



2004 Nonfat Dry Milk Livestock Feed Assistance Initiative

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 Arizona, Idaho, Montana, Nebraska, Nevada, New Mexico, Oregon, Utah and Wyoming have been included in the D4-Exceptional category at some time between December 2003, on the Monitor. On June 15, 2004, portions of these States were still included in the D4-Exceptional category or in the D3-Extreme category, which are the two most intense levels of drought registered on the Monitor.
- Ninety-six 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.

The U.S. Department of Agriculture (USDA) determined that the quickest and most effective form of aid would be to provide the surplus nonfat dry milk (NDM) to be used as a high quality feed product and to supplement existing feed supplies.

USDA Assistance Through Partnerships with State Governments

USDA, in cooperation with participating States, 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 NDM, which are and not intended for human consumption, will be sold to the feed dealers identified by the States.

Surplus Stocks of CCC Owned Nonfat 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, some of this NDM stock.

The NDM will be sold at a nominal cost (\$275.00 per 41,500 pounds) to approved feed dealers in participating States for distribution to foundation livestock producers. CCC will pay the transportation from CCC’s storage location to the established distribution points.

Feed dealers will reimburse CCC the cost of denaturing the NDM to ensure it is not misused.

An outline of the sales process for the NDM is provided below:

- USDA will determine allocation quantities using the U.S. Drought Monitor. A county must meet one of the following two criteria to be eligible:
 - The county or part of the county must have been a Level 4-Exceptional category on the Monitor at some time on or between December 1, 2003, and June 15, 2004; and be a D3-Extreme or D4-Exceptional category on June 15, 2004; or
 - The county or part of the county must be a Level 4-Exceptional category on the Monitor on June 15, 2004.
- Ninety-six counties in 9 States meet the initial eligibility criteria. The States with eligible counties are: Arizona, Idaho, Montana, Nebraska, Nevada, New Mexico, Oregon, 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 Memorandum of Understanding will be executed between CCC and each State wishing to distribute the NDM within their jurisdictions.
- The allocation of NDM for a county will be based on a 30-day supply of 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.
- States will identify feed dealers in their area that will distribute the denatured NDM to eligible producers.
- Feed dealers will execute a Nonfat Dry Milk Restricted Use Sales Agreement, Form CCC-334, with CCC before CCC will sell any denatured NDM to them. The CCC-334 will ensure proper use and distribution of the denatured NDM.
- Drought conditions will be monitored by CCC to determine whether areas need additional NDM, and be should be considered for additional purchases of NDM.
- CCC will bear the expense of and be responsible for transporting the NDM to feed dealers identified by the States.

- States will determine producer eligibility.

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

For More Information

A list of NDM initiative contacts is available online at: <http://www.fsa.usda.gov/daco/2004ndm/POC.htm>

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

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