

*. . . Advocated By Vermont Dairy Farmers, Championed by Leahy, Sanders And Welch*

Senator Patrick Leahy (D-Vt.), Senator Bernie Sanders (I-Vt.) and Representative Peter Welch Thursday hailed Senate passage of a 5-year Farm Bill that includes a new risk-management-based safety net to help dairy farmers pummeled by wild price swings in milk prices.

The bill includes an entirely new approach, advocated by Leahy, Sanders and Welch, to help stabilize the dairy industry, which has been rocked by volatile and unmanageable price shifts in recent years. The existing MILC safety net program simply pays farmers when the price of milk falls below a set level – a fixed safety net that does not address the underlying price fluctuations. The new approach approved by the Senate will allow each farmer buy insurance that pays out when the margin between the price the farmer is paid, and the cost of producing milk, drops too low. Each farmer can choose whether, and how much of a margin, to insure, and the U.S. Department of Agriculture will provide the insurance at a lower cost for the first 4 million pounds of milk -- about the annual production of 200 to 250 cows.

The new dairy program for the first time aims to break the cycle of wild price swings that have plagued the industry. In the past, when the price of milk has dropped farmers have had no choice but to produce more milk just to pay their bills. That floods the market, leading to oversupply and further forcing down prices. The new dairy program approved by the Senate would pay farmers less per unit if they increase production at a time when prices are rapidly falling. This will discourage over supply and stop the downward spirals in price.

Leahy, the most senior member of the Senate Agriculture Committee, championed the new dairy program as the panel put the Farm Bill together. Leahy said, "This is the most significant improvement in national dairy policy in more than a decade. No dairy program in modern times has had this much of a consensus among farmers or in Congress. Vermont farmers deserve much of the credit for that by helping us design and forge this approach and by convincing their counterparts in other states to support it. This will give us a real opportunity to help derail the price rollercoaster that makes it so difficult for farmers to plan ahead and run their businesses. This makes the safety net stronger, while costing less than the program that it replaces. America's dairy farmers are now looking to the House of Representatives to follow the Senate's lead and to help get this Farm Bill enacted before the current Farm Bill expires this fall."

Sanders said, "The time has come to put dairy farmers in the drivers' seat. For too long they and their hard working families have had no control over their raw milk supply or its price on the market. They deserve to make business decisions for their dairy operations in a more stable and just pricing environment."

The next step in the legislative process will be for the U.S. House of Representatives to pass a companion bill. Welch has advocated dairy program reforms alongside Leahy and Sanders. Welch is a member of the House Agriculture Committee and will meet with farmers and others in St. Albans on Friday, June 22nd, to discuss the prospects in the House.