

SENATOR BERNIE SANDERS

United States Senator For Vermont

Sanders.Senate.gov

Senators Seek USDA Support for Dairy Farmers

WASHINGTON, Sept. 24 – As dairy farmers struggle to cope with rising production costs driven up during this summer’s severe drought, a bipartisan group of senators from leading dairy states today asked the U.S. Department of Agriculture to review the floor price for raw milk.

“Our domestic food supply is being severely challenged by this year’s prolonged drought,” said a letter to Agriculture Secretary Tom Vilsack asking for a review of USDA milk marketing orders. The letter was written by Sens. Bernie Sanders (I-Vt.), Olympia Snowe (R-Me.), Susan Collins (R-Me.), Charles Schumer (D-N.Y.), Kirsten Gillibrand (D-N.Y.) and Al Franken (D-Minn.).

“Since June, the cost of corn and other components of feed have risen dramatically,” the letter continued. “Corn reserves have plummeted to a 15-year low. As we face this climate crisis, a consideration of the effects on milk prices would seem to be in order.”

The cost of grain for dairy farmers has skyrocketed as a result of supply shortages caused by the worst U.S. drought in at least 50 years. Almost 1,600 counties in 32 states have been declared natural disaster areas after drought seared millions of acres of pasture and cropland across the United States.

“At a time when farmers’ costs are soaring because of the high price of grain, I am glad that we have bipartisan support for hard-pressed dairy farmers in this letter to Secretary Vilsack,” Sanders said. “The letter demands that he investigate whether farmers can continue to stay in business at the milk price floor now set by the federal government,” Sanders added.

Federal milk marketing orders are administered by the Agriculture Marketing Service of the U.S. Department of Agriculture. The orders establish minimum pricing rules in 10 regions throughout the United States (except in California) for the sale of raw fluid-grade (Grade A) milk from the producer to the processor or manufacturer.

Created by Congress in 1937, the program sets monthly minimum prices that the milk handlers must pay. The prices that producers actually receive may be higher, depending on market conditions.

Letter to USDA Secretary Below:

United States Senate
WASHINGTON, DC 20510

September 24, 2012

The Honorable Thomas Vilsack
Secretary
United States Department of Agriculture
Room 200-A Whitten Building
1400 Independence Avenue SW
Washington, D.C. 20250

Dear Mr. Secretary

Dairy farmers across the nation are currently suffering from extremely high production costs, a circumstance brought about by the severe drought. The high price of grain has brought feed costs to historic levels, which means that dairy farmers in the U.A. are caught in a budget squeeze that threatens their continued existence. Dairy farmers typically work with a milk to feed ratio of 3:1, but today's costs – along with the continued low price for milk – have lowered that ratio by over half. With a ratio this low, there is little leftover to cover the costs for labor, veterinarians, supplies, banks, utilities, and farm equipment. Additionally, farmers will face financial operations. According to U.S. Department of Agriculture's "All Milk Price" data from January to June of this year, the imbalance in cost of production numbers as compared with the milk prices has gone from -\$4.05 to -\$8.35.

Our domestic food supply is being severely challenged by this year's prolonged drought. Since June, the cost of corn and other components of feed have risen dramatically. Corn reserves have plummeted to a 15-year low. As we face this climate crisis, a consideration of the effects on milk prices would seem to be in order.

It is with these circumstances in mind that we urge you to immediately investigate and determine whether parity prices for fluid milk are reasonable, given the price of feed, the available supplies of feed, and other economic conditions which affect the market supply and demand for milk and milk products in the ten Federal Milk Marketing Orders.

Thank you for your prompt consideration of this request.

Sincerely

BERNARD SANDERS
United States Senator

OLYMPIA SNOWE
United States Senator

KIRSTEN GILLIBRAND
United States Senator

CHARLES SCHUMER
United States Senator

SUSAN COLLINS
United States Senator

AL FRANKEN
United States Senator