NMPF
NATIONAL MILK
PRODUCERS FEDERATION

Testimony of Harold Howrigan
Member, Board of Directors
National Milk Producers Federation

Before the Senate Agriculture, Nutrition, and Forestry Committee
February 26, 2025

Introduction

Chairman Boozman, Ranking Member Klobuchar, members of the committee, thank you for the opportunity to testify before you today as the committee reviews the state of the dairy sector.

My name is Harold Howrigan. My wife, Bet, and I are the sixth generation on our family farm in Fairfield, Vermont. We are in business with my brothers, Lawrence and Michael, our three sons, three nephews and their families. We milk on four dairies, with approximately 350 cows on each. I am honored to serve on the Board of Directors of both Dairy Farmers of America (DFA), a dairy cooperative of which I am a member-owner, and of the National Milk Producers Federation (NMPF), of which DFA is a member cooperative.

I am proud to be a member-owner of DFA, the nation's leading diversified milk marketing cooperative, owned and governed by more than 10,000 dairy farmer members across the country. DFA's family farmers are invested in 80 processing facilities that produce a wide range of dairy products, including fluid milk, cheese, butter, ice cream, and dairy ingredients.

I am testifying before you today on behalf of NMPF, the organization that develops and carries out policies that advance the well-being of dairy producers like me and the cooperatives we own. NMPF's member cooperatives market the majority of the U.S. milk supply, making NMPF the voice of tens of thousands of dairy producers on national issues.

Dairy Economic Outlook

After several challenging years of high input costs and low milk prices, 2024 was a welcome reprieve for many as margins improved thanks to milk production tightening, dairy consumption rebounding and feed costs softening.

However, every dairy farmer knows how quickly markets can change. Dairy consumption remains in a precarious position as many consumers are still recovering from the rapid inflation of 2021 and 2022. And even as dairy consumption at retail improved last year, particularly for cheese, butter and yogurt, foodservice sales struggled as consumers looked to save money. In fact, due to weaker foodservice sales, domestic cheese consumption has actually declined slightly through November, which would make 2024 the weakest year for U.S. domestic cheese consumption since COVID-19.

Yet, the dairy community, from farm to processor to consumer, remains incredibly dynamic with plenty of reasons for optimism. Even as domestic cheese sales struggled, record cheese exports, especially to Mexico, Central America and the Caribbean, have more than made up for the domestic slowdown. Additionally, consumer emphasis on health and wellness, both at home and abroad, has led to a surge in demand for whey and milk proteins. And finally, the dairy industry continues to invest in the future. Between 2023 and 2026, over $8 billion of new dairy processing is being invested by individual farmers, cooperatives and proprietary companies.

Overall, the dairy market today is faced with plenty of conflicting forces – tight milk supplies, reticent consumer spending, and uncertain trade environment. Balancing optimism for the future with a clear-eyed view of the challenges of today is second nature to America's farmers. However, in order to manage the highly volatile dairy market, access to safety net and risk management tools, like Dairy Margin Coverage and Dairy Revenue Protection, will become even more critical for U.S. dairy producers in the years ahead.

2025 Farm Bill & Economic Policy

I am pleased to offer comments on dairy policy as you continue work on the next farm bill. We were grateful to you, Chairman Boozman, for the many important dairy provisions you included in your farm bill framework last year. We also appreciated the positive dairy provisions included in the farm bill proposal put forth by committee Democrats, and in the Farm, Food, and National Security Act (then-H.R. 8467) approved by the House Agriculture Committee.

When this committee began preparing for the 2018 Farm Bill, dairy policy was much different, and much less effective, than it is today. The previous Margin Protection Program (MPP), while well-intended, fell short of providing the protection required of a valuable farm safety net. MPP allowed farmers to insure against low margins – the gap between milk prices and feed costs – but did not offer affordable or meaningful coverage that accounted for the challenges producers endured. As a result, dairy farmers largely opted out of the program. Further, unlike our counterparts who grow crops, dairy farmers lacked access to the risk management options that can help meet their customized needs.

Dairy farmers are grateful for the work this committee did to reform the dairy safety net in both the 2018 Farm Bill and the Bipartisan Budget Act of 2018. The Dairy Margin Coverage (DMC) program is a major improvement over MPP and has performed as a strong safety net for dairy farmers during difficult times. It offers producers affordable coverage for margin levels that reflect the milk price and feed cost challenges they face. DMC has worked as intended in recent years, helping farmers weather a variety of challenges including the COVID-19 pandemic.

DMC has provided important security to my family's farm, given the volatility that persists in dairy markets. Since the program was implemented in 2019, my farm has consistently purchased the maximum available DMC coverage at a margin of $9.50 per hundredweight, knowing that it may not pay out every year, but is intended to serve as a safety net when needed. I am glad that more than 73 percent of those dairy farmers who have DMC production history, enrolled in the program in 2024.

However, as valuable as the program has been, through the years many farmers have actually lost protection through the program because DMC's underlying production history calculation is outdated – reflecting production on a farm that occurred over a decade ago. Dairy farmers need the opportunity to update their production history to reflect more current on-farm production levels. 2013 is far too long ago, and no other farm safety net programs use such an outdated production reference. Many farms have grown to meet market demands or to allow their children to join the farm. We are grateful to this committee for folding the Supplemental Dairy Margin Coverage payments into the underlying DMC. This compensates farmers for incremental production increases as of 2019, but it is critical that this adjustment be enhanced so that DMC remains a viable safety net. I thank you, Chairman Boozman, for including language in your framework last year to further update DMC's production history calculation. I also thank you, Ranking Member Klobuchar, for advocating for this fix.

Beyond DMC, we are grateful that, on par with producers of other commodities, dairy farmers of all sizes now have access to both a Farm Service Agency-run safety net as well as Risk Management Agency tools, such as Dairy Revenue Protection (Dairy-RP) and Livestock Gross Margin-Dairy (LGM-Dairy), which give all farmers the ability to adapt their risk management to their needs. I have participated in Dairy-RP for many years since it was created. We are pleased that USDA approved several improvements to LGM-Dairy, including simplifying the purchase process to align it more closely with Dairy-RP and making the program available in all counties in every state. We look forward to working with this committee on further potential adjustments to strengthen these risk management options for producers of all sizes.

Beyond the dairy safety net and risk management tools, the Federal Milk Marketing Order (FMMO) system provides significant value and safeguards to dairy farmers, cooperatives, and processors. Federal Orders are designed to assure consumers an adequate supply of fluid milk and to promote orderly marketing conditions for farmers. However, the industry has changed significantly since the last major order updates in 2000, and the COVID-19 pandemic drew acute attention to key shortfalls within the system. Dairy producers want the FMMO system to evolve with our industry and economy and be supportive of the needs of today's dairy participants.

To bring Federal Orders in line with modern dairy markets, NMPF spearheaded a multi-year, consensus-driven modernization process four years ago that culminated in USDA's final Federal Order decision just a few weeks ago. We started by conducting a comprehensive examination aimed at updating and modernizing the FMMO program. After more than 150 meetings of NMPF dairy farmer members and co-op technical experts, including from DFA, NMPF's Board of Directors gave unanimous approval in March 2023 to a comprehensive modernization proposal. In May 2023, we submitted our petition to USDA for a comprehensive national federal order hearing. USDA honored our petition and held a 49-day hearing in Carmel, Indiana from August 2023 through January 2024. The hearing included countless hours of testimony and cross examination. We are heartened by the strong support among dairy farmers from coast to coast who participated in this process.

NMPF's efforts resulted in USDA's final decision being approved by all eleven Federal Orders. No one got everything they wanted, but we got what we needed. The final decision reinstates the previous "higher of" Class I mover formula for most milk to restore orderly milk marketing and real-time market signals to producers. We are grateful to the many members of this committee in both parties, including my own senator, Senator Welch from Vermont, who advocated for this critical fix. USDA's decision also updates manufacturing allowances, Class I differentials, and skim milk component factors, while removing barrel cheese from the protein price formula. None of these issues were easy to address, and each one required careful, thoughtful compromise on all parts. In the end, USDA's final decision broadly embodies the direction NMPF laid out in its petition and puts the entire industry on a stronger, firmer footing for years to come.

However, we do need this committee's help in enacting one component of our proposal. USDA's final decision updated the manufacturing allowances to account for a dairy manufacturer's cost of processing milk into dairy products like butter and cheese. However, all stakeholders agree that the persistent lack of accurate, comprehensive data regarding dairy manufacturing costs has denied the industry an essential tool in assessing how pricing formulas should be structured. To solve the problem, we hope to work with this committee to enact legislation to require USDA to conduct regular, mandatory, and auditable processing plant cost studies every two years and to report the results. It would not automatically trigger a change in manufacturing allowances or a hearing to consider a change but would provide all dairy stakeholders with uniform data to consider this issue in the future. We are grateful that both Senate Republicans and Democrats included this language in their farm bill proposals last year.

Finally, I would like to provide brief comments on the farm bill's conservation title. First, dairy producers are environmental stewards who tend with great care to our land, water, and other natural resources. As a testament to dairy's endeavors, research shows that producing a gallon of milk in 2017 required 30% less water, 21% less land, had a 19% smaller carbon footprint, and produced 20% less manure than it did in 2007. However, we believe that more can be done, and, as a result, have set industry-wide goals of becoming greenhouse gas neutral or better, improving water quality, and optimizing water use by 2050.

Robust funding for conservation programs, like the Environmental Quality Incentives Program (EQIP), is key as we work to continue our ongoing environmental stewardship efforts, including innovative approaches to both feed and manure management which have potential to generate new income streams for farmers. However, EQIP's current payment limitation of $450,000 poses a significant obstacle to many family dairy farmers who are seeking to undertake meaningful environmental projects and should be adjusted in the upcoming farm bill. Separately, we applaud the Senate's bipartisan support for the Innovative FEED Act, legislation that would modernize the Food and Drug Administration's approval process for animal feed ingredients that would yield stewardship and productivity gains and better position U.S. dairy farmers to compete with their global counterparts. We look forward to working toward this bill's enactment this congress.

Ag Labor Reform

An issue of critical importance to dairy producers is the acute shortage of workers we face while trying to provide sustainable nutrition for all Americans at a time of rising food costs. Despite continued efforts to recruit domestic workers, our nation's dairy farmers are often left with no alternative to foreign labor.

As our economy has become more services-oriented, our dairy farmers have found it harder to hire Americans to work on their farms. Even in times of high unemployment, our producers universally report an inability to find enough domestic workers to fill dairy jobs even if they pay more than other local jobs. Dairies all around this country consistently seek local domestic workers from their communities, at highly competitive wages, but not enough local workers are available or interested in working on dairy farms.

It is well known that most of the milk produced in the United States comes from farms that have to rely on foreign-born workers. Simply put, farmers in the United States must rely on immigrant workers to ensure that their herds are cared for and milked, that we ensure a strong milk supply system in the U.S., keeping the price of milk and dairy products affordable to U.S. consumers.

Compared to others in agriculture, the dairy industry is unique. Dairy production is a seven-day-a-week, year-round endeavor. Our cows require constant, daily care and handling. Unlike most other agricultural production, there is no "season" in dairy production. Unfortunately, this nation's single agricultural visa program, the H-2A program, focuses on a seasonal or temporary need for workers, and excludes dairy farms with year-round needs from participation. Although the Department of Labor has made exceptions to this seasonal requirement for others in agriculture, such as sheepherders, the Department has refused our many requests to provide a similar accommodation for dairy.

Without an available local workforce and without access to a viable visa program, dairy farmers have a labor shortage while having to navigate the deeply uncertain and volatile reality undergirding agricultural labor in the U.S. Further, the pain radiates out, with uncertainty on the farm harming individuals and communities that rely on farms for jobs and as cornerstones of the local economy; businesses, workers, and industry in the food system chain that depend on reliable production; and families and consumers, who endure higher food prices as uncertainty on the farm increases.

In the last month, the dairy industry has experienced disruptive legal action on farms that risks animal health and domestic milk production. The time for Congress to address this is now. We strongly urge Congress to enact long-needed legislation to allow dairy to meaningfully access H-2A, and to provide current agricultural workers and their families with permanent legal status. For years, we have supported Republican, Democratic, and bipartisan efforts to solve this problem. Without access to a steady and reliable workforce, our industry will not be able to survive, let alone thrive, in the future. Accordingly, NMPF has never let the perfect be the enemy of the good and has been at the table for every agriculture labor legislative negotiation that has occurred in recent decades. To that end, I thank Senator Bennet for putting forth legislation and urging action on this priority in the Senate.

It is imperative for Congress to act soon to address the needs of American agriculture, and particularly the dairy industry. It is critical that we maintain our current workforce, and create a sensible, workable means of filling farm jobs in the future. We recognize the need for secure borders and enforcement efforts to remove criminals, but such steps must be accompanied by the establishment of a system providing dairy and other agricultural enterprises with access to a stable, legal workforce. If Congress is going to enact a nationwide E-Verify requirement, then it also needs to provide agriculture with a workable guest worker program to meet our future needs and a means to provide those who are currently working in agriculture, as well as their families, with permanent legal certainty. Failure to do so risks severely damaging the economic vitality of the nation's entire agriculture sector.

Trade Policy

Nearly one-fifth of American dairy production—around 18%—is exported, and this share is expected to rise as global demand for dairy products continues to expand.

Unfortunately, the United States continues to slip behind our international competitors—namely the European Union and New Zealand—in pursuing new trade agreements. If that dynamic continues, disadvantages facing U.S. dairy farmers, manufacturers and exporters in key markets will continue to grow. NMPF is pleased that President Trump's Jan. 20 Executive Order on an America First trade policy includes a directive to USTR to make recommendations on countries with which the United States can pursue bilateral or sectoral agreements. We see this as a first step toward helping bridge the growing tariff gaps facing U.S. exporters.

Given these access disadvantages exporters face, as well as various non-tariff barriers around the world, trade promotion initiatives like the Market Access Program and the Foreign Market Development Program play a crucial role. These programs generate a substantial return on investment, yielding more than $20 in export revenue for every dollar spent. To strengthen the global presence of American dairy, we support doubling funding for both essential programs to better promote U.S. dairy products worldwide. We also support a continuation of the supplementary USDA export promotion program presently called the Regional Agricultural Promotion Program which was previously initiated under President Trump's first administration in the form of the Agriculture Trade Promotion program.

We also want to thank this committee for its support in combatting the European Union's increasing misuse of its geographical indications (GIs) system to monopolize common food names like "parmesan" and "feta." This blatant trade barrier shuts out American exporters in key third-country markets, putting U.S. producers at a distinct disadvantage in reaching foreign customers. To address that, NMPF is urging the Trump Administration to bring this issue to the forefront to once and for all deliver a clear message to all countries negotiating with the European Union that markets cannot be taken away from the United States. In support of that goal, NMPF looks forward to continuing to work with this committee to advance language in a farm bill that protects our rights to market common name foods around the globe.

The issue of GIs is unfortunately just one of the drivers in the vastly imbalanced U.S.-European Union trade relationship. In dairy trade alone, the European Union enjoys a $2.7 billion trade surplus with the United States despite the fact that the United States is the world's second largest single country exporter of dairy products. Considerably more restrictive EU tariffs and nontariff barriers drive this dramatic asymmetry in the transatlantic relationship. We urge this committee to work with the administration to drive a full-scale revamping of U.S.-EU agricultural trade.

Another deeply problematic trading partner is the one just to our north. Our farm is less than an hour drive from the Quebec border, yet it is more challenging to access the Canadian market than it is to export products halfway across the world. As the U.S.-Mexico-Canada Agreement (USMCA) review process commences, in keeping with the Executive Order on trade to begin elements of that assessment prior to April 1, we encourage members of this committee to work with the administration to ensure that Canada comply with what it negotiated during USMCA and stop using loopholes to persistently refuse to honor its dairy trade obligations. Since USMCA's implementation, Canada has administered its dairy tariff rate quotas in a manner that deliberately limits access to its market by awarding the vast majority of the TRQ access to Canadian dairy processors of the specific products in question. This frequently leaves the USMCA quotas unfilled at the end of the year. Even when the quota volumes are filled, the value is depressed by virtue of forcing U.S. exporters to effectively sell to their competitors in Canada. Separately, Canada continues to circumvent the USMCA dairy protein export caps to evade surcharges, resulting in an excess of Canadian skim solids exports undercutting U.S. producers here at home and in markets around the world. We urge Congress to ensure the outstanding dairy trade issues with Canada are resolved through the USMCA review process and that the opportunity is provided to dairy exporters to recoup the export opportunities they were unable to fully capitalize during USMCA's first several years.

These are only some of the various challenges U.S. dairy exporters contend with to keep trade flowing to global markets. The NMPF National Trade Estimate filing details the full scope of issues each year. It is our hope that the administration's robust focus on trade issues will provide strong opportunities to make progress on many of these other priority barriers as well.

Nutrition & Labeling

Dairy farmers appreciate the enduring connection between agriculture and nutrition. Dairy is a nutrition powerhouse, serving as an excellent source of 13 essential nutrients, but continues to be under consumed according to the most recent Dietary Guidelines for Americans. Nutrition programs like the Supplemental Nutrition Assistance Program (SNAP) and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) are vital to linking the food we produce as farmers to families across the country facing difficult circumstances.

One aspect of being a dairy farmer I am most proud of is the nutritious and affordable products we produce for households here at home and abroad. Dairy products like milk, cheese and yogurt have long been integral to nutrition programs like SNAP, WIC, and the school meals program. We are thrilled that the Whole Milk for Healthy Kids Act (S. 222) has been reintroduced with strong bipartisan support. I thank you, Senator Welch, for co-authoring this bill with Senators Marshall, Fetterman, and McCormick and with support from several other members of this committee. We are grateful to you, Chairman Boozman, for including this bill in your farm bill framework last year and to you, Ranking Member Klobuchar, for cosponsoring this bill last year.

S. 222 would allow for whole and reduced-fat milk to be served in schools. Milk at all fat levels provides 13 essential nutrients, while being the number one source of protein for kids 2-11 and the top source of calcium, potassium, phosphorus, and vitamin D for children ages 2-18, providing critical nutrients to our children at the most critical stages of development. And it has been found that when only fat-free and low-fat milk is offered, students take less and throw away more milk in schools. Further, the science on dairy fat is changing. A growing body of evidence specifically shows that dairy foods at all fat levels have a neutral or positive effect on health outcomes, ranging from obesity and diabetes to heart disease. With these facts in mind, NMPF urges this committee to advance the Whole Milk for Healthy Kids Act to provide schools with the option to serve children nutrient-dense milk they will more likely drink.

NMPF has long advocated for strengthening nutrition programs and has actively worked to develop ways for farmers to donate their products to help those facing food insecurity and hunger. We are dedicated to feeding Americans and we look forward to partnering with you to provide healthy, nutritious products and make a real difference in the lives of those affected by food insecurity.

Separately, while this committee does not oversee the Food and Drug Administration (FDA), an issue of great importance to dairy farmers as well as to consumers is the accurate and appropriate labeling of foods in accordance with established federal standards of identity. FDA has long neglected to enforce its own dairy standards of identity that clearly stipulate, in the Code of Federal Regulations, that a product labeled as “milk” comes from a cow, and that other similar products, including cheese, ice cream and yogurt, are likewise made from the milk from animals – not from beans, seeds, nuts and grains.

Standards of identity were written to promote honesty and fair dealing in the interest of consumers by promulgating regulations to establish reasonable definitions or standards for food products. These food product terms have come to carry distinct meaning in the minds of consumers, including their understanding of the nutrient values present in certain foods. However, due to FDA’s non-enforcement of its own rules, grocery store shelves today are filled with innumerable copycat products that flout these long-established standards of identity and mislead consumers about their nutritional equivalence to real milk and milk-based products.

The proliferation of these imitation products in the marketplace has created an abundance of consumer confusion. While consumers generally understand that plant-based alternatives do not contain dairy, evidence shows that consumers think that plant-based products are nutritionally equal to or better than cow’s milk. An IPSOS survey conducted in 2018 found that 73% of consumers surveyed believe that almond-based beverages have as much or more protein per serving than milk, when in reality milk has up to eight times as much protein. Even the Dietary Guidelines for Americans recognize that most plant-based imitation milk products are not nutritionally equivalent to milk and are therefore not included in the dairy group.

NMPF has repeatedly raised concerns with FDA regarding its failure to enforce the law when nondairy products co-opt terms like “milk” and “cheese.” FDA’s 2023 draft guidance entitled “Labeling of Plant-Based Milk Alternatives and Voluntary Nutrient Statements” misses the mark. It acknowledges that consumers “do not understand the nutritional differences between milk and plant-based milk alternatives.” However, it simply urges manufacturers to voluntarily disclose their nutritional inferiority relative to real milk, doing nothing to prevent the continued inappropriate use of dairy terminology in violation of FDA’s own standards of identity. Accordingly, NMPF supports the bipartisan DAIRY PRIDE Act, which would compel the FDA to finally enforce its existing standards of identity for dairy products to combat the proliferation of non-nutritionally equivalent imitators seeking to use dairy’s positive reputation in the marketplace. I thank the many members of this committee, again including Senator Welch, for their years of leadership and support on this bill.

H5N1 Outbreak

U.S. dairy farmers continue to collaborate closely with USDA, FDA, Centers for Disease Control and Prevention and state veterinary and public health officials to safeguard dairy herds and farm employees from Highly Pathogenic Avian Influenza A H5N1 (H5N1). H5N1 is a novel virus in dairy cattle, and it was unknown to infect dairy cows prior to March 25, 2024. The animal health impact on dairy cows is different than in poultry. In poultry, H5N1 causes high mortality but due to various complicating factors, in dairy the greatest impact is on productivity and in some cases does require animals to be removed from the herd. Roughly 950 dairy farms have been affected nationwide since the outbreak began last year.

While much has been learned about the disease in dairy cattle in the last 11 months, there are still many unknowns, especially since there had not been research prior to last year’s outbreak in dairy. The routes of transmission between farms, which may include people, animals, vehicles, and equipment, are still yet to be fully understood. Robust biosecurity protocols are critical to preventing and managing H5N1 on dairy farms, but more research on transmission and biosecurity, to name a few areas, is needed to fully understand this virus, especially in dairy.

The federal government’s response has evolved. Importantly, FDA, in collaboration with USDA’s Agricultural Research Service, proved that pasteurization kills harmful bacteria and the virus. This virus is an animal health issue and not a food safety issue. As this is new for dairy, USDA had very few options for providing indemnity for affected dairy farms. The USDA Emergency Assistance for Livestock (ELAP) program has provided important funding for affected dairy farms, but ELAP only covers some of a dairy farm’s overall financial losses due to H5N1 due to income limitations making them less effective. Finally, to protect our workers, we encourage best practices in the milking parlor to reduce our workers’ potential exposure by using protective gear, such as face shields.

The dairy industry first inquired about potential vaccine use in April 2024. We appreciate USDA’s work to accelerate vaccine development including the authorization of field trials. We are encouraging USDA to make a vaccine available and ensure that any trade disruptions are minimized.

Tax Policy

When Congress passed the 2017 Tax Cuts and Jobs Act, it rightly recognized the need to extend the tax relief beyond C corporations to businesses structured differently. As a solution, Section 199A was created to ensure that non-corporations would receive comparable tax benefits, preventing an unfair disadvantage by providing non C-corporations the ability to deduct approximately 20% of net taxable income, to partially mirror the benefit received by the reduction in the corporate tax rate from 35% to 21%.

Another critical part of Section 199A was the inclusion of Section 199A(g) which provides a deduction for Specified Cooperatives and their members similar to the deduction under former Section 199. Section 199A(g), specific to cooperatives, is calculated as 9% of a cooperative's qualified business income, capped at 50% of wages paid and not exceeding total taxable income for the year. Cooperatives can use this deduction to reinvest in processing facilities or they may pass it through to members to utilize on their tax returns to reinvest the tax benefits received in their operations. Dairy cooperatives pass 95% of the proceeds to member-owners like me, providing critical funds to reinvest in the farm.

However, with this deduction set to expire at the end of the year, cooperatives face significant uncertainty. Allowing Section 199A to lapse would impose a tax increase on cooperatives and the farmer-owners who own them, disrupting the competitive balance between cooperatives and corporate processors. While we recognize this committee does not have jurisdiction over tax policy, Congress must act to make Section 199A permanent, ensuring that dairy farmers and their cooperatives can continue to compete and thrive for generations to come.

Thank you again for the opportunity to testify before you. I am happy to answer any questions you may have.