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# HOUSE COMMITTEE ON AGRICULTURE

Ranking Member Collin Peterson

## Myths and Facts: The Dairy Security Act of 2011

### Setting the Record Straight

***Myth:*** *Current dairy programs are working and provide adequate support.*
**Fact:** The current programs demonstrated their weakness in 2009. Many producers were forced out of business while those that managed to stay afloat lost equity that had been building for generations. The current dairy safety net did not provide the adequate support producers needed to stay afloat.

***Myth:*** *The proposal benefits the largest dairies and processors, putting smaller producers at risk.*
**Fact:** The proposal provides producers of all sizes with catastrophic loss coverage and gives everyone the opportunity to purchase additional risk protection. With the changing face of the dairy industry, we need to protect not just farmers but the milk produced in this country, both of which this bill achieves.

***Myth:*** *The Dairy Market Stabilization Program would decrease exports.*
**Fact:** The stabilization program takes into account the world market and has a trigger mechanism to suspend the program when the world is demanding more U.S. dairy exports. The growing export market has been very important to the success of the U.S. dairy industry. The stabilization program will adapt to protect this market.

***Myth:*** *The proposal includes a tax increase on producers.*
**Fact:** There are no tax increases in this bill. Producers are not required to participate in the stabilization program. Therefore, a voluntary fund is created that producers can contribute to.

***Myth:*** *Dairy should not be tasked with budget cuts because it is such a small share of federal spending.*
**Fact:** There is broad consensus that current programs are not working. In this budget climate, however, it is simply not realistic to suggest dairy program changes that cost more than current programs. Agriculture has repeatedly been targeted as part of efforts to reduce the federal budget deficit. Dairy, like all agriculture programs, won't be immune from future budget cutting pressures.

***Myth:*** *The proposal would reduce access to nutrition programs and reduce donations to feeding programs.*
**Fact:** The bill establishes a new channel to purchase dairy products for food banks and other feeding programs. Without reforms to current dairy programs, consumers' access to a stable U.S. milk supply could be in jeopardy. Additionally, the bill seeks to reduce volatility in the marketplace, ensuring access to an affordable product at a more consistent price.

***Myth:*** *Additional funds should go to the Livestock Gross Margin (LGM) dairy program.*
**Fact:** The LGM dairy program is run through USDA's Risk Management Agency as one of the agency's livestock pilot programs. While interest in the program has recently increased, funds are only available to cover about one percent of the milk produced in the United States. The suggestion to shift funds from MILC and price support to LGM dairy is also not feasible because these programs are run through different agencies.

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