Congress of the United States
Washington, DC 20515

September 13, 2012

The Honorable Harry Reid
Majority Leader
United States Senate
S-221, The Capitol
Washington, DC 20510

The Honorable John Boehner
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, DC 20515

Dear Majority Leader Reid and Speaker Boehner:

Given the mounting challenges facing our nation's dairy farmers, we write to bring a matter of particular concern to your attention.

On September 1, 2012, the Milk Income Loss Contract program, which has provided a vital safety net to dairy farmers across the country during times of low milk prices and high input costs, began to provide coverage at a reduced level. The level of coverage is so low that the program is not expected to be triggered even in these times of high feed prices. Most concerning to us is the change in the program's feed cost adjuster, which was created in the 2008 Farm Bill to address volatile swings in feed prices. This change in particular has put our farmers at far greater risk as this year's drought continues to impact much of the country and drive up the cost of feed. In addition, instead of offering dairy farmers coverage at 45 percent of the difference between the target price and the actual price, the program now only provides coverage at 34 percent of this difference. The program's volume cap has also declined, falling from 2.985 million to 2.4 million pounds per dairy farmer

We understand that the Senate-passed Farm Bill and the House Agriculture Committee's Farm Bill both move to eliminate the MILC program in favor of a new policy. However, until a new Farm Bill has been enacted and USDA has a dairy program in place, we urge you to find the necessary offsets to maintain the MILC program at its previous coverage levels for the duration of any extension of current policy. Dairy farmers across the country have benefited from the MILC program during difficult times and we fear that failure to maintain the program at its previous levels will saddle dairy farmers with significant risks as their feed prices continue to skyrocket.

Thank you for your consideration of our request. We stand ready to work with you to address this critical issue for our nation's dairy farmers.

Sincerely,

Patrick Leahy
United States Senator

Reid J. Ribble
Member of Congress

Olympia J. Snowe
United States Senator

Peter Welch
Member of Congress

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Herb Kohl
United States Senator

Glenn Thompson
Member of Congress

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United States Senator

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Jeanne Shaheen
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Tim Murphy
Member of Congress

Tom Latham
Member of Congress

Leonard Boswell
Member of Congress

Kent Conrad
United States Senator

John Hoeven
United States Senator

Tim Walz
Member of Congress

CC: The Honorable Debbie Stabenow, Chairman, Senate Agriculture, Nutrition, and Forestry Committee
The Honorable Frank Lucas, Chairman, House Agriculture Committee
The Honorable Pat Roberts, Ranking member, Senate Agriculture, Nutrition, and Forestry Committee
The Honorable Collin C. Peterson, Ranking Member, House Agriculture Committee