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ECONOMIC MODELS DESIGNED TO EVALUATE DAIRY POLICY PROPOSALS

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CHICAGO - "Progress is steadily being made. But it is our duty to be responsible to the industry, and to make sure we are thorough in our assessments before we release incomplete information on a very profound subject." This was the consensus opinion of a cross-section of dairy producers and officials who met in Chicago, IL on July 20-21, for the purpose of initial review of new economic models designed to evaluate leading dairy policy proposals.

The border-to-border group convened to consider the preliminary information contained in "An Analysis of Programs to Reduce Dairy Price Volatility." This complex and innovative economic model has been built to independently evaluate the long-term impact of the Dairy Price Stabilization Act of 2010, the Foundation for the Future, and the Marginal Milk Pricing Proposal.

Dr. Mark Stephenson, UWM, and Dr. Chuck Nicholson, Cal Poly-San Luis Obispo, collaborated in constructing the long-anticipated models. The interactive format of the meeting gave all participants the opportunity to question the study, provide feedback, and ensure that input figures are correct. The developers were commended for the details and dimensions they had applied to the model structure.

The preliminary information is very credible, but due to the complex nature of the project, meeting participants concluded the models need a bit more evaluation and thought before widespread release.

All growth management scenarios were shown to reduce price volatility for farmers, a priority industry goal as constructive changes in national dairy policy move forward.

The Costa/Sanders Bill (formerly known as the DPSP and the Holstein Plan), NMPF's Foundation for the Future, and the Marginal Milk Pricing Proposal were each measured using a variety of economic factors. Costa/Sanders has been introduced in the House as H.R. 5288, and in the Senate as S. 3531, and titled "The Dairy Price Stabilization Act of 2010."

Gene Paul of the National Farmers Organization noted "We are going to have to answer three questions for dairy producers before this study is complete: "How can volatility best be reduced? What price levels can be expected in the future? How will individual farms and herd sizes be affected by any of the programs?"

The group plans to schedule their next meeting for early September, at which time a final review will take place and the plan evaluation results released.

This study was funded by a coalition of industry groups, including AgriMark, AMPI, Dairy Farmers Working Together, DFA, Holstein Association USA, the Milk Producers Council of California, National Farmers Organization, Land-O-Lakes, Northeast Dairy Leadership Team, Family Dairies USA, Northwest Dairy Association, and St. Albans Cooperative Creamery.