



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF AGRICULTURE

November 21, 2017

The Honorable Anson Tebbetts
Secretary
Vermont Agency of Agriculture Food & Markets
116 State Street
Montpelier, VT 05620-2901

Dear Secretary Tebbetts: 

The Pennsylvania Department of Agriculture recently provided several recommendations to our delegation in Congress regarding specific policy changes related to dairy that should be considered in the development of the 2018 Farm Bill. As the Vermont Milk Commission considers recommendations to be made, I ask that you would consider adding your support for the key themes outlined in my letter to the delegation.

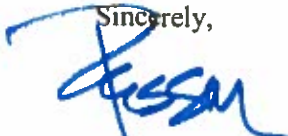
Enhancements to dairy's safety net, more flexibility in revenue protection, incentives for reinvestment in infrastructure, policies that don't restrict industry's ability to be charitable, and trade programs that support growth opportunities.

Dairy is a vital sector in our agriculture industry. In Pennsylvania alone, we have over 7,000 dairy farms producing 10.8 billion pounds of milk annually. Continued reinvestment and development is needed to continue economic growth in Pennsylvania and sustain the region's dairy industry. The recommended changes to the Farm Bill will provide much needed support to our dairy industry.

We have a great challenge ahead of us as we think about the current state of our dairy industry, pricing and market challenges, and an appropriate safety net for producers. That being said, we have much to be proud of in our dairy industry. Dairy farmers and the industry are resilient. We have many strengths -- our diversity, our ability to produce a high-quality product, our geographic proximity to large population centers and markets, and our ability to grow.

I would be happy to discuss this with you further. Please contact me at (717) 772-2853 if I can be of any assistance. Thank you for your commitment to agriculture and for your advocacy for these, and other related policies to maintain and enhance the viability of the dairy industry.

Sincerely,



Russell C. Redding
Secretary

Enclosure

Letter to the Pennsylvania Congressional Delegation

Dear Member of the Pennsylvania Congressional Delegation:

As the largest segment of agriculture in Pennsylvania, dairy plays a significant role in both our state's economy and in local food production. At the foundation of the dairy industry in Pennsylvania are 6,550 dairy farm families, who provide local foods, good jobs and valuable economic revenue for the region. With dairy farms contributing so much to our economy, having policies in place that provide both a safety net and market opportunities for their future is essential. As Farm Bill discussions are occurring in Washington and across the country, I ask that you support the following:

Enhancements to Dairy's Safety Net: Dairy farmers have become increasingly more challenged by milk price volatility and need a dairy farm safety net that will provide more meaningful protection that current programs just do not offer. Although well intended, the Dairy Margin Protection Program (MPP), authorized in the Agricultural Act of 2014, has fallen short of providing an adequate dairy safety net to protect these farms from the devastatingly low milk prices experienced in the last two years.

I ask that you support recommendations proposed by the National Milk Producers Federation to adjust the way both feed prices and milk prices are calculated in the Dairy MPP Program. The MPP Program was originally designed to help farmers insure against either low milk prices or high feed costs. However, changes were made to how the program calculates the relative values of feed when it was written into law, which fundamentally altered the program. These changes have resulted in a program that not only failed to deliver protection farms needed, but has created additional costs for producers in a time when margins were already tight.

More Flexibility in Revenue Protection: In addition to adjusting the feed cost formula and the data sources for the prices of feed and milk, please encourage your colleagues to reevaluate the MPP's premium rate structure to minimize the burden on farms. Policy changes lifting the caps on the Livestock Gross Margin (LGM) insurance program run by USDA's Risk Management Agency would also benefit these farms. Both the current LGM for Dairy Program and American Farm Bureau Foundation's proposed Dairy Revenue Protection Program are tools that would allow producers to construct a market driven safety net that could also complement the Margin Protection Program.

Incentives for Reinvestment in Infrastructure: The Northeast continues to work through extraordinary times in the dairy industry. As market demands have shifted away from fluid milk, the Northeast processing infrastructure has not evolved quickly enough to meet the changing demand and absorb a growing milk supply. A need for this region is incentives encouraging reinvestment in processing capacity and product diversity. The Rural Development Title of the Farm Bill may provide a vehicle to incorporate these incentives, as well as incentives for other opportunities to support the industry such as expanding broadband capabilities in rural areas.

Policies That Don't Restrict the Industry's Ability to be Charitable: As Farm Bill discussions progress, I would also encourage an evaluation of the federal order system and any restrictions our current systems places on our industry's ability to donate excess milk to feed families in need. In the Northeast, we are seeing unprecedented levels of milk production, with both New York and Pennsylvania up in milk production. In some instances, particularly during holidays and weekends when fluid milk plants close, this growing milk supply has resulted in milk being dumped or salvaged for cream.

Groups in Pennsylvania have worked together to encourage some of this excess milk to be donated to be bottled or made into cheese for the local food bank system. Unfortunately, because of the current pricing structure on the federal order system, it cost the cooperative members more to donate the milk than it does

to discard it. Creating a vehicle for donated milk to be classified at the lowest price would encourage more excess milk to be donated to feed families in need.

Trade Programs That Support Growth Opportunities: Although all of these issues in the Farm Bill are important to Pennsylvania's dairy farms, I want to remind you that trade is the most important vehicle to growing opportunities for dairy and all production agriculture. As Congress works through trade policy, remember to keep the interest of Pennsylvania's farmers in focus.

Pennsylvania's dairy farms play such an important and valuable role in our Commonwealth. I ask for your support in ensuring these recommendations are included in the upcoming Farm Bill to provide them with more opportunities and a stronger safety net for their farms.