Washington, DC -- After working for almost a year to protect the interests of local dairy farmers in reauthorization of the Farm Bill, U.S. Representatives Michael A. Arcuri (D-Utica) and Kirsten Gillibrand (D-Hudson) announced today that congressional negotiators agreed to expand and improve the Milk Income Loss Contract (MILC) program – the federal safety-net for local dairy farms.

“Family farms in Upstate New York need a safety net when prices fall and costs increase,” **Arcuri said**. “I strongly supported extending the MILC program in this Farm Bill and worked diligently to ensure that input prices are taken into account when determining milk support prices. Rising energy and feed costs put a major strain on local dairy farmers, leaving them in a difficult economic situation because they have no control over the price of milk. This bill will help by tying MILC support to what struggling Dairy Farmers pay for their feed. If feed prices go up, price support goes up and if feed prices go down support can go down as well. Dairy Farmers are a critical part of rural communities across our area, and I am proud to announce that we have successfully stood up for their needs in the Farm Bill.”

“The corn ethanol boom has not only caused the price of food to go up, but the cost to feed animals, including dairy cows, has also gone up causing even higher prices for milk,” **said Gillibrand**. “By helping our local dairy farmers pay for their feed costs, we hope that this will help lower milk prices for consumers in the end.”

With approximately 6,800 dairy farmers, New York ranks third in milk production nationwide. Conferees from the Senate and House Agriculture committees agreed to renew and expand the MILC Program, including key provisions strongly supported by Arcuri and Gillibrand.

Bob Gray Executive Director of the Northeast Dairy Farmers Cooperatives said, “I would like to extend my appreciation to Congressman Arcuri and Congresswoman Gillibrand for bringing the feed cost of production issue forward during debate on the Farm Bill in the House of Representatives last summer. Feed costs represent as much as 40% of dairy farmers’ annual expenses. The feed adjustor provision for the MILC payment program represents a major shift in dairy policy since, for the very first time, the most significant cost of production expense for dairy farmers has been included in the Dairy title of the Farm Bill.”

Under the current Farm Bill Conference Report, the MILC program will include feed costs as a factor in triggering price support payments. Rising feed costs, fueled by skyrocketing energy costs, are a continuing strain on local dairy producers. The MILC program's new "feed cost adjuster" will be based on the price of corn, hay alfalfa, and soybeans – main feed sources for local farmers.

The Conference Report also raises the payment rate under the MILC program from 34 percent to 45 percent, greatly improving federal support for local farms during price fluctuations. The size of herds covered by the program would be increased from about 120 cows to 165 cows.

During House consideration, Arcuri and Gillibrand offered an amendment to the Farm Bill requiring the MILC program to take feed and fuel costs into account when setting price supports. The Chairman of the House Agriculture Committee agreed to work with Arcuri and Gillibrand during conference negotiations to address the cost of production issue.

The final Farm Bill conference report is expected to be finalized in the coming days, passed by both the House and Senate, and then sent to the President.

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