

- 1) **Federal Milk Marketing Improvement Act of 2009** (This is Specter-Casey Senate Bill 1645 currently in Senate Ag Committee with no additional sponsors.)
 - a. **Specter Casey Bill changes milk pricing system to a two-class system** (fluid = Class I ; all manufacturing milk = Class II).
 - i. **Prices manufacturing milk at a “national average cost of production”** as determined by USDA Economic Research Service on quarterly basis. This data is already being calculated by ERS on quarterly basis, so there is no expansion of government.
 - ii. **Class I fluid milk would still use existing differentials** and Federal Milk Marketing Orders would remain as the Market Administrators.
 - iii. **Taxpayer funded MILC program and government price support programs are discontinued** because Federal Order pricing is set at national average cost of production paid by processors.
 - iv. USDA changes to Federal Order can be voted up or down by producers without dissolving the Order. Eliminates Cooperative “block” voting.
 - v. **Supply Management / Control is two-tiered**
 1. Tier #1 is funded by farmers with up to a 50% deduction in price on up to 5% of their milk, still leaving the other 95% of their milk priced at the national average cost-of-production for Class II manufacturing with fluid differentials intact for Class I.
 2. Tier #2 is used only as a last resort and employs a “temporary base” to determine overproduction. In cases of extreme oversupply, any milk over the temporary base would not be paid at that time, but the “temporary base” milk for that farm is still paid at national average cost of production plus Class I differentials.
 3. Each tier of supply management is expected to generate sufficient funds to “rebalance” the supply by channeling the over abundance to food pantries, and other government feeding and nutrition programs for the needy (food stamp vouchers etc which fed gov is now paying for).
 4. All farms are treated the same regardless of size. No penalty for new and beginning farmers. New dairies are not subject to supply management until their second year of existence unless they make over 3 million pounds of milk. In that case, they are treated like existing farmers right from the beginning. Supporters say this is a bill for young farmers.
 5. **Supply Control / Management functions cannot be implemented unless imports and exports are in balance.**
 - a. Supporters say oversupply is not an issue when imports/exports are balanced.