

DAIRY REVITALIZATION PLAN

Growth Management for a Viable Dairy Economy



Dairy farmers have been struggling through boom and bust price cycles for decades. The word “crisis” has become so familiar in farm country that it hardly registers alarm anymore. In recent years, dairy news headlines have been dismal as a flood of milk on the market contributed to five years of depressed and volatile milk prices that eroded the quality of life for farmers across the country. Over the last decade, the USDA recorded the loss of roughly 17,000 dairy farms. Many of these farms have been driven out by government policies and industry practices that favor mass production of commodities over family farm viability.

Dairy Together embraces a vision to preserve and grow a vibrant agricultural landscape in Wisconsin and across the country - one where many farms operate at different scales to ensure a stable supply of food, use a variety of conservation practices to create a healthy environment, and generate enough profit for farmers and workers to make a good living doing something they love.

Wisconsin Farmers Union calls on Congress to establish a mandatory program for managed growth, based on market demand and price stability. **WFU supports the Dairy Revitalization Plan**, based on the study, “*Analyses of Proposed Alternative Growth Management Programs for the US Dairy Industry*,” conducted by Charles Nicholson and Mark Stephenson and funded by the University of Wisconsin Baldwin Wisconsin Idea program, the Grassland 2.0 project, the Wisconsin Cover Crops Research and Outreach Program, and Center for Integrated Agricultural Systems (CIAS) of the University of Wisconsin.

SUMMARY

The study evaluated the impacts of different configurations of “Growth Management Programs,” intended to modify the trajectory of growth in US milk production. Growth Management Programs (GMP) specify an allowable production increase (API) and market access fees (MAF) paid by farms that exceeded that growth. For more information please go to <https://dairymarkets.org/GMP/>

KEY TAKEAWAYS

- The programs would reduce variation in milk prices, enhance average milk prices and margin over feed costs to varying degrees, and increase average net farm operating income (NFOI) for operations staying within API for all farm sizes compared to a baseline scenario with existing policies.
 - o Average annual milk prices increased by \$0.73/cwt to \$1.41/cwt depending on the design of the GMP. Including refund payments for farms within production limits, average milk revenue would be higher by \$1.15/cwt to \$2.13/cwt. Reduction in average variation in milk prices ranged from \$0.16/cwt to \$0.21/cwt
- Compared to the baseline scenario, GMP would slow growth in average annual US milk production and:
 - o Increase US retail fluid prices by about 15 cents per gallon
 - o Increase average prices for other dairy products 3% to 11%
 - o Slow average annual growth of US dairy exports by 2%
 - o Reduce domestic dairy product sales by 1% to 3%
 - o Reduce US government expenditures on dairy supports by as much as \$2.5 billion.



PROTECTING WISCONSIN'S DAIRY HERITAGE

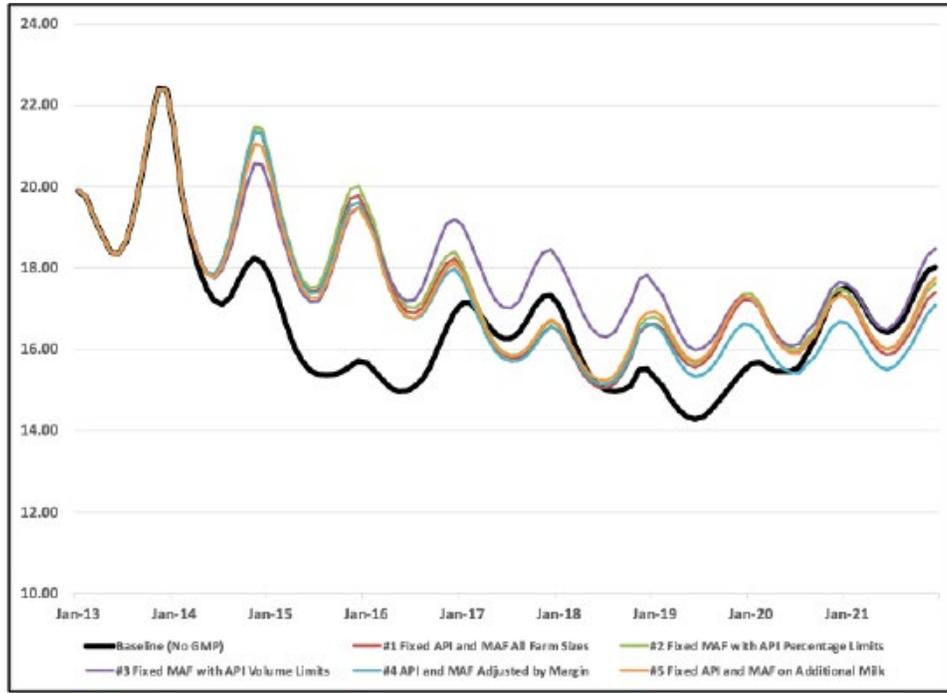


Figure 2. Simulated All Milk Prices for Baseline and Five GMP Programs, 2014-2021, \$/cwt

Nicholson, C., & Stevenson, M. (2021, August). *Analyses of Proposed Alternative Growth Management Programs for the US Dairy Industry*. Dairy Markets & Policy at University of Wisconsin. <https://dairymarkets.org/GMP/>

Federal dairy policy must have the primary aim of producing fair, stable, and predictable milk prices for farms of all sizes. If Congress fails to enact meaningful dairy market reform, the traditional family farm will soon disappear from the agricultural landscape, *putting our food security, environment, and rural economic health at risk*. We need to pull together to rebuild a viable dairy economy for family farmers and rural communities.

RAISE YOUR VOICE

- Contact your U.S Senators and Representatives to urge their support for dairy policy reform via the Dairy Revitalization Plan in the 2023 Farm Bill
- Attend a town hall or listening session with your members of Congress and speak in favor of market reform and growth management policies
- Watch and share information within your networks and on social media. Dairytogether.com has resources you can use to spread the word.
- Connect with fellow farmers or other stakeholders in the dairy industry and encourage them to get involved
- Join the #dairytogether facebook group to stay connected

Learn more at www.dairytogether.com

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