

Congress of the United States

Washington, DC 20515

March 27, 2019

The Honorable Sonny Perdue
Secretary of Agriculture
United States Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Dear Secretary Perdue:

We write today to ask you to continue to prioritize implementation of the dairy provisions included in the *Agriculture Improvement Act of 2018*, the 2018 farm bill. We appreciate your early focus on this effort. Over the last ten years the US has lost over one-third of licensed dairy farms, with over 2,700 farms ceasing operation in 2018 alone.

Many of the dairy farmers still operating today are those who have weathered steep market declines in 2009 and 2012 and have been without well-functioning risk management tools for several years given the deficiencies of the now-ended Margin Protection Program (MPP). USDA data shows that the average annual farm net cash income for dairies has declined by nearly 60 percent between 2014 and the last 2018 projections. Provisions of the new farm bill, particularly the new Dairy Margin Coverage (DMC) program, will provide much-needed help if they can reach dairy farmers quickly enough.

The farm bill required DMC to begin on January 1st, 2019 and be open for retroactive sign-up by March 2nd. We know DMC has already triggered in the month of January for operations that will retroactively choose higher levels of coverage and that additional payments are likely this year. Many dairy operations are counting on this support and need it now given that they have endured four consecutive years of low milk prices without workable risk management tools available.

In your testimony to the House Agriculture Committee on February 27, 2019, you told dairy farmers that if they could hold on, help would be on the way. In the same hearing you confirmed that USDA would be unable to open sign-up by March 2nd and laid out the following implementation timeline:

- Premium credit or refund information and program decision tool available by April 2019
- Sign-up beginning by June 17th, 2019
- Participating operations begin receiving retroactive payments by July 8th, 2019

As this timetable is later than Congress required, we urge you use all available resources to implement DMC in as fast, transparent, and farmer-friendly a way as possible.

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In the time between now and the opening of 2019 sign-up, we ask you to make every possible effort to inform dairy farmers of their options under DMC as well as new access to Federal Crop Insurance products for dairy farmers, as outlined in the conference report joint explanatory statement. This outreach should include repeated contacts and multiple modes such as mailings, phone calls and local meetings, as well as collaboration with state licensing boards, cooperatives, producer groups, institutions of higher education, and other stakeholders. We also urge you to continue to publish retroactive DMC margin information so dairy farmers and their lenders have accurate information for 2019.

In keeping with the enhanced options provided in the recent farm bill, it is critical that USDA take a flexible approach to issues that may arise during implementation. We encourage USDA to work with farmers to best accommodate individual circumstances that may arise, such as those whose production history has changed due to intergenerational transfers.

We thank you for your attention to other important dairy provisions including restarting the Dairy Forward Pricing Program and implementation of the amendment to the skim milk price formula.

We look forward to continuing to work with you to on other issues important to dairy farmers including expanding domestic and foreign market access, addressing labor needs, and fully implementing all dairy provisions of the 2018 farm bill.

Sincerely,

Colin C. Reher

Jim Ad

Anthony Brindisi

Dem GT Thompson

Nicky Hartzler

Ray W Marshall

Josh Harder

Tom Holleran

J-Hogden

Kim Vela

Jim Walker

Wally Cox
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John Huff

Doug LaMalfa

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Wynne Spencer

Angie Craig

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Rosa L. DeLuca

Kevin Stuber

Fred Lytle

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Lee Lewis

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Tom Lee

August DeBee

Ben Lee

Lib Egan

Steve King

Bill Huizinga

Jim Walberg

Peter Welch

Jim Sunnenbomer

Bob Dick

Brian Agis

Joe Courtney

John Holt

Job Joyce

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