

**Congress of the United States**  
**Washington, DC 20515**

November 4, 2016

The Honorable Hal Rogers  
Chairman  
House Appropriations Committee  
Washington, D.C. 20510

The Honorable Nita Lowey  
Ranking Member  
House Appropriations Committee  
Washington, D.C. 20510

The Honorable Bob Aderholt  
Chairman  
House Appropriations Subcommittee on  
Agriculture, Rural Development, Food and  
Drug Administration, and Related Agencies

The Honorable Sam Farr  
Ranking Member  
House Appropriations Subcommittee on  
Agriculture, Rural Development, Food and  
Drug Administration, and Related Agencies

Dear Chairman Rogers, Ranking Member Lowey, Chairman Aderholt and Ranking Member Farr:

As you continue to work on appropriations legislation for Fiscal Year 2017, we write to request your assistance for American dairy producers who have been struggling with near-record low milk prices and unstable domestic and international market conditions. Specifically, we request the Committee to explore reimbursement options for enrolled producers within the Margin Protection Program (MPP), remove a funding prohibition currently in place within the U.S. Department of Agriculture (USDA), and direct the National Agricultural Statistics Service (NASS) to conduct a survey of state average feed costs.

Over the past two years, dairy producers have experienced a 40 percent drop in milk prices which has tightened cash flow on farms and compounded the problems that American dairy producers are facing. Severe drought has impacted regions throughout the country, forcing farmers to pay record-high prices for feed, while exports from the European Union to the United States have surged as a result of Russia's embargo of most European dairy products, contributing to the current oversupply of milk. Many dairy farms in our districts are selling milk below the cost of production and are teetering on the balance of closing their doors.

Our concerns are heightened by challenges that have arisen with the Margin Protection Program. As you know, this federal safety net is designed to provide financial assistance to enrolled farmers when times are tough. Unfortunately, dairy producers are slipping through the safety net and not receiving the support they need. This has been particularly apparent for producers in states with high feed costs where, despite low farm milk prices, MPP payments were not triggered due to the program's reliance on a National Average Feed Cost formula. Though the USDA collected \$73 million nationwide in premium payments in 2015, only \$700,000 was returned in payments to producers, which discouraged farmers from buying higher levels of coverage in 2016.

Despite current budgetary constraints and the need for future statutory changes to the MPP, we believe that there are key measures that can be taken in appropriations legislation for Fiscal Year 2017 that will provide critical near-term support to dairy farmers and pave the way for longer-term sustainability in the industry. In the short-term, we request that the Appropriations Committee explore ways to partially or fully refund payments for the farmers who have poured millions of dollars into MPP and received little financial support in return. This measure would be particularly meaningful for producers who have

experienced near-record drought conditions this year and have tight cash flow margins on their farms. While we understand that this request may prove difficult to execute, we hope that the Committee can understand the frustration and disillusionment of cash-strapped farmers who lost thousands of dollars expecting financial protection that was never provided.

Additionally, we respectfully request that spending legislation for Fiscal Year 2017 not include any provision preventing the USDA from implementing clause 3 of Section 32 of the Agricultural Adjustment Act of 1935 or from engaging in surplus removal or price support activities under section 5 of the Commodity Credit Corporation Charter Act. Such provisions currently limit the Secretary of Agriculture's ability to provide emergency support to dairy farmers. Lifting this ban would allow the Secretary more flexibility to respond to the current crisis.

To address long-term structural changes to the MPP, we request that \$3 million within the budget of NASS be used to conduct a survey of average feed costs by state. NASS has determined that this survey would take 18-24 months to complete, and the information gathered in this survey would provide critical data for USDA and Members of Congress to consider for the next Farm Bill. The National Average Feed Cost formula must be changed to reflect the higher regional feed costs that are associated with greater transportation, labor and energy expenses, and this survey is an important step towards achieving a fairer program that works for producers in every corner of the country.

Thank you for your consideration of these requests. We look forward to working with the Committee in service of America's dairy farmers.

Sincerely,



Ann McLane Kuster  
Member of Congress



Peter Welch  
Member of Congress



Chellie Pingree  
Member of Congress



Joe Courtney  
Member of Congress



Mark Pocan  
Member of Congress



Tim Walz  
Member of Congress



Richard E. Neal  
Member of Congress



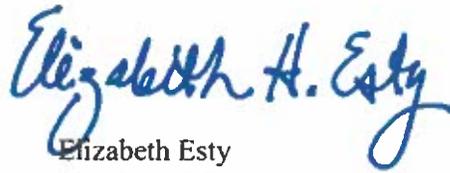
James McGovern  
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Richard Nolan  
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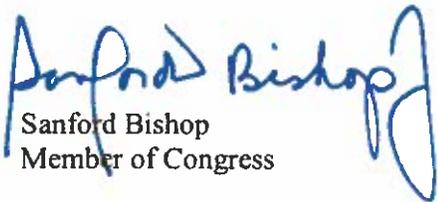
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