

November 29, 2012

Dear Senator:

As Congress reconvenes, the most important issue they will debate for dairy farmers is the proposed 2012 Farm Bill because of the serious financial crisis experienced by the majority of dairy farmers across the United States.

While we support the need for Congress to pass a new farm bill, we wish to point out the extensive inequities in the dairy provision of the draft bills, including the controversial taxpayer-funded "margin insurance" proposal... Neither draft contains the proper remedy for the economic problems devastating U.S. dairy farmers.

The current Farm Bill dairy provision forcing taxpayers to fund the "margin insurance" program must be replaced by a milk pricing formula that uses the dairy farmers' cost of production to determine the federal minimum price paid to dairy farmers for raw milk. This formula is contained in the "Federal Milk Marketing Improvement Act" (S-1640). Additionally, we recommend the inclusion of a stand-by milk supply management program included in the Farm Bill dairy provision, similar to the one included in S-1640.

It is absolutely essential that members of Congress comprehend that the cost of production and stand-by milk supply management provisions we recommend are designed to cost the taxpayers no money from the Treasury. This contrasts sharply with the irresponsible margin insurance program that will be funded by taxpayers.

According to the USDA's Economic Research Service (ERS), the National Average Cost of Producing Milk for September 2012 is \$28.50 per hundred pounds (cwt). The latest national average all-milk price reported by USDA for September 2012 was \$19.60 per cwt, leaving a shortfall of \$8.90 per cwt, or \$0.90 per gallon, for the average dairy farmer. The average U.S. dairy farmer produces nearly 4 million pounds of milk per year, so these dairy farmers would lose nearly \$360,000 per year in gross income. This income is needed to operate their dairy farms and pay their support businesses and suppliers.

This inequity cannot continue. According to press reports, more than 100 California dairy farmers have recently gone bankrupt, and many more are facing that route due to rising business costs. Feed costs have risen significantly, thanks to the diversion of significant quantities of corn into the ethanol market and the 2012 drought. Current federal dairy policy excludes cost of production from the minimum farm milk pricing formula, and the inability of dairy farmers to recoup their high feed costs impeded them from securing the grain and forage they needed to feed their cattle, leading to the forced dispersal of many dairy herds.

Federal dairy policies have been hammering dairy farmers for more than 30 years. There were 600,000 U.S. dairy farms in 1976, dropping to 131,509 by 1992, and to 51,481 by 2012. It is unthinkable that Congress continues to formulate policies that will likely be responsible for a continued decline in the number of U.S. dairy farms.

This crisis is not just affecting farmers and their families, but also the entire rural economy. The federal milk pricing formula leaves dairy farmers unable to cover their basic cost of production, but equally important is the loss of a substantial number of support businesses that fold when dairy farmers are not paid enough to cover the bills they owe these service providers and suppliers. The result of inadequate raw milk prices is the continued loss of a

large number of feed mills, implement dealers, repair shops, and even some financial institutions. This is unacceptable.

While our dairy farmers and support businesses have been needlessly experiencing financial losses, it is interesting to review some of the profits that have been reported by two of the companies that are heavily involved with the dairy farmers' milk and/or dairy products. Per their third quarter 2012 reports, Kraft Foods posted a net income of approximately \$470 million, while Dean Foods' reported a third quarter 2012 net income of \$36 million.

No one begrudges companies' making a profit - it's good to have profitable companies. However, existing dairy policies and the dairy proposals in the current Farm Bill drafts prevent American dairy farmers from covering basic farm business cost inputs, let alone making profits afforded to Kraft and Deans.

On behalf of family dairy farmers who are trying to survive and thrive in our rural communities, we urge you to take swift action to implement equitable federal dairy policies based on fairness and cost of production in the dairy provision of the 2012 Farm Bill.

Understanding the issues outlined in this letter, particularly the direct effect unjust low raw milk prices have on their own bottom line, the undersigned organizations strongly recommend that Congress debate and adopt our proposal for a new pricing formula for dairy farmers and the accompanying stand-by milk supply management program.

Thank you,

ORGANIZATIONS

Alaska Farmers Union
Alianza Nacional de Campesinas, CA
American Federation of Government Employees, AFGE- LOCAL 3354, MO
American Raw Milk Producers Pricing Association (ARMPPA), WI
Ashtabula, Geauga, Lake Counties Farmers Union, OH
California Dairy Campaign
California Dairy Women's Association
California Farmers Union
California State Grange
Community Food and Justice Coalition, California
The Cornucopia Institute, WI
Fairdale Grange, Fairdale, PA
Family Farm Defenders, Madison, WI
Farm Wives United, New York
Food and Water Watch, Washington, DC
Federation of Southern Cooperatives, Atlanta, GA
Mississippi Association of Cooperatives; Jackson, MS
Missouri Farmers Union
Missouri Rural Crisis Center
Monadnock Farm and Community Connection, NH
National Family Farm Coalition, Washington, DC
National Latino Farmers & Ranchers Trade Association, Washington, DC
National Women in Ag. Association, OK
Nebraska Sustainable Agriculture Society
New York State Grange, Cortland, NY
Northwest Atlantic Marine Alliance, Gloucester, MA
Oklahoma Black Historical Research Project, Inc.
Oregon Farmers Union
Organic Pastures Dairy Company, Fresno, CA

Pennsylvania Family Farm Foundation, Millville, PA
Pennsylvania Farmers Union
Pesticide Action Network North America (PANNA), San Francisco, CA
Peterborough Grange #35, New Hampshire
Progressive Agriculture Organization, Meshoppen, PA
Rural Coalition/Coalicion Rural, Washington, DC
South Auburn Grange, South Auburn, PA
Susquehanna County Pomona Grange, PA
United North Country Milk Bargaining Cooperative, Alexandria Bay, NY
WhyHunger, NY

BUSINESSES

Ace-Robbins Farm Diesel Fuel Distributor,
Tunkhannock, PA
Affordable Fuels, Inc., Middleburg, PA
Ambit Energy, Montoursville, PA
Ambrosius Auto and Farm Parts & Supplies, New
Albany, PA
Bachle Welding and Machine, Inc., Muncy, PA
Barnes Equipment, Millerton, PA
Bartrons – John Deere Supply, Tunkhannock, PA
Baxter Plumbing and Heating, Inc., Hughesville, PA
Bick Farms, Troupsburg, NY
Blaise Alexander Family Dealerships, Montoursville,
PA
Bluhm's Farm Delivery Gas Services – Wyalusing,
PA
Bluhm's Gas Service, Laceyville, PA
Brick House Services, Laceyville, PA
B.S.& B. Repair, Inc., Mifflinburg, PA
Buck Lumber Company, Hughesville, PA
B-V Door Service, Inc., Mifflinburg, PA
Cape Cod Community Supported Fishery, MA
Chase Dairy, Cape Vincent, NY
Clements Images, Westfield, PA
Columbia Crossroads Equipment, Columbia
Crossroads, PA
Country Garden Farm Supply, Mifflinburg, PA
Cow Comfort Specialists, Altamont, MI
Curt Falck DBA H. & C. Grove NX, Lewisburg, PA
Custom Mix Concrete, Elmira, NY
Dairy Goddess Farmstead, Cheese and Milk,
Lenore, CA
Dan Weaver Farms, Lewisburg, PA
David G. Reese, DVM, Pine City, NY
David Wheeler Cattle Hauling, Millerton, PA
Day's Disposal Service, Inc., Muncy, PA
Dean Koch Trucking, Lewisburg, PA
Don Hoffman, farmer, Millerton, PA
Don White Public Accountant, Troy, PA
Dream Farms, Newburg, PA
Dr. Henry Nebzydoski, Veterinary Services,
Pleasant Mount, PA
Dushore Agway, Dushore, PA
Earl T. Wadhams, Inc., Phelps, NY
Elstan Farm, Hershey, PA
Everbe Farm, LP, Muncy, PA
Farmer's Choice Tire Service, Reedsville, PA
FARMSHINE newspaper – Lititz, PA
Faye Diesel Service, Blue Ball, PA
Field Tec Services, Inc., Muncy, PA
Fisher & Thompson, Inc., Leola, PA
Fisher's Welder Repair, Gap, PA
Flatness International, Inc., Tunkhannock, PA
Foxworthy Supply, Inc., Kent City, MI
Freezer's Auto Parts, Inc., Hughesville, PA
Fry's Gas & Oil Co., Hughesville, PA
Fry's Machinery, Inc., Pennsdale, PA
Fry's Plastic, Pennsdale, PA
Gary Clarke Farm, Columbia Crossroads, PA
Gary Libby, small boat family fisherman in Port
Clyde, ME
Gays – True Value Hardware, Tunkhannock, PA
Gehman Iron, Inc., Knoxville, PA
Gramco, Inc., Springville, NY
Grime's Dairy Equipment, Genesee, PA
Groff Tire, Westfield, PA
H.A. Rockwell Feed Company, Canton, PA
Hank's Discount and Pawn Shop, Philippi, WV
Hawk Insurance Agency, Tunkhannock, PA
Hess Farm Equipment, Canton, PA
Hill Well Drilling, Inc., Muncy, PA
Hollister Farm Marketeters of Raw Milk & Artesian
Cheese - Marshfield, Vermont
Houghtaling's Garage, Middlebury Center, PA
Hultzhaven Farm, Millerton, PA
Jay Pepper Truck Repair, Mansfield, PA
Jersey Shore Livestock, Inc. Jersey Shore, PA
Jessica M. Cochran, DVM, Westfield, PA
J.J. Sales Service – Serving Farm Communities,
Laceyville, PA
Joe Augusto Artificial Insemination Services,
Visalia, CA
Jordan's Garage, Muncy Valley, PA
Judson's Feed Co., Columbia Crossroads, PA
Keatha Kessler, Caton, NY
Ken Bergey; DBA Conklin Co, Inc; Kansas City, MO
Kepner Farm Supply, LLC, Muncy, PA
Kimmel Insurance Agency, Chambersburg, PA
Laceyville Hardware Store, Laceyville, PA 570-
869-1277
Lech's Pharmacy, Canton, PA
Lech's Pharmacy, Dushore, PA

Lech's Pharmacy, Nicholson, PA
Lech's Pharmacy, Tunkhannock, PA
Little Red Hen CSA Farm, Muncy, PA
MacKnights Agway Feed Mill, Westfield, PA
Maple Knoll Farm, Lawrenceville, PA
Martin Curren Repair, Millerton, PA
McCarty Machinery, Inc., Muncy, PA
M & M Barn Sales, Harrison Valley, PA
The MILKWEED publication, Brooklyn, WI
Moore Tire Sales, South New Berlin, NY
Moscow AGWAY Feedstore, Moscow, PA
Mt. Zion Farms, Hughesville, PA
Myers-Pepper Insurance Agency, Inc., Muncy, PA
Napa Farm and Auto Supply, Tunkhannock, PA
Narrowsburg Feed Company, Narrowsburg, NY
North Country Seed and Feed Company,
Alexandria Bay, NY
Northeast Equipment Dealer Association, Inc.,
Liverpool, NY
Nu-Feeds, Montrose, PA
Olde Barn Centre, Pennsdale, PA
Opp Company, Muncy, PA
Pary's Farm Equipment, Laceyville, PA
Penns Valley Livestock, DBA Inc; Center Hall, PA
Pennsylvania-Gulf Gas and Foodmart Inc.,
Laceyville, PA
Pennsylvester Farm, Westfield, PA
People's Neighborhood Bank, Hallstead, PA
People's Neighborhood Bank, Meshoppen, PA
Pickering Farm Equipment Inc., Thompson, PA
Pleasant Valley Trucking, Hammondsport, NY
Reisdorf Brothers, Inc., North Java, NY
Richard Barton American Breeders, LaFargeville,
NY
RJ's Gas Service, Meshoppen, PA
Rob Good DBA Cargill Animal Nutrition, Albany, NY
Robinson Farms, LaFargeville, NY
Rocky Hill Farm, Hughesville, PA
Ross Feeds, Hopbottom, PA
Route 6 Car and Tractor Shop, Meshoppen, PA
Rovendale Ag and Barn, Inc., Watsonstown, PA

Ruhfs Livestock Dealer, Laceyville, PA
Shaffer's Feed Mill, Monroeton, PA
Sharrow's Rentals, Philippi, WV
Shorts Oil & Propane Gas Service – Wellsville, NY
Simpson Machine, Muncy, PA
Snowdrift Country Farm, Troy, PA
South Auburn United Methodist Church, South
Auburn, PA
Spott's Appliance Sales and Service, Hughesville,
PA
Spring-Cre Farm, Allenwood, PA
Steve Shannon Tire & Auto Centers, Bloomsburg,
PA
Sullivan County Commissioners, LaPorte, PA
Susquehanna County Career and Technology
Center, Dimock, PA
S&S Mountainview Farms, Unityville, PA
Strohls Tractor & Equipment Service, Meshoppen,
PA
Sweetbriar Farm, Wellsboro, PA
Taylor-Way Farm, Lawrenceville, PA
Total Sports & Activity Center, Williamsport, PA
Tri-County Insurance Agency, Tunkhannock, PA
Triple F Flying, Inc, Benton, PA
Troester Dairy, Mifflinburg, PA
Unadilla Valley Farm & Auto Parts, Bill Marris
NAPA dealer – Unadilla, NY
Valley Ag & Turf, Halifax, PA
Vandusen Machinery, Sayre, PA
Vern's Feed & Supply Store, Laceyville, PA
Vern's AGWAY Feed Service, LaPlume, PA
Vieczorek's Tire Shop, Meshoppen, PA
Wayne County Commissioners, PA
Wheeler Repair, Pine City, NY
WF Welliver & Son, Inc., Bloomsburg, PA
White's Repair Service, Westfield, PA
Woodland Farm Forage & Dairy Equipment Sales &
Service, Granville, MA
Wyalusing Sales Barn, Wyalusing, PA
Zeisloft Farm Equipment, LLC, Bloomsburg, PA

To reach individual signors, call National Family Farm Coalition at 202-543-5675 for contact information.