

DPAC – Dairy Producer Survey Preliminary Report – Results through March 9, 2010

I. Demographics:

Number of respondents	334
Number of states represented	23

Pennsylvania, Ohio, Maryland, New York, New Jersey, New Hampshire, Virginia, Kentucky, Tennessee, Georgia, Indiana, Michigan, Iowa, Wisconsin, Minnesota, Missouri, Texas, New Mexico, Colorado, Idaho, Oregon, Washington, and California.

Number of cows represented	155,531
Average cows per respondent	547
Range of herd sizes	20 cows to 15,000 cows

II. Who responded?

- a. 88.1 % were dairy farm owners
- b. 8.7% family members
- c. 1.3% employees
- d. 1.9% “other.”

III. How do respondents ship their milk?

- a. **77.5% through a co-op**
- b. 20.9% as direct shippers

IV. How did respondents rank their concerns?

- a. **69% ranked market transparency in the top 3**
- b. 61% ranked price volatility in the top 3
- c. 55% ranked market concentration in the top 3
- d. 55% ranked future profitability in the top 3
- e. By comparison, only 28% ranked over production in the top 3

V. How did respondents rank their priorities?

- a. **75% ranked removing the influence of CME by taking NASS price reporting to the next level in the top 3**
- b. 54% ranked “decoupling” Class I in the top 3
- c. 44 to 48% ranked linking Class I premiums to milk quality, linking price to consumer index and linking price to cost of production in the top 3.

VI. How did respondents “vote” on pricing concepts?

- a. **86% favored changing the make allowance when yield-boosting technologies such as imported MPC are used in making cheese.**
- b. **71% favored reducing the influence of manufactured product prices on the Class I fluid milk price.**
- c. **70% favored stronger mechanism for promoting regional Class I utilization.**
- d. 64% favored pricing milk that is consumed on a daily basis separately from the “last 1% to 5%” of the total milk supply, which currently drives the price
- e. 52% favored a national average cost of production for manufacturing class prices.

Analysis: Looking at make allowances, built in yields, and the relationship of manufacturing class prices to regional fluid milk prices are three areas of most widespread agreement.

VII. How did respondents “vote” on supply management concepts?

- a. 52% favored having a mandatory supply management program with a market access fee on production above a set allowable growth rate that is redistributed to farms that stay within the allowable growth rate.
- b. BUT... only 33% favored having a board that reports to the U.S. Ag Secretary to set these production limits, and 43% opposed such a board with the balance unsure. *The majority of respondents who said they favored the above description of supply management also said they were opposed to having the board to set the limits to implement the supply management.*
- c. 34% favored collecting a fee for a “rainy day” fund to be used in times of oversupply to clear the market and then target culling.
- d. 25% favored continuing the current CWT program as a mandatory program. 60% opposed this.

VIII. In regard to “producer safety net”...

- a. **The biggest area of agreement (77%) is the elimination of traditional product price supports** and government support program purchases to be replaced with solutions that encourage innovation and move milk to its highest value use.
- b. 51% of respondents also favor the elimination of direct government payments like MILC
- c. 46% favored improved risk management tools
- d. 24% favored something like federally subsidized crop insurance for dairy income.

IX. Last two questions involving dairy imports were the top vote getters

- a. 90% of respondents favor Country of Origin Labeling (COOL) for dairy and implementation of tariff-rate quotas on imported dry dairy ingredients that are currently unregulated.