

CAFO Subsidies: Federal Support for the U.S. Dairy Industry

Dairies across the U.S receive a large share of taxpayer funding, but they contribute without consequences to a very large share to water pollution.

Economists estimate that U.S. government supports are equivalent to 45% of U.S. cost of milk production or 71% of the market returns for milk as reported by USDA.

<http://www.greyclark.com/wp-content/uploads/2018/02/US-Subsidies-Post-2014-Farm-Bill-FEB-2018.pdf>

In 2020 the U.S. Food and Drug Administration, the U.S. Department of Agriculture's Agricultural Marketing Service, and the U.S. Department of Agriculture's Foreign Agricultural Service Related to the Export of Milk and Milk Products signed a Memorandum of Understanding to support the export of milk and milk products. The U.S. government actively promotes the dairy industry in the global marketplace.

<https://www.fda.gov/about-fda/domestic-mous/mou-225-20-017>

“The Special Milk Program (SMP) provides milk to children in schools and childcare institutions who do not participate in other federal meal service programs. The program reimburses schools for the milk they serve. Schools in the National School Lunch or School Breakfast Programs may also participate in the Special Milk Program to provide milk to children in half-day pre-kindergarten and kindergarten programs where children do not have access to the school meal programs.”

<https://www.fns.usda.gov/smp/special-milk-program>

“The 2018 Farm Bill authorized the new Dairy Margin Coverage (DMC) program, which is a voluntary risk management program for dairy producers. DMC replaces the Margin Protection Program for Dairy. DMC continues to offer protection to dairy producers when the difference between the all milk price and the average feed price (the margin) falls below a certain dollar amount selected by the producer. The program provides:

- Catastrophic coverage, at no cost to the producer, other than an annual \$100 administrative fee that is waived in some cases: and
- Various levels of buy-up coverage.”

The DMC replaced the Dairy Margin Protection Program and the Milk Income Loss (MILC) Program.

<https://www.fsa.usda.gov/programs-and-services/dairy-margin-coverage-program/index>

In the 2021 Consolidated Appropriations Act, Congress directed USDA to develop a \$400 million Dairy Donation Program to facilitate dairy product donations and reduce food waste.

<https://www.ams.usda.gov/services/ddp>

The United States has a stockpile of 1.4 billion pounds of cheese that has been purchased due to overproduction of milk.

<https://fee.org/articles/why-does-the-federal-government-have-14-billion-pounds-of-american-cheese-stockpiled/>

The Dairy Indemnity Payment Program (DIPP) pays dairy producers when a regulatory agency directs them to withdraw their raw milk from the market due to contaminated by pesticides or other residues.

https://www.fsa.usda.gov/Internet/FSA_Notice/ld_639.pdf

As of December 2021, dairy producers are eligible for compensation for loss of dairy cows due to contamination from per- and poly-fluoroalkyl substances (PFAS).

<https://www.fsa.usda.gov/state-offices/Maine/news-releases/2021/dairy-indemnity-payment-program-expanded-to-assist-with-livestock-losses-due-to-contamination>

The USDA Economic Research Service “provides data and reports on dairy markets, including domestic and international supply, demand, trade, and prices.”

<https://www.ers.usda.gov/topics/animal-products/dairy>

“The U.S. Department of Agriculture (USDA) today (July 1, 2021) announced \$20.2 million in grant funding for the Dairy Business Innovation (DBI) Initiatives. This program supports USDA’s efforts to develop higher value uses for dairy products, diversify farmer income through processing and marketing innovation, and encourage the use of regional milk production.”

<https://www.ams.usda.gov/press-release/usda-invests-202-million-grants-dairy-business-innovation-initiatives>

The U.S. Department of Agriculture (USDA) today (March 2, 2022) announced an additional investment of \$80 million in the Dairy Business Innovation (DBI) Initiatives.

<https://www.ams.usda.gov/press-release/usda-makes-available-additional-80-million-funding-support-long-term-resilience-dairy>

The USDA Division of Food and Nutrition Services requires a milk component in child nutrition programs. This requirement can be met with milkshakes, acidified milk, cultured milk, lactose reduced milk and reconstituted milk.

<https://www.fns.usda.gov/cn/milk-requirement-child-nutrition-programs>

The Natural Resources Conservation Service (NRCS) Environmental Quality Incentive Program pays dairies for making improvements to manure handling infrastructure (such as irrigation pipeline, flow meters, pumps, storage lagoon construction, etc.) and agronomic manure management.

<https://manuremanagement.ucdavis.edu/files/134368.pdf#:~:text=Dairy%20producers%20in%20California%20may%20be%20eligible%20for,storage%20lagoon%20construction%20etc.%29%20and%20agronomic%20manure%20management.>

<https://www.nrcs.usda.gov/getting-assistance/technical-assistance/manure-and-nutrient-management>

Air and Water Quality funding is available to animal feeding operation (AFO) producers to address water quality and air quality resource concerns by developing Comprehensive Nutrient Management Plans (CNMPs) to manage manure and implement practices identified in CNMPs.

<https://www.nrcs.usda.gov/programs-initiatives/eqip-air-quality-initiative>

The USDA EQIP and Conservation Stewardship Programs fail to adequately promote conservation and climate change practices. Very little of the funding from either EQIP or CSP goes to the practices the USDA considers climate-smart. Some of the practices that received the most funding actually exacerbate the climate crisis.

<https://www.ewg.org/research/new-ewg-analysis-74b-spent-two-usdas-biggest-conservation-programs-recent-years-very>

<https://www.iatp.org/documents/closed-out-how-us-farmers-are-denied-access-conservation-programs>

“In FY 2016, 11 percent (\$113 million) of EQIP funds were allocated toward CAFO operations. Top supported practices include: waste storage facilities (\$51,634,622); waste facility covers (\$33,582,510); animal mortality facilities (\$8,867,865); and manure transfer (\$7,779,326).”

<https://sustainableagriculture.net/blog/eqip-fy2016-analysis/>

The dairy industry falsely claims that methane from manure lagoons deserves taxpayer support as a source of green energy. In California environmentalists have petitioned the California Air Resources Board to amend the Low Carbon Fuel Standards (LCFS) to exclude all fuels derived from factory farm gas, saying:

“The California Air Resources Board (CARB) allows inflated and non-additional credits derived from factory farm gas to undermine the integrity of the Low Carbon Fuel Standard (LCFS) pollution trading scheme and exacerbate discriminatory environmental and public health harms in the San Joaquin Valley. The LCFS increases harmful pollution to air, water, and land in rural low-income and Latina/o/e communities; inflates factory farm gas reductions by excluding upstream and downstream emissions; allows non-additional reductions from other factory farm gas incentive programs to generate credits; fails to achieve reductions from transportation fuels when these inflated and non-additional factory farm credits justify excessive fossil fuel emissions; and perversely incentivizes increased greenhouse gas emissions and pollution from dairy and pig factory farms.”

<https://food.publicjustice.net/wp-content/uploads/sites/3/2021/10/Factory-Farm-Gas-Petition-FINAL.pdf>