



*A coalition of grassroots dairy producers actively participating, with a unified voice, on policies and issues affecting milk pricing.*

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*An Open Letter to Policy makers, the Dairy Industry, and fellow dairy producers and producer organizations*

**April 2, 2011**

**To Whom It May Concern:**

As a nationwide coalition of grassroots dairy producers, the Dairy Policy Action Coalition (DPAC) is concerned about proposals contained within National Milk Producers Federation's (NMPF) Foundation for the Future (FFTF).

The DPAC Board of Directors—all active dairy farmers who have cows and sell the milk produced from them in Pennsylvania, New York, Ohio, Indiana, Wisconsin, North Carolina and Tennessee along with ad hoc members serving on action groups from Michigan, Minnesota, Arkansas, Mississippi, Georgia and Virginia—voted unanimously in February to adopt the following resolution:

*“As a grassroots coalition of dairy producers, we cannot endorse Foundation for the Future based on the information available at this time. We are working on an alternative plan.”*

While we agree with elimination of the Dairy Product Price Support Program, we have concerns about a centralized margin-triggered national insurance and market (supply) management plan, which we have detailed in our preliminary report and summary: *Cornerstones for Change*. While FFTF does reduce volatility, there is evidence that industry consolidation will occur at a faster pace. Also, FFTF does not solve the core issues we dairy farmers face, which is the need to develop global markets and retrieve the lost value in the marketplace at a time of rapidly increasing input costs.

In short, dairy farmers have lost trust in the system and do not want to add another government-mandated layer of control to the system. We prefer to see future dairy policy improve market transparency and price discovery, encourage competition and innovation, and position the U.S. dairy industry as a consistent supplier in the world market instead of the balancer of the world supply to the detriment of American dairy farmers.

If NMPF's FFTF plan becomes law, producers will be forced to deal with a centralized, one-size-fits-all supply control program for the next six years tied to a scalable national insurance plan, with no opportunity for a true producer referendum and a reduced opportunity to make the changes that are most necessary.

**We are asking Congress to represent the dairy farmers and the communities who depend on them by bringing transparency to this process of determining future dairy policy.**

A future plan for the industry must have the support of the dairy producer sector. Dairy producers are just now hearing about the FFTF proposal, and many of its details are still not well known.

The FFTF proposal does not include the most important piece, nor does it address channel consolidation and lost margin share on the part of producers. While processors and cooperatives were profitable over the past 24 months, the producer sector has struggled. During the USDA competition workshop with DOJ in June at University of Wisconsin-Madison, experts testified that the producer's share of the consumer's dairy dollar has fallen from 42 cents as recently as 2002 to 27 cents in the past two years. The world price for manufacturing milk has also exceeded the U.S. price over the past 20 months.

Furthermore, the Federal pricing reform piece that was recently approved by NMPF for inclusion in FFTF is even more complicated and convoluted than the current pricing system and does not effectively move milk to its highest value use to improve producer returns.

We have strived to influence NMPF in these areas of policy, but now realize an alternative plan is necessary. We have taken the first steps to draft alternative legislation.

Relevant materials are enclosed and available at [www.dpac.net](http://www.dpac.net); or contact us for details. We are in the process of gathering additional input and support as we gather economic analysis and move forward in drafting an alternative bill.

We ask individual dairy producers, boards of producer organizations, and other dairy industry participants to join us in this effort to bring the voice of dairy producers into the discussion of future dairy policy.

Thank you for your consideration.

*Kind Regards,*

**The 2011 Board of Directors of the Dairy Policy Action Coalition (all dairy producers):**

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**Attachments:**

*Cornerstones for Change white paper* ([http://www.dpac.net/publication\\_files/cornerstones-for-change-preliminary-report.pdf](http://www.dpac.net/publication_files/cornerstones-for-change-preliminary-report.pdf)),

*Cornerstones summary* ([http://www.dpac.net/publication\\_files/cornerstones-summary.pdf](http://www.dpac.net/publication_files/cornerstones-summary.pdf)),

*Draft Summary of intent to alternative bill* ([http://www.dpac.net/publication\\_files/dpac-working-draft-legislation-3-31-11r.pdf](http://www.dpac.net/publication_files/dpac-working-draft-legislation-3-31-11r.pdf))

***Please complete and check one or both statements – as appropriate – below:***

Name of Individual or Organization: \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Email \_\_\_\_\_

\_\_\_\_\_ **I / We are concerned about National Milk Producers Federation's (NMPF) Foundation for the Future (FFTF) and oppose it as it stands today.**

\_\_\_\_\_ **I / We are working with and/or endorse DPAC's efforts to draft an alternative bill.**

*Return by Mail: DPAC, 890 N. Reading Rd., Ephrata, PA 17522 OR Return by E-mail: [agrite@ptd.net](mailto:agrite@ptd.net)*