Assistance by the state and the Task Force to promote, educate and help dairy farmers become more adept with the use of risk management options would be beneficial to the state's dairy farmers and its overall industry.

- The federal government has provided self-help risk management tools that individual dairy farmers can use to better protect their families' incomes from potentially negative impacts in the marketplace from many kinds of uncertain events. The U.S. is the envy of the global dairy industry for having these tools available to its dairy farmers. More focus should be paid by the state and the Task Force in encouraging the strategic use of these programs.
- The Dairy Margin Coverage program has paid over \$15 million to Vermont dairy farmers. This has been an important program as it provides relief against both low milk prices and high livestock feed costs. For Vermont dairies milking fewer than 200 cows, it is the best risk management program there is – by a long shot. Approximately 73% of Vermont's dairies are enrolled in the program. A state-led effort to close up the enrollment should be considered. Vermont temporarily implemented a program to subsidize a portion of the premium paid by farmers and the state should consider

recommencing this program. Additionally, the DMC program will sunset at the end of the current Farm Bill. The Task Force and the state should consider efforts to extend the program in the next Farm Bill.

- Another program that is offered by USDA's Federal Crop Insurance division is the Dairy Revenue Protection Program. It is an insurance program that puts an inexpensive and effective floor under the Class III and IV prices – thus flooring blend prices. This program can be used by any size dairy. DFA, Farm Bureau and Yankee Farm Credit, can write these policies for Vermont dairy farmers.