Congress of the United States
House of Representatives
Washington, DC 20515

July 6, 2021

The Honorable Joseph R. Biden, Jr.
President of the United States
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. President:

We continue to support your steadfast leadership to help our people and our economy emerge from the COVID-19 pandemic more resilient and better positioned for the future.

In that context, we write today to call your attention to the continued major challenges facing our nation's hardworking dairy farmers. Our dairy producers have weathered extraordinary obstacles throughout the pandemic, which hit at a time when they were just beginning to see light at the end of the tunnel after five years of continually depressed milk prices. While the onset of the pandemic caused our foodservice market to collapse, challenging our dairy sector in unprecedented ways, our dairy producers and processors continued the essential work every day to provide households here in the U.S. and around the globe with a stable, abundant supply of healthy, nutritious milk and dairy products.

However, despite their determination, our dairy producers continue to operate in an extremely difficult economic climate due to forces outside of their control. In addition to causing massive market disruption, the COVID-19 pandemic has wrought significant price volatility upon our farmers and saddled them with higher feed, labor, equipment, and energy costs. To compound these challenges, dairy producers nationwide have lost roughly $725 million in Class I skim milk revenue due in part to a change made to the Class I milk price formula in the 2018 Farm Bill.

For background, the Class I "mover," which is used to compute the base Class I (fluid milk) skim milk price under the Federal Milk Marketing Order system, was modified in 2019 – based on an agreement from the leading national dairy trade associations representing farmers and processors respectively - from being based on the higher of the Class III or Class IV price each month to being restructured as the monthly average of the Class III and Class IV prices, with a $0.74/cwt. adjustment factor added to that average. The historical record from January 2000 through August 2017 indicated that this new Class I mover would be revenue neutral for dairy

farmers, and on that basis, Congress adopted the new mover for a minimum two-year period in the 2018 Farm Bill.

However, the federal government's response to the COVID-19 pandemic last year substantially undercut dairy producer revenue. Specifically, the Farmers to Families Food Box Program (FFFBP) implemented by the prior Administration heavily weighed its dairy product purchases toward cheese (Class III). While product purchases play an important role in helping to feed food insecure families nationwide, the FFFBP purchases contributed to a wide divergence in the monthly Class III and Class IV prices, making the average of the two significantly lower than the higher of the two, even with the $0.74/cwt. adjustment factor added. As a result, Class I skim milk prices averaged $3.56/cwt. lower during the second half of 2020 than they would have under the previous mover. This undermined the orderly marketing of milk and represented a net loss to dairy producers in all regions of the country of more than $725 million since the current mover was put in place.

We are extremely grateful that Agriculture Secretary Tom Vilsack has unveiled the USDA Pandemic Assistance for Producers initiative to provide much-needed support to producers and address gaps in previous aid. We are particularly heartened by the Secretary's commitment to strong support for our nation's dairy farmers, including for uncompensated losses. To that end, we strongly urge you to ensure our producers are reimbursed for as much of the roughly $725 million in foregone Class I skim milk revenue as possible. Farmers in various regions of the country have suffered from these losses, so your help will be critical.

More work is ahead of us in the future to further stabilize the dairy economy, but taking this step now is vital to better position our dairy farmers and workers to continue to do what they do best – sustainably provide families with healthy, nutritious food. We thank you for your consideration of our request and stand ready to partner with you to revitalize our rural economy.

Sincerely,

Antonio Delgado
Member of Congress

Jim Costa
Member of Congress

/S
Sanford D. Bishop Jr.
Member of Congress

/S
Cheri Bustos
Member of Congress

/S
Matt Cartwright
Member of Congress

/S
Joe Courtney
Member of Congress

/S
Suzan K. DelBene
Member of Congress

/S
Jahana Hayes
Member of Congress

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Josh Harder
Member of Congress

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Chrissy Houlahan
Member of Congress

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Ron Kind
Member of Congress

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Ann McLane Kuster
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Al Lawson
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Grace Meng
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Chellie Pingree
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Paul D. Tonko
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Peter Welch
Member of Congress