

Fact Sheet**Sales of Surplus Non-fat Dry Milk****Overview**

Since the 2001 crop year, drought has persisted in several regions of the United States, substantially reducing crop production; and for livestock producers, devastating grazing lands, and drastically reducing forage production.

According to the U.S. Drought Monitor, a large portion of the Northern Plains and Western United States are identified as being "abnormally dry" to experiencing "exceptional drought":

- Portions of States, including Nebraska, South Dakota, Kansas, Colorado, Wyoming, Montana, Utah, New Mexico, and Arizona have been included in the D4-Exceptional category since September 2002 on the Monitor. In mid-March 2003 portions of these States were still included in the D4-Exceptional category or in the D3-Extreme category, which are the two highest levels of drought registered on the Monitor.
- More than 100 counties are included in this area in the 9 States that have been hardest-hit by the ongoing drought.

Because the drought has lingered for so long in these areas of the United States, even if rainfall were to begin soon at normal levels, it is

anticipated that grazing lands and forage production would be very slow to recover. Foundation livestock operations that depend on spring grazing are predicted to suffer the greatest from reduced or lost grazing due to drought.

USDA Assistance Through Partnerships with State and Tribal Governments

The U.S. Department of Agriculture (USDA), in cooperation with participating State and Tribal Governments, will be providing additional drought relief to foundation livestock producers in areas of the United States hardest-hit by ongoing drought. Surplus Commodity Credit Corporation (CCC) stocks of non-fat dry milk (NDM), which are out of condition and not intended for human consumption, will be sold to the States and Tribal Governments, whose boundaries lie within the eligible areas. The NDM will be provided at a minimal cost to several States and Tribal Governments for their distribution to foundation livestock producers.

Surplus Stocks of CCC Owned Non-fat Dry Milk

CCC has available surplus stocks of NDM that is not intended for human consumption. CCC will make available for sale, for feed use only, the older inventories of NDM. The NDM will be sold at a

nominal cost. CCC will pay the transportation from CCC's storage location to the established distribution points.

USDA determined that the quickest and most effective form of aid would be to provide the surplus NDM to be used as a high quality feed product during the critical calving/lambing period; and to supplement existing feed supplies so producers could keep livestock off new grazing as long as possible this spring.

An outline of the sales process of the NDM to the States and Tribal Governments is provided below:

- The U.S. Drought Monitor will be used to determine State and county eligibility, and a county must meet one of the following two criteria to be eligible:
- A county or part of a county must have been included in a Level 4-Exceptional category on the Monitor at any time on or between September 3, 2002, and March 11, 2003, and on the March 11, 2003, Monitor be located in a D3-Extreme, or D4-Exceptional area.
- A county or part of a county must be located in a Level 4-Exceptional area on the Monitor on March 11, 2003.

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- More than 100 counties in 9 States meet the initial eligibility criteria. The States with eligible counties are: Arizona, Colorado, Kansas, Montana, Nebraska, New Mexico, South Dakota, Utah, and Wyoming.
- Eligible livestock are foundation herds of beef cattle, buffalo, sheep, and goats. Foundation livestock are breeding stock and replacement breeding stock.
- National Agricultural Statistics Service (NASS) data will be used to determine the number of eligible livestock in each county.
- A sales agreement will be negotiated between CCC and each State and Tribal Government wishing to purchase and distribute the NDM within their jurisdictions.
- The allocation of NDM for a county will be based on a renewable, if applicable, 30-day supply, based upon 2 pounds of NDM per day for beef cattle and buffalo, and ½ pound of NDM per day for sheep and goats.
- CCC will determine the initial eligible quantity of NDM to be sold to each State and Tribal Government.
- Drought conditions will be monitored on a monthly basis by CCC to determine whether existing areas need additional NDM, or if new areas meet the eligibility criteria due to ongoing drought, and be considered for additional purchases of the NDM.
- CCC will bear the expense of and be responsible for transporting the NDM to distribution points determined

by the State and Tribal Governments.

- The State and Tribal Governments will determine producer eligibility and are responsible for providing distribution points for the eligible producers.

Additional assistance to livestock producers will be provided under the Livestock Compensation Program-II for 2001 or 2002 losses, for which sign-up began April 1, 2003, and for 2001 or 2002 grazing losses under the Livestock Assistance Program (LAP), also authorized by the Agriculture Assistance Act of 2003. LAP sign-up is scheduled to begin in July 2003.

Foundation livestock producers in the eligible States should watch for further program details from their State Government.

For More Information

Further information on this and other FSA programs is available from local FSA offices or on FSA's Web site at: www.fsa.usda.gov.

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