

**SUB-COMMITTEE RECOMMENDATIONS  
FOR DAIRY INDUSTRY ADVISORY COMMITTEE**

- I. Recommendation P.1: MAINTAIN AND EXPAND PROGRAMS FOR EXPORT MARKET DEVELOPMENT.** Continue and expand programs like the Market Access Program and the Foreign Market Development program administered by the Foreign Agricultural Service that fund activities that introduce U.S. produced dairy products to key export markets and are important components of the budgets of organizations like the U.S. Dairy Export Council.

9 Yes, 0 Oppose

**Recommendation V.1: MAINTAIN AND EXPAND PROGRAMS FOR EXPORT MARKET DEVELOPMENT.** Continue and expand programs like the Market Access Program and the Foreign Market Development Program.

7 Yes, 0 Oppose

- II. Recommendation P.2: DEVELOP A SYSTEM THAT PROVIDES AN ACCURATE ASSESSMENT OF PROFITABILITY IN THE DAIRY INDUSTRY.** Develop a data gathering and reporting system that expresses farm profitability in the dairy industry using an index to provide an impartial overview of the general level of profitability at the farm level based on the milk price-feed cost margin.

9 Yes, 0 Oppose

- III. Recommendation P.3: SIMPLIFY AND IMPROVE RISK MANAGEMENT PRODUCTS FOR DAIRY FARMERS.** Continue to simplify and improve Livestock Gross Margin-Dairy and Adjusted Gross Revenue-Lite in order to make them more accessible and easier for dairy farmers to use and adapt Livestock Risk Protection for use by dairy farmers. Expand risk management education.

9 Yes, 0 Oppose

- IV. Recommendation V.2: ESTABLISH RISK MANAGEMENT MARGIN LINES OF CREDIT.** The Farm Service Agency should develop a credit mechanism (direct lending or credit guarantee) for first buyers of milk (cooperative or proprietary) to cover the margin deposits required on contracts for risk management between first buyers and producers of raw milk.

7 Yes, 0 Oppose

- V. Recommendation P.4: ADOPT STRICTER SOMATIC CELL COUNT STANDARD.** Adopt a stricter maximum somatic cell count for Grade A-milk over a period of time, in the range of 400,000 to 450,000 cells per milliliter at the farm level (Currently set at 750,000).

9 Yes, 0 Oppose

**Recommendation V.3 Amendment to P.4:** RECOMMEND THAT THE SECRETARY OF AGRICULTURE SUPPORT THE ADOPTION OF A MAXIMUM SOMATIC CELL COUNT OF GRADE A MILK OF 400,000 AT THE INTERSTATE MILK SHIPPERS CONFERENCE.

7 Yes, 0 Oppose

- VI. Recommendation P.5: ADOPT FARM SAVINGS ACCOUNTS.** Dairy farm operators should have accounts available with no government match for contributions, no limit of dollars deferred per year, money would remain in account a minimum of six months with withdrawal at account-holders discretion thereafter and payment of taxes on contributions and interest would occur upon withdrawal.

9 Yes, 0 Oppose

**Recommendation V.4:** ADOPT TAX-DEFERRED FARM SAVINGS ACCOUNTS. Dairy farm operators should have accounts available with no government match for contributions, no limit of dollars deferred per year, money could remain in account a minimum of six months with withdrawal at accountholders discretion thereafter and payment of taxes on contributions and interest would occur upon withdrawal.

7 Yes, 0 Oppose

- VII. Recommendation P.6: PROVIDE INCENTIVE PAYMENTS FOR ENVIRONMENTAL PRACTICES.** Provide an increased incentive payment for environmental practices that address social, economic and environmental benefits to dairy farm communities.

9 Yes, 0 Oppose

- VIII. Recommendation P.7: CONTINUE THE EQIP AND GRANT PROGRAMS.**  
Continue EQIP program and give dairy farmers preference in grant programs for implementation of energy audits, infrastructure development for value-added processing and distribution facilities, construction of facilities to meet food safety regulations and farmland protection and allow beginning farmer loans for farm transfers between generations.
- 8 Yes, 0 Oppose, 1 Abstain
- IX. Recommendation P.8: APPLY APPROPRIATE FEES AND INSPECTIONS FOR VALUE-ADDED DAIRY FARMS.** Train inspectors and regulators for dealing with value-added dairy farm operations and adjust fee structures by operation size.
- 9 Yes, 0 Oppose
- X. Recommendation V.5: PHASE OUT ETHANOL SUBSIDIES.** Support the rapid phase out of the blender's credit and tariff on imported ethanol.
- 6 Yes, 0 Oppose, 1 Not Present
- XI. Recommendation P.9: PROMOTE COMPETITIVE MARKET STRUCTURES.** USDA, in operating market orders and in cooperation with the Federal Trade Commission and the Department of Justice, should promote competitive behavior by all market participants and competitive market structure.
- 5 Yes, 0 Oppose, 3 Abstain
- XII. Recommendation P.10: ADOPT CALIFORNIA MILK SOLIDS STANDARDS FOR FLUID MILK.**
- 6 Yes, 1 Oppose, 2 Abstain
- XIII. Recommendation V.6: REVIEW FEDERAL MILK MARKETING ORDERS.** Recommend that the Secretary of Agriculture appoint a committee to review implications of Federal milk marketing orders including their implications on volatility and inefficiency and recommend reforms.
- 6 Yes, 1 Not Present
- XIV. Recommendation P.11: ELIMINATE END PRODUCT PRICING.** Explore alternative measures to current end product pricing system such as, competitive pricing, mandatory price reporting, etc.

7 Yes, 1 Oppose, 1 Abstain

**XV. Recommendation P.12: EXPLORE A TWO-CLASS MILK PRICING SYSTEM.**

Explore a two-class milk pricing system to provide opportunities for milk movement and innovations and to provide for a transition period for processors and producers.

5 Yes, 1 Oppose, 3 Abstain

**XVI. Recommendation P.13: EXPLORE ELIMINATION OF THE DAIRY PRODUCT PRICE SUPPORT PROGRAM AND THE DAIRY EXPORT INCENTIVE PROGRAM AND USE BUDGET SAVINGS TO ENHANCE THE SAFETY-NET FOR PRODUCERS.**

9 Yes, 0 Oppose

**XVII. Recommendation P.14: MODIFY MILK INCOME LOSS CONTRACT PROGRAM AND PROVIDE A REVENUE INSURANCE OPTION.** Continue MILC with production cap based on available funds with two important modifications: (1) use an all-milk income/feed cost margin trigger, and (2) provide an insurance program for production excluded by the cap to provide protection for larger producers.

9 Yes, 0 Oppose

**Recommendation V.7: ADOPT A MARGIN INSURANCE PROGRAM.** Replace the MILC and DPPSP with a margin insurance program. The margin would be calculated as net return to milk production less feed cost. Three levels of insurance would be offered – 50%, 65% and 80% of the average margin from 2005-2009. The cost of coverage at the 50% level would be fully subsidized. The first 4 million pounds of covered milk production would not be charged a premium at any level of protection. The cost of coverage above 4 million pounds at the 65% level would have a partial producer responsibility. The cost of coverage above 4 million pounds at the 80% level would be totally charged to producers.

5 Yes, 1 Abstain, 1 Not Present

**XVIII. Recommendation P.15: ADOPT A GROWTH MANAGEMENT PROGRAM.**

Adopt a growth management program that allows new producers to enter and allows producers to expand production.

6 Yes, 2 Oppose, 1 Abstain