



LAND O'LAKES, INC.



April 30, 2020

Honorable Jim Costa
U.S. House of Representatives
2081 Rayburn House Office Building
Washington, DC 20151

Re: Letter of support for proposed dairy relief provisions

Dear Representative Costa,

On behalf of the organizations listed below representing California dairy families, we greatly appreciate your ongoing efforts to assist the dairy industry in the face of the COVID-19 global pandemic. The sudden and dramatic loss in restaurant, food service and school demand resulting from government-imposed shelter-in-place restrictions has left the industry with no market for an estimated 10-15 percent of our near-term milk production.

Due to the perishability of raw milk, this sudden collapse in market demand leaves the industry with two sobering choices: (1) convert the milk into soaring inventories of storable, manufactured dairy products that will overhang the market for months (or even years) to come, extending this industry crisis well into the future; or (2) dispose of the raw milk at a total loss to the farmers. The industry – both at the farmer and processor level – has come together in unprecedented fashion to explore alternative paths, including common sense proposals to both incentivize temporary reductions in on-farm production of milk and distribute built up inventories of excess products to food banks and other nonprofit feeding programs.

To that end, we have had the opportunity to review the three-pronged dairy relief proposal being prepared for the next Congressional COVID relief package. Specifically, the proposal would:

- Create a direct payment program that incentivizes individual dairy farms to voluntarily reduce on-farm milk production by 10 percent;
- Eliminate payment limitations for this program, in order to ensure maximum participation by farms of all sizes; and
- Enhance the volumes of dairy products being purchased by USDA for distribution to food banks and other feeding programs.

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The organizations listed below strongly support inclusion of these provisions in the next COVID relief legislation, as the provisions collectively address the fundamental issues facing the U.S. dairy industry. We stand ready to assist in securing these provisions in enacted legislation, as they truly represent the best opportunity to mitigate the devastating and impending crisis facing the U.S. dairy industry infrastructure.

Sincerely,

California Dairies, Inc.
California Dairy Campaign
Dairy Farmers of America
Land O'Lakes, Inc.
Milk Producers Council
Western United Dairies