

# Coalition to Support the Dairy Price Stabilization Program



## Summary of H.R. 5288 Dairy Price Stabilization Act of 2010

### Goal of the Program

The Dairy Price Stabilization Program, or the DPSP, is a national program aimed at giving individual dairy facilities a financial incentive to manage their milk production. By creating this incentive, the industry can better align national supply and demand, avoiding the extreme booms and busts we see in the milk price.

### Operation of the Program

#### The Basic Structure

#### Dairy Producer Board

*The Board announces two numbers each quarter, based on a formula clearly outlined in the bill.*

**Allowable year-over-year growth**  
in milk production per facility.  
*(normally 3 percent)*

*A dairy can choose to maintain its production within the allowable year-over-year growth, and collect their pro-rata share of the market access fees that are paid.*

**Market access fee** to be paid by facilities that wish to expand their share of the market by more than 3 percent.

**All market access fees that are paid by expanding dairies each quarter will be distributed to all other dairies that stayed within their allowable growth for that quarter.**

*A dairy can choose to expand its production beyond the allowable growth and pay a market access fee for the first year of the expansion.*

OR



**The decision of whether or not to expand production remains with each individual dairy, just as it is now.**

## **Setting the Parameters of the Program**

As noted above, the allowable year-over-year growth in milk production and the market access fees paid by expanding dairies are set by specific triggers clearly outlined in H.R. 5288. Those triggers are reflected in the following chart:

<b>Milk/Feed Ratio</b>	<b>Allowable Year-Over-Year Growth</b>	<b>“New Milk” Market Access Fee</b>	<b>“All-Milk” Market Access Fee</b>
<b>&gt; 3.00</b>	3%	\$0.15 per cwt	\$0.03 per cwt
<b>2.50 – 2.99</b>	3%	\$0.65 per cwt	\$0.13 per cwt
<b>2.00 – 2.49</b>	3%	\$1.25 per cwt	\$0.25 per cwt
<b>1.75 – 1.99</b>	0%	\$2.50 per cwt	\$0.50 per cwt
<b>&lt; 1.75</b>	-3%	\$2.50 per cwt	\$0.50 per cwt

H.R. 5288 creates a producer oversight board that will consist of 24 producers from six regions of the country (with a minimum of two producers per region and additional representation based on volume of milk production) and six representatives from the processor/consumer sectors. H.R. 5288 requires that this oversight board have at least two-thirds support for any adjustments to the triggers outlined in the table above. The board will also include an economist who will be a non-voting advisory member.

***For more information on H.R. 5288, the Dairy Price Stabilization Act of 2010, please visit [www.stabledairies.com](http://www.stabledairies.com) or send an email to [dpsp@stabledairies.com](mailto:dpsp@stabledairies.com).***