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PROGRAM ASSESSMENT

PROGRAM

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Dairy Price Support Program

USDA maintains a minimal price to dairy farmers by buying excess milk in the form of nonfat dry milk, butter, and cheese. The government owned dairy products are stored in warehouses until the dairy products are sold or donated. This program is one of several USDA programs that support dairy farmers.

RATING

[What This Rating Means](#)

NOT PERFORMING

Results Not Demonstrated

- **The program has not demonstrated results.** The program began in 1949 to assure an adequate supply of milk, but has not been updated in response to changing industry conditions. The U.S. dairy industry has matured as a global leader in milk production, while current challenges

include: price variability, consolidation, global trade, and environmental impacts.

- **The program has major design flaws that limit its effectiveness.** The program is considered trade distorting because it can maintain U.S. prices above world prices. Dairy production represents 11% of all U.S. farm receipts, but this program accounts for over 30% of permitted trade distorting support under World Trade Organization rules.
- **USDA manages the government owned dairy products resulting from this program for multiple purposes.** USDA is not required to minimize costs, and can choose to sell the inventory back to the commercial market, or incur additional costs to donate dairy products to USDA food assistance programs and other domestic and international charitable organizations.

IMPROVEMENT PLAN

About Improvement Plans

We are taking the following actions to improve the performance of the program:

- Conducting biannual evaluations of USDA purchase prices for nonfat dry milk and butter to determine whether the program is operating at least cost to the taxpayer.
- Strengthening financial disbursement system controls as identified in financial audits.
- Examining public input from USDA farm bill forums to evaluate program performance. Evaluating this program, along with other USDA dairy programs, to consider program improvements or alternatives.

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