

**MILC DOES NOT SAVE FARMS, IT HURTS THEM**  
**STATEMENTS IN OPPOSITION TO H.R. 859, S.273, S.307**

**If MILC was to save farms, it has failed.**

The MILC does not “save” small farms. A comparison of trends in the key supporting states shows that even with the payments and even during some of the best prices, the rate of decline remains the same. The following table compares the number of farms of less than 200 cows from year to year in selected states. The number represents the percent of decrease from the previous year if positive number and an increase if negative.

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	Average
Minnesota	6.38%	6.82%	8.54%	8.00%	8.55%	7.92%	7.70%
New York	7.32%	3.95%	9.59%	2.27%	-0.78%	3.08%	4.24%
Ohio	3.46%	3.76%	5.77%	2.37%	8.30%	4.53%	4.70%
Pennsylvania	2.01%	2.89%	4.03%	4.00%	3.33%	5.39%	3.61%
Vermont	6.82%	6.10%	5.84%	6.90%	8.15%	8.06%	6.98%
Wisconsin	5.12%	5.16%	9.65%	7.40%	5.33%	6.25%	6.49%
US	5.81%	5.51%	7.84%	6.17%	4.31%	6.20%	5.97%

New York is alone in having a break against the national trend. Even then in 2003 to 2004, there was a reduction in the number of the smaller farms. All of the states showed a decrease in the number of this size operation in spite the fact that dairy farm income in 2004 was the highest ever recorded, and significantly higher at that. In point of fact the market income in 2004 exceeded prior years with MILC payments.

The rate of decline in the 2003 to 2004 exceeded or meets the rate of decline in 2001-2002 when MILC began.

**The impact of MILC will decline as the costs grow.**

A study by FAPRI analyzed the termination of MILC, extension of MILC as well as MILC+. Although the report was done in April 2003, its fundamental premises remain intact. In particular, Table 2 (attached) shows that as time goes on, the amount of money that Congress must spend rises but the net income to producers begins to shrink. As it said at p.5:

This reinforces the fact that in the short run, these kinds of programs can have markedly different aggregate impacts. However, once milk supplies have had time to adjust, the aggregate impacts become muted.

Now is the time to let the program end. Producers are coming off of their best year ever. Prices continue to be high. As a result non-payment at this time will not be felt. As time goes on, the MILC payments will become absolute necessities as a component of the producers’ dairy income. Dropping the program then will be even more painful.

**MILC provides regional benefits but universal losses.**

As shown in the FAPRI report, all market income for milk drops. For milk not entitled to payment under the MILC rules, the loss is significant. On the other hand, the Dairy Price Support Program benefits all producers in the country.

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