

## Milk Income Loss Contract (MILC) Program & Family Dairy Farmer Preservation Act of 2003, H. R. 1990

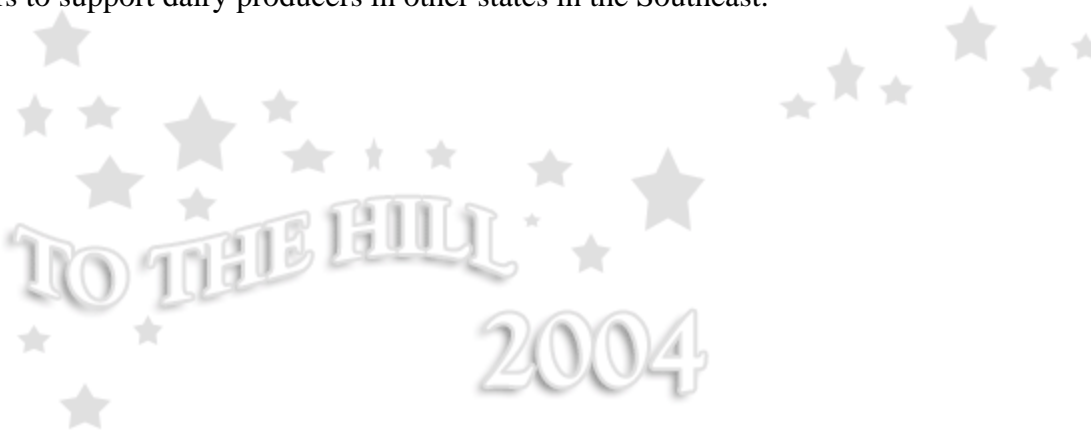
**Action Requested:** Florida Farm Bureau Federation urges our congressional delegation to not support H.R. 1990, the Family Dairy Farmer Preservation Act of 2003.

**Background:** The Milk Income Loss Contract (MILC) program is due to expire in September 2005. It has been very unfair to Florida producers because the benefits are capped at a very low herd number, the equivalent of a 130-cow dairy with a herd average of approximately 18,462 pounds/cow. Since in Florida we have larger herds, an average of 700 head per farm, we only receive a partial benefit. The program hinders the market from working, and may have even prolonged this last down cycle. We are better off without MILC since it encourages inefficient producers to stay in business, mainly in the North East.

Unfortunately, Rep. Bernie Sanders from Vermont is proposing something even worse to succeed MILC, H.R. 1990, the Family Dairy Farmer Preservation Act of 2003. It would form regional marketing areas and most likely throw Florida into a larger Southeast region. It would tax processors in lieu of government and REDISTRIBUTE the money by some as yet undisclosed formula.

During the recent 24-month low price cycle, Florida's dairy farmers took the brunt of the twenty-five year record low prices while dairy farmers in other areas of the country received as much as 15% of their income from the government. This MILC program made the down cycle last longer than natural market forces would have allowed, and may actually be part of the reason we will see record high milk prices this summer. Our industry was so stressed by record low prices that milk has literally dried up. The consumers are the real losers. First, tax money paid to farmers under MILC prevented the market from correcting itself. Now the price will go to record highs because market forces were restrained and we now have a shortage of milk.

HR 1990 is actually worse than MILC. It is nothing more than a dairy compact by another name. HR 1990 supporters put a positive spin on the legislation because dairy processors, rather than taxpayers, will bear the brunt of the costs. However, it will create an entirely new layer of government bureaucracy for the dairy industry. From Florida's standpoint, we would likely be thrown in with a larger Southeast regional organization. The result would be money paid by Florida's consumers would be redistributed all over the Southeast rather than paid to Florida dairy farmers to support the local dairy industry. In essence, it would be a tax on Florida's consumers to support dairy producers in other states in the Southeast.



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