

# **The Impact of Alternative Pooling Arrangements Under the Dairy Provisions of the Senate Agriculture Committee Farm Bill**

FAPRI-UMC Report #17-01  
November 21, 2001

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## **The Impact of Alternative Pooling Arrangements Under the Dairy Provisions of the Senate Agriculture Committee Farm Bill**

The Food and Agricultural Policy Research Institute (FAPRI) received a request from the Senate Agriculture Committee to analyze the impact of the Senate's version of a dairy bill first introduced in the House of Representatives by Representative Sanders of Vermont. That analysis was completed in October and can be found on the FAPRI web site at: [www.fapri.missouri.edu](http://www.fapri.missouri.edu). Under the analysis conducted in October all states were required to participate in the program. This paper looks at how funds would transfer to the various districts if such districts were able to choose different levels of participation in the program.

Specifically, the paper addresses which districts would choose to forego any of the available countercyclical funds in exchange for not having to participate in the national pooling of the additional Class I generated monies. It should be made very clear that this is only a change in how the funds would be distributed. It does not generate more or less money overall; it simply changes the way those funds are distributed. Consequently, while the regional results might change noticeably, the aggregate differences from the earlier FAPRI analysis should be small. The only way the aggregate results could change appreciably would be if supply response varied greatly across the U.S.

To decide which districts would opt out of the countercyclical money in exchange for not pooling their Class I monies from the program requires a comparison of the Class I collections under the program in the district to the monies that the district would receive by participating fully in the program. Table one provides information needed to decide which districts would opt out of the program if it were voluntary. Districts that would immediately opt out of the program are Florida, Appalachian, Southwest and Southern. In the case of these four districts, the money collected from the Class I provisions of the program (2<sup>nd</sup> column) is greater than the disbursements they would receive by participating fully (3<sup>rd</sup> column). The table shows the progression of the disbursements as each of these four districts opts out of the program. This shows the reductions in disbursements to others as these four districts no longer share their class I collections under the program nationally. The Northeast district shows larger disbursements if

