



April 9th, 2020

Dear Secretary Perdue,

As milk prices drop precipitously and milk supply and logistics issues affect our memberships across California significantly, we support a strong intervention from USDA to assist dairy producers during this crisis. We support the proposal submitted on April 6th, 2020 by the International Dairy Foods Association (IDFA) and National Milk Producers Federation (NMPF).

First and foremost, the decline in milk prices will hit dairy farmers' bottom line hard. The proposal to distribute \$3/cwt to dairy producers who cut their production by at least 10% from March 2020's baseline is key. We suggest this payment as a direct payment, to be distributed regardless of what producers are being paid. This is key to ensure producers across the country receive funds, whether they ship conventional or organic milk. For producers who meet the production cut back requirements, the payment should be made on 90% of March 2020's volume. The current imbalance between milk supply and demand for milk products is problematic for the whole supply chain. A strong incentive to reduce production should help the balance recover faster, diminish milk dumping issues, and prevent further significant price declines due to oversupply. Without this intervention, we are deeply concerned prices will remain depressed and more dairy farm families will be forced out of business.

We strongly support purchases of dairy products for donation programs. Moving dairy products out of inventory into the hands of those who need it is critical at a time where unemployment is skyrocketing and many consumers' purchasing abilities are reduced.

Finally, we support the re-opening of the Dairy Margin Coverage enrollment period for 2020. However, it would be of critical importance to allow a higher production volume into Tier 1 coverage. Currently, milk above 5 million pounds cannot select a margin of \$9.50/cwt. According to the Dairy Margin Coverage Decision Tool, the average margin for the remainder of 2020 is \$7.93/cwt. For milk above 5 million pounds, the highest margin they can insure is \$8/cwt. At a cost of \$1.83/cwt, this obviously is too expensive to provide any kind of assistance. Without a more inclusive volume in Tier 1, the funds will disproportionately flow outside of California, leaving California dairy families without much needed funds.

California Dairy Campaign, Milk Producers Council and Western United Dairies are three trade associations representing dairy farm families in California, collectively representing nearly all dairies in the largest dairy state in the union.

We stand ready to assist you, your Department, and our Members of Congress as we tackle this challenge together.

Sincerely,

California Dairy Campaign

Cc: Senator Diane Feinstein

Congressman Kevin McCarthy

Congressman TJ Cox

Congressman Jerry McNerny

Milk Producers Council

Congressman Jared Huffman

Congressman Ken Calvert

Congressman Devin Nunes

Congressman Ami Bera

Western United Dairies

Congressman Josh Harder

Congressman Jim Costa

Congresswoman Norma Torres

Congresswoman Zoe Lofgren Congresswoman Linda Sanchez