



2018 FARM BILL: IMPLEMENTATION OVERVIEW

The 2018 Farm Bill made critical reforms to dairy policy, replacing the Margin Protection Program (MPP) with the Dairy Margin Coverage (DMC) program and providing producers with access to multiple risk management tools. NMPF has urged USDA to put a top priority on implementing the reforms to dairy policy. Agriculture Secretary Perdue has honored our calls, indicating that dairy will be a top priority for the Department. NMPF is working closely with the Department to ensure successful implementation.

Sign-up Timing and Premium Payments. NMPF has advocated for USDA to quickly begin the 2019 sign-up and provide producers with the time necessary to understand the new program to make the right decision for their operation. However, due to the government shutdown and other logistical hurdles, USDA is unable to begin the sign-up until June 17. USDA expects that retroactive payments to producers will begin on July 8 for those who sign up quickly. NMPF has also urged USDA to deliver the program in a farmer-friendly manner, providing outreach to all dairy producers, but just as importantly, to show significant flexibility to producers that have made changes to their production history due to changes in structure. Providing clear, uniform direction to FSA field offices will be essential to helping producers understand their options. We have also asked USDA to provide flexibility to producers to pay their premiums over the length of the farm bill even if they select the five-year enrollment option.

MPP Premium Refunds. The law enables all producers to receive a 75 percent credit on their net premiums paid in 2015-2017 under MPP for use toward future premium payments in the DMC, or a refund of 50 percent of their net premiums paid. USDA has announced that they will inform producers by mid-April of the amounts they would be entitled to under either option, and that refunds can be delivered to producers starting April 30. NMPF is urging USDA to make clear that the credit option can be applied over multiple years if applicable, including for producers that exit the business with some of the credit yet to be redeemed.

Intergenerational Transfers. NMPF is working with USDA to ensure further clarification of the treatment of farms that have increased production with the addition of family members or individuals working at the farm for a significant time. Furthermore, we are also asking for flexibility and support for those farms that have gone out of business and subsequently reconstituted as new business entities. USDA has set forth rules for several scenarios in this context for MPP, and we believe it is essential that updates are made to reflect others that have arisen with increased flexibility.

DMC-LGM Flexibility. Because the law now permits participation in both DMC and the Livestock Gross Margin-Dairy (LGM) program, NMPF is urging USDA to ensure that the Farm Service Agency, which runs DMC, and the Risk Management Agency, which runs LGM, are fully coordinated and informed on this point so that producers do not face any hurdles in signing up for both programs should they choose to. In addition, NMPF is working with LGM's owners to ensure that a self-imposed cap on individual producers' coverage is lifted immediately.



NATIONAL MILK PRODUCERS FEDERATION PETITION URGES SWIFT FDA ACTION TO STEM THE TIDE OF MISBRANDED NON-DAIRY PLANT-BASED SUBSTITUTES FOR MILK AND OTHER DAIRY FOODS

The National Milk Producers Federation (NMPF) submitted a citizen petition to FDA on February 21, 2019, related to the use of dairy terms such as “milk,” “yogurt,” “cheese,” “ice cream” and “butter” in the statements of identity for non-dairy plant-based substitutes. The petition argues that the use of these standardized dairy terms to name non-dairy foods falls short of FDA requirements, “falsely implies that the non-dairy substitutes are equivalent to and interchangeable with standardized dairy foods,” and “fails to disclose the material facts concerning how these non-dairy substitutes differ from standardized dairy foods or adequately distinguish non-dairy substitutes derived from different plant sources.”

The NMPF petition asks that the Agency: (1) take enforcement action against misbranded non-dairy foods that substitute for and resemble reference standardized dairy food(s) but are nutritionally inferior to the reference food and include the name of the reference food in the statement of identity; and (2) amend 21 CFR section 101.3(e), Food Labeling – General Provisions, of FDA regulations to codify policies that permit use of standardized dairy terms for non-dairy substitutes that resemble and substitute for the same reference dairy food only under limited and defined conditions. The latter proposal to amend section 101.3(e) would be limited in the following notable ways:

- The proposal applies only to “non-dairy foods that substitute for and resemble standardized dairy foods,” which are defined as foods that contain no single dairy ingredient or combination of dairy ingredients in amounts that are sufficient to constitute major ingredients and that substitute for and resemble a food that is a standardized dairy food (e.g., “milk,” “yogurt,” “cheese,” “ice cream” and “butter”).
- The proposal applies distinct requirements depending on whether the non-dairy substitute food is nutritionally inferior or nutritionally equivalent to the reference standardized dairy food:
 - For *nutritionally inferior non-dairy substitute foods*, the statement of identity could identify a referenced standardized dairy food, provided that either: (1) the name of the food were qualified through use of the legally defined term, “imitation”; or (2) the name of the food were qualified through use of the term “substitute” or “alternative” and material differences including nutritional inferiority and performance limitations were disclosed.
 - For *nutritionally equivalent non-dairy substitute foods*, the statement of identity could identify a reference standardized dairy food, provided that the name of the food were qualified through use of the term “substitute” or “alternative” and material differences, including performance limitations, were disclosed.