

U.S. House of Representatives  
Committee on Agriculture  
Washington, DC 20515

January 21, 2009

The Honorable Tom Vilsack  
Secretary of Agriculture  
U.S. Department of Agriculture  
Washington, D.C. 20250

Dear Mr. Secretary:

A serious imbalance in the domestic dairy industry presents an imminent threat to the economic stability and welfare of American dairy farmers. In spite of industry-led efforts to balance supply, the overall state of the economy has reduced demand for dairy foods, resulting in an estimated 2009 surplus of 6.5 billion pounds.

Exacerbating product surpluses is a price-cost squeeze, with milk prices declining and feed costs rising. The all-milk price received by farmers averaged \$15.90 per hundredweight in December, down more than 25 percent from a year earlier nationwide, and 33 percent lower in California, according to USDA data. Milk prices will likely be considerably below these levels in the coming months in the Northeast, Northwest, Southeast, Upper Midwest, and Southwest as well, if no action is taken. During the same period, feed costs jumped. The price of alfalfa, for example, rose 15 percent to \$155 per ton. Feed costs have moderated in recent months, but not enough to offset the drop in milk prices.

Simultaneous to low prices and the national economic recession, federal feeding and nutrition programs are at record-high enrollments. As you know, more than 31 million people qualified for benefits under the Supplemental Nutrition Assistance Program (SNAP) in the latter part of 2008. In addition, free and reduced-price school lunch program participation is an unprecedented 18.4 million children.

In light of the disturbing evidence, and consistent with the authority granted the Secretary under Section 5 of the Commodity Credit Corporation Charter Act and Section 32 of the act of August 24, 1935 (P.L. 74-320 as amended), we respectfully urge you make generous purchases of dairy products as soon as possible for use in federal nutrition programs. As we work to address long-term solutions to overproduction, your quick action to remove surpluses from the market is critical to ease the immediate crisis and

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continue to provide wholesome and nutritious products for school children, the elderly and others in need.

Thank you for your prompt attention and consideration of this request.

Sincerely,



Collin C. Peterson (MN-7)  
Chairman



Frank D. Lucas (OK-3)  
Ranking Member



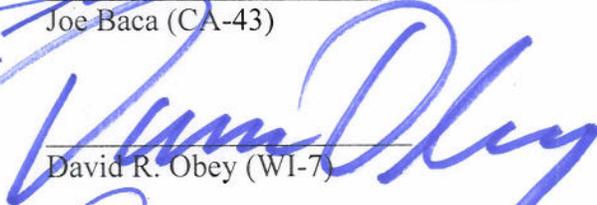
Tim Holden (PA-17)



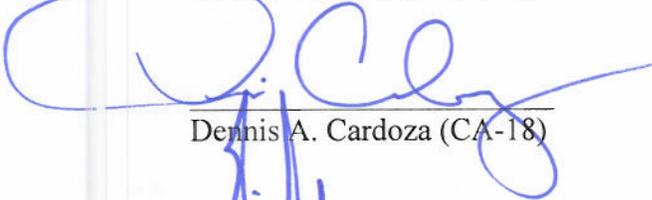
Joe Baca (CA-43)



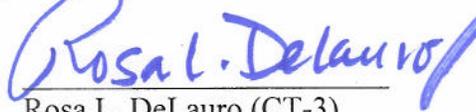
Leonard L. Boswell (IA-3)



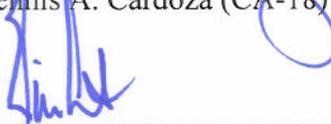
David R. Obey (WI-7)



Dennis A. Cardoza (CA-18)



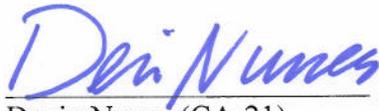
Rosa L. DeLauro (CT-3)



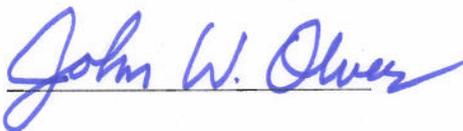
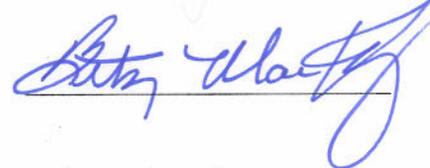
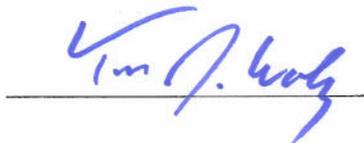
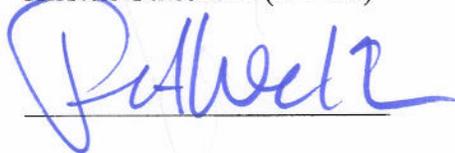
Jim Costa (CA-20)



Kirsten Gillibrand (NY-20)



Devin Nunes (CA-21)



Pat A. Early

David Scott

John T. Seligson

Jim Boor

Wood

Colan H. Futer

Samie Camp

John Bann

Christopher P. Camp

Caroline C. Kilpatrick

Tom Salhani

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John McHugh

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James Emerson

Maureen Diney

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Steve Kagen  
MD

Kevin McCarroll

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