



## **FAMILY FARMING and DAIRY POLICY REFORM 2026 SPECIAL ORDER OF BUSINESS**

Currently, historically low U.S. milk prices paid to dairy farmers fail to cover production costs and are 25 percent or more below global dairy prices for cheese and butter. In June 2025, the United States Department of Agriculture (USDA) Federal Milk Market Order imposed an unprecedented 20 percent increase in the fees, totaling more than \$1 billion in the first year alone, that dairy farmers must pay to process their milk into dairy products. This significant rise in make allowances has fueled plant expansions nationwide introducing market distortions further reducing the prices paid to dairy farmers. Dairy farmers are not eligible for Farmer Bridge Assistance (FBA) to address income losses due to trade disruptions and high input costs.

The U.S. dairy industry faces a severe crisis, with a record number of farms closing nationwide. Persistently low profit margins have driven a 78 percent reduction in U.S. dairy farms—over 87,200 lost—since 1995. Market concentration and industry consolidation have left dairy farmers with few, if any, options for selling their milk, which further suppresses the prices they receive.

To reduce dairy farm closures and improve the outlook for US dairy farmers, we call on Congress to:

- Develop a farmer-led, incentive-based milk production plan that aligns supply with profitable market demand
- Create a transparent, producer-level price discovery formula within a growth management program that rewards dairy farmers for aligning production with actual market demand
- Initiate a thorough investigation into trading against interest practices at the Chicago Mercantile Exchange (CME) to prevent manipulation and ensure fairness and transparency
- Improve the Dairy Margin Coverage (DMC) formulas to establish a feed price floor to actually cover farmers' costs of production and provide a real safety net for farmers with a reasonable return, with reduced premiums for farmers producing under six (6) million pounds of milk annually and require an adjusted gross income similar to other federal farm programs
- Undertake a comprehensive review of the Federal Milk Marketing Order system in the United States, addressing barriers that discourage producer participation, examining the effects of block voting by cooperatives on behalf of farmer-members, and scrutinizing the influence of external financial interests and legal interventions on the system
- Revise all Class pricing formulas to accurately represent both the value and volume of today's full range of dairy products. Current formulas do not capture the true market value of many products—especially mozzarella and other higher-moisture, higher-value items—resulting in undervaluation and inequity for producers
- Pass the Converting Our Waste Sustainably (COWS) Act, ensuring dairy farmers have the necessary resources to adopt improved nutrient management practices that effectively reduce methane emissions and provide additional environmental benefits