

Congress of the United States
Washington, DC 20515

September 21, 2015

The Honorable Thomas J. Vilsack
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Ave, SW
Washington, D.C. 20250

The Honorable Val Dolcini
Farm Service Agency Administrator
U.S. Department of Agriculture
1400 Independence Ave, SW
Washington, D.C. 20250

Dear Secretary Vilsack and Administrator Dolcini:

Thank you for your efforts to implement the dairy insurance program of the Agricultural Act of 2014. We understand that developing a new insurance system is a difficult task and we appreciate your agency's efforts to bring the program into operation. The Northeast is dotted with hundreds of family farms—most multigenerational family businesses. As representatives from this diverse dairy-producing region, we believe that our dairy farming constituents have a significant stake in the success of the program.

We are writing in regards to concerns that have arisen with the Dairy Margin Protection Program (MPP). As you know, we are now one year into MPP operation. While producers in our districts enrolled in MPP in large numbers last year, several issues relating to the feed formula calculation, premium flexibility, and the signup period have been brought to our attention. Given the looming signup deadline and lack of programmatic history, it is important that farmers have confidence in MPP and trust the program as a viable insurance option for the coming years.

We would first like to thank USDA for listening to our farmers and increasing flexibility in making premium payments. We are pleased that farmers no longer have to pay their premiums in full at the time of signup or by June 1. By extending payment deadlines to September 1, 2016, our farmers will be provided with much more flexibility in their monthly budgets. Early summer is often a time of financial strain for many producers as they attempt to balance paying spring-incurred bills and making new investments in needed summer expenses, so no longer requiring a 75 percent lump sum payment by June 1 is certainly appreciated. Additionally, we applaud USDA for allowing producers to enter into agreements with their milk marketing companies or cooperatives to deduct premium payments from monthly milk checks and pay the premium upfront on their behalf.

However, a major concern of our dairy farming constituents is that feed price calculations used in determining margin levels do not take into account the fluctuation of feed costs from region to region. Of particular note is that these calculations do not account for the elevated production costs of regions that purchase large quantities of feed. For instance, while farm feed prices vary, a recent analysis by Farm Credit East showed the average price of feed in the Northeast could be as much as 20 percent higher than the national average proxy used in MPP calculations. In spite of these higher regional feed prices, few margin payments were triggered this year.

It is important that farmers have the feed information they need in order to make appropriate business decisions. To that end, we request that USDA conduct a survey of aggregate feed prices by state. Current feed prices are not calculated on a state-by-state basis, and we believe that these more specific numbers will provide USDA and Congress with a better sense of where our dairy farmers stand financially. While this does not change the calculation for MPP, it may provide a clearer picture of which regions are benefitting from the program and in which regions the program may need additional changes.

It is also critical that USDA continue to educate and inform producers as to how the feed price and all-milk prices are calculated and convey this information to producers. Many of our Northeast dairy farmers have voiced frustration after participating in the MPP for its inaugural year. As with any new agricultural support program, it will take time to fully understand its effectiveness. In the meantime, we strongly encourage USDA to provide ample resources to FSA state offices to better educate producers on the MPP.

Lastly, we ask that you fully consider extending the 2016 MPP sign-up period from September 30 until November. Early fall is a busy time for producers across the country, making it difficult to focus on insurance options for the coming year. Extending the sign-up period until November would give producers much needed time to consider their insurance options. We would also like information on how many producers have signed up for coverage this year, the coverage level they have purchased, and how those numbers compare to last year's.

We thank you for your consideration of our requests and for your efforts on behalf of dairy producers. Please let us know if you have any questions or if you would like to discuss the matter further.

Sincerely,



PETER WELCH
Member of Congress



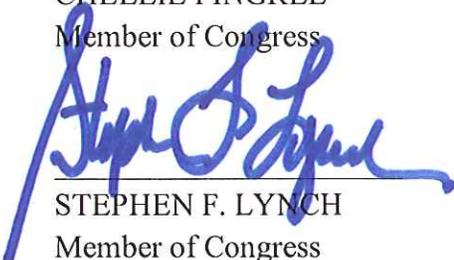
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Member of Congress



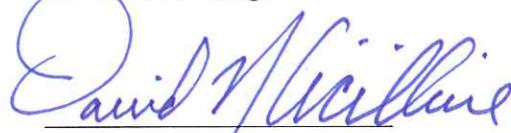
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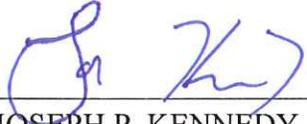


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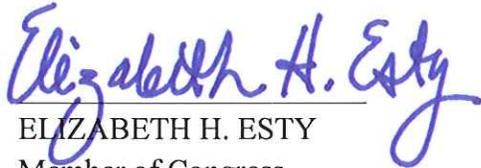
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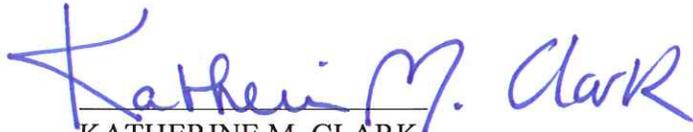
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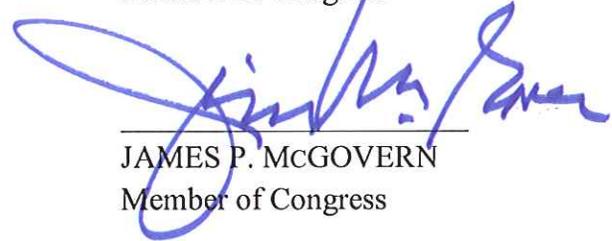
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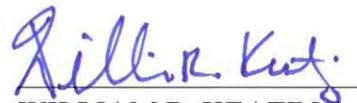
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