

TALKING POINTS IN OPPOSITION TO THE FARM SECURITY AND RURAL INVESTMENT ACT OF 2002

- ◆ FAPRI estimates payments at \$0.89/cwt. Payments for December 2001 through May 2002 are already determinable. They are \$0.77, 0.78, 0.78, 0.93, 1.00, and 1.09 respectively or very close to the 89 cents.
- ◆ An estimated 86 million pounds will be eligible for the full payment. This compares favorably with the 91 million pounds eligible for 2.6 million capped DMLA II (\$125 million). Eligibility assumes that one farm has one cap regardless of the number of owners.
- ◆ Using FAPRI's rate of 89 cents cwt, the annual expenditures will be **\$765 million** per year or a total of **\$2.93 billion for the 46 months!** *[Estimates of only a quarter of a billion a year are unrealistic especially when the \$200 million DMLA I in 1999 paid out 22.5cents cwt a few years ago. Simple math would expect 89 cents to result in multiples of the \$200 million even with reduced cap and number of farms.]*
- ◆ Though some producers who receive the payments on all of their milk will have gains, overall, **FAPRI estimates overall losses in milk income each and every year for 2002- 2011.**
- ◆ Taxpayers will invest \$2.5 billion and get a zero return! FAPRI estimates the total net benefit of the program over 10 years and billions of dollars in expenditures, is a net 2 cent per hundred weight gain to all dairy producers. This is less than \$300 million. The attached table estimates a net no change.
- ◆ Almost 45 Percent of Milk produced will not be eligible for payment. This number will grow. All milk produced will be subject to reduced market prices. **45 percent of the milk produced will be subjected to reduced milk prices in response to this program.**
- ◆ **The program will hurt even the small farms.** By the year 2005, **farms as small as 300 cows will be incurring net losses** (government payments less market price reductions) in response to the program. 89 cents divided by .41 cents loss on all milk means the cut off will be 2.4 million times .89/.41 divided by 18000 (production per cow average) means a herd of only 289 cows will be in a net loss position.
- ◆ **Beginning October 2005, every single farmer will incur net losses in overall income.** At that point they will have the double whammy of no longer receiving the 89 cent direct payment but also reduced market prices.
- ◆ Direct payments will interfere with market signals, reduce the desire to create market and production efficiencies.
- ◆ These payments will interfere with international trade talks.

Benjamin F. Yale
P. O. Box 100
Waynesfield OH 45896
419-568-5751
Fax 419-568-6413
benyale@cs.com

Sharon Lombardi
Executive Director
Dairy Producers of New Mexico
P. O. 6299
Roswell, NM 88202
Office Phone #:505-622-1646
Fax Phone #:505-622-6306

Revised May 8, 2002

State by State Impact of the Dairy Title in the Farm Security and Rural Investment Act of 2002

	FAPRI Values 1/2/			0.89	-0.12	-0.22	-0.33	-0.41	-0.16	-0.16	-0.17	-0.13	-0.09	-0.06		
	2001 Production in Millions 3/	Farms 4/	Eligible Pounds in millions 5/	Government Payment (\$Thousands) 7/	Change 2002 8/ (\$Thousand s)	Net Income Change 2003 (\$Thousands) s)	Net Income Change 2004 (\$Thousand s)	Net Income Change 2005 (\$Thousand s)	Net Income Change 2006 (\$Thousand s)	Net Income Change 2007 (\$Thousand s)	Net Income Change 2008 (\$Thousand s)	Net Income Change 2009 (\$Thousand s)	Net Income Change 2010 (\$Thousand s)	Net Income Change 2011 (\$Thousand s)	Net Income Change 2002-2011 (\$Thousands) s)	Per Cwt Impact
Alabama 6/	300.0	250	283.2	2520.5	2160.5	1860.5	1530.5	1290.5	-480.0	-480.0	-510.0	-390.0	-270.0	-180.0	4532.0	0.15
Alaska	14.4	30	9.6	85.2	67.9	53.6	37.8	26.3	-23.0	-23.0	-24.4	-18.7	-12.9	-8.6	75.0	0.05
Arizona	2884.0	250	287.4	2557.5	-903.3	-3787.3	-6959.7	-9266.9	-4614.4	-4614.4	-4902.8	-3749.2	-2595.6	-1730.4	-43124.1	-0.15
Arkansas	459.0	900	378.5	3368.9	2818.1	2359.1	1854.2	1487.0	-734.4	-734.4	-780.3	-596.7	-413.1	-275.4	4984.1	0.11
California	33194.0	2500	5157.9	45904.9	6072.1	-27121.9	-63635.3	-90190.5	-53110.4	-53110.4	-56429.8	-43152.2	-29874.6	-19916.4	-430469.2	-0.13
Colorado	1961.0	800	457.7	4073.2	1720.0	-241.0	-2398.1	-3966.9	-3137.6	-3137.6	-3333.7	-2549.3	-1764.9	-1176.6	-19985.6	-0.10
Connecticut	459.0	310	408.1	3632.4	3081.6	2622.6	2117.7	1750.5	-734.4	-734.4	-780.3	-596.7	-413.1	-275.4	6038.3	0.13
Delaware	140.9	120	131.5	1170.2	1001.1	860.2	705.2	592.5	-225.4	-225.4	-239.5	-183.2	-126.8	-84.5	2074.1	0.15
Florida	2389.0	510	471.5	4196.6	1329.8	-1059.2	-3687.1	-5598.3	-3822.4	-3822.4	-4061.3	-3105.7	-2150.1	-1433.4	-27410.1	-0.11
Georgia	1431.0	770	706.2	6285.4	4568.2	3137.2	1563.1	418.3	-2289.6	-2289.6	-2432.7	-1860.3	-1287.9	-858.6	-1332.0	-0.01
Hawaii	106.4	50	98.1	872.9	745.2	638.8	521.8	436.7	-170.2	-170.2	-180.9	-138.3	-95.8	-63.8	1523.2	0.14
Idaho	7754.0	1000	1463.2	13022.5	3717.7	-4036.3	-12565.7	-18768.9	-12406.4	-12406.4	-13181.8	-10080.2	-6978.6	-4652.4	-91359.0	-0.12
Illinois	2020.0	1900	1454.4	12944.5	10520.5	8500.5	6278.5	4662.5	-3232.0	-3232.0	-3434.0	-2626.0	-1818.0	-1212.0	14408.0	0.07
Indiana	2576.0	2900	1730.6	15402.1	12310.9	9734.9	6901.3	4840.5	-4121.6	-4121.6	-4379.2	-3348.8	-2318.4	-1545.6	13952.3	0.05
Iowa	3785.0	3500	2779.4	24736.2	20194.2	16409.2	12245.7	9217.7	-6056.0	-6056.0	-6434.5	-4920.5	-3406.5	-2271.0	28922.5	0.08
Kansas	1560.0	1200	1231.6	10961.7	9089.7	7529.7	5813.7	4565.7	-2496.0	-2496.0	-2652.0	-2028.0	-1404.0	-936.0	14986.6	0.10
Kentucky	1657.0	2900	1181.8	10517.7	8529.3	6872.3	5049.6	3724.0	-2651.2	-2651.2	-2816.9	-2154.1	-1491.3	-994.2	11416.2	0.07
Louisiana	629.0	610	559.5	4979.4	4224.6	3595.6	2903.7	2400.5	-1006.4	-1006.4	-1069.3	-817.7	-566.1	-377.4	8280.9	0.13
Maine	656.0	600	549.7	4892.8	4105.6	3449.6	2728.0	2203.2	-1049.6	-1049.6	-1115.2	-852.8	-590.4	-393.6	7435.0	0.11
Maryland	1285.0	950	858.1	7637.1	6095.1	4810.1	3396.6	2368.6	-2056.0	-2056.0	-2184.5	-1670.5	-1156.5	-771.0	6776.1	0.05
Massachusetts	366.0	350	321.0	2856.7	2417.5	2051.5	1648.9	1356.1	-585.6	-585.6	-622.2	-475.8	-329.4	-219.6	4655.7	0.13
Michigan	5721.0	3300	3482.8	30996.8	24131.6	18410.6	12117.5	7540.7	-9153.6	-9153.6	-9725.7	-7437.3	-5148.9	-3432.6	18148.6	0.03
Minnesota	8895.0	7800	7388.8	65760.7	55086.7	46191.7	36407.2	29291.2	-14232.0	-14232.0	-15121.5	-11563.5	-8005.5	-5337.0	98485.3	0.11
Mississippi	505.0	480	436.8	3887.1	3281.1	2776.1	2220.6	1816.6	-808.0	-808.0	-858.5	-656.5	-454.5	-303.0	6205.9	0.12
Missouri	1972.0	3700	1333.2	11865.1	9498.7	7526.7	5357.5	3779.9	-3155.2	-3155.2	-3352.4	-2563.6	-1774.8	-1183.2	10978.4	0.06
Montana	346.0	650	237.2	2110.7	1695.5	1349.5	968.9	692.1	-553.6	-553.6	-588.2	-449.8	-311.4	-207.6	2042.0	0.06
Nebraska	1146.0	1100	964.0	8579.8	7204.6	6058.6	4798.0	3881.2	-1833.6	-1833.6	-1948.2	-1489.8	-1031.4	-687.6	13118.1	0.11
Nevada	485.0	150	429.4	3822.0	3240.0	2755.0	2221.5	1833.5	-776.0	-776.0	-824.5	-630.5	-436.5	-291.0	6315.4	0.13
New Hampshire	322.0	260	261.9	2331.3	1944.9	1622.9	1268.7	1011.1	-515.2	-515.2	-547.4	-418.6	-289.8	-193.2	3368.0	0.10
New Jersey	242.0	250	214.0	1904.2	1613.8	1371.8	1105.6	912.0	-387.2	-387.2	-411.4	-314.6	-217.8	-145.2	3139.9	0.13
New Mexico	5561.0	500	400.2	3562.1	-3111.1	-8672.1	-14789.2	-19238.0	-8897.6	-8897.6	-9453.7	-7229.3	-5004.9	-3336.6	-88630.2	-0.16
New York	11750.0	7200	8104.7	72132.2	58032.2	46282.2	33357.2	23957.2	-18800.0	-18800.0	-19975.0	-15275.0	-10575.0	-7050.0	71153.9	0.06
North Carolina	1164.0	900	746.0	6639.4	5242.6	4078.6	2798.2	1867.0	-1862.4	-1862.4	-1978.8	-1513.2	-1047.6	-698.4	5023.6	0.04
North Dakota	655.0	850	545.1	4851.4	4065.4	3410.4	2689.9	2165.9	-1048.0	-1048.0	-1113.5	-851.5	-589.5	-393.0	7288.1	0.11
Ohio	4388.0	5200	3133.3	27886.6	22621.0	18233.0	13406.2	9895.8	-7020.8	-7020.8	-7459.6	-5704.4	-3949.2	-2632.8	30368.6	0.07
Oklahoma	1293.0	1700	754.3	6713.5	5161.9	3868.9	2446.6	1412.2	-2068.8	-2068.8	-2198.1	-1680.9	-1163.7	-775.8	2933.7	0.02
Oregon	1746.0	820	725.5	6456.9	4361.7	2615.7	695.1	-701.7	-2793.6	-2793.6	-2968.2	-2269.8	-1571.4	-1047.6	-6473.5	-0.04
Pennsylvania	10849.0	10300	8687.0	77314.5	64295.7	53446.7	41512.8	32833.6	-17358.4	-17358.4	-18443.3	-14103.7	-9764.1	-6509.4	108551.4	0.10
Rhode Island	23.6	30	21.5	191.7	163.4	139.8	113.8	94.9	-37.8	-37.8	-40.1	-30.7	-21.2	-14.2	330.2	0.14
South Carolina	363.0	240	180.1	1602.9	1167.3	804.3	405.0	114.6	-580.8	-580.8	-617.1	-471.9	-326.7	-217.8	-303.7	-0.01
South Dakota	1631.0	1300	1313.1	11686.9	9729.7	8098.7	6304.6	4999.8	-2609.6	-2609.6	-2772.7	-2120.3	-1467.9	-978.6	16574.0	0.10
Tennessee	1335.0	1500	883.0	7858.8	6256.8	4921.8	3453.3	2385.3	-2136.0	-2136.0	-2269.5	-1735.5	-1201.5	-801.0	6737.6	0.05
Texas	5099.0	2100	2122.6	18891.4	12772.6	7673.6	2064.7	-2014.5	-8158.4	-8158.4	-8668.3	-6628.7	-4589.1	-3059.4	-18766.0	-0.04
Utah	1634.0	760	860.5	7658.2	5697.4	4063.4	2266.0	958.8	-2614.4	-2614.4	-2777.8	-2124.2	-1470.6	-980.4	403.9	0.00
Vermont	2678.0	1600	1843.6	16408.0	13194.4	10516.4	7570.6	5428.2	-4284.8	-4284.8	-4552.6	-3481.4	-2410.2	-1606.8	16089.0	0.06
Virginia	1878.0	1500	1173.3	10442.3	8188.7	6310.7	4244.9	2742.5	-3004.8	-3004.8	-3192.6	-2441.4	-1690.2	-1126.8	7026.2	0.04
Washington	5512.0	1000	1473.7	13116.2	6501.8	989.8	-5073.4	-9483.0	-8819.2	-8819.2	-9370.4	-7165.6	-4960.8	-3307.2	-49507.4	-0.09
West Virginia	249.0	600	191.5	1704.1	1405.3	1156.3	882.4	683.2	-398.4	-398.4	-423.3	-323.7	-224.1	-149.4	2209.7	0.09
Wisconsin	22225.0	19100	17841.1	158785.9	132115.9	109890.9	85443.4	67663.4	-35560.0	-35560.0	-37782.5	-28892.5	-20002.5	-13335.0	223981.0	0.10
Wyoming	63.0	270	49.6	441.3	365.7	302.7	233.4	183.0	-100.8	-100.8	-107.1	-81.9	-56.7	-37.8	599.6	0.10
TOTAL	165,357.3	97,560.0	86,316.9	768,220.1	569,791.4	404,434.2	222,541.2	90,255.4	-264,571.6	-264,571.6	-281,107.3	-214,964.4	-148,821.5	-99,214.4	13,771.2	0.00

1/ Farm Security and Rural Investment Act of 2002: Preliminary FAPRI Analysis May 6, 2002. The rate of payment is estimated 89 cents.

2/ These are "net" values, net changes in prices due to combination of both the direct payments and price support.

3/ Milk Production: By State and United States, 2001

4/ Milk Production: By State and United States, 2001

5/ Estimated by applying all production for herds 100 or less, one third of production of 100 - 199 cows, and 2.4 million per farm for operations greater than 200 cows

6/ The states of Alabama, Alaska, Arkansas, Connecticut, Delaware, Hawaii, Kansas, Louisiana, Maine, Massachusetts, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Jersey, North Dakota, Rhode Island, South Dakota, West Virginia and Wyoming are based upon a prorata share of "Other States". USDA does not report production and operations by size for these states.

7/ Eligible pounds times estimated payment of 89 cents cwt.

8/ Government payments less total production (2001) times market loss

Benjamin F. Yale
Dairy Producers of New Mexico
419-568-5751

benyale@cs.Com

07-May-2002