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# United States Senate

WASHINGTON, DC 20510-3205

May 15, 2018

The Honorable George Ervin "Sonny" Perdue III  
Secretary  
U.S. Department of Agriculture  
1400 Independence Avenue, S.W.  
Washington, D.C. 20250

Dear Secretary Perdue,

I write today to urge you take immediate action to support American dairy farmers who struggle more today than at any time in a generation. Now is a time of unprecedented distress on dairy farms in every state and a failure to provide meaningful relief will condemn hundreds of dairy farms and farm families to financial ruin. While the Senate has acted to improve existing risk management tools, this is simply not enough to make up for years of financial hardship.

By every measure and across every product class, milk prices remain well below historic averages and the cost of production, meaning that most farmers continue to lose money on every pound of milk they produce. In this fourth year of declining milk prices and farm incomes, the ability of dairies to continue to operate depends more on a farmer's collateral and ability to shoulder ever-greater debt rather than on the underlying fundamental health of their farm. In short, the sustainability of a dairy is now a function of the scale of the farm rather than the skill of the farmer. We must not allow this to continue.

**I therefore request that you use the authority extended to USDA under the Commodity Credit Corporation Charter Act (15 U.S.C. Section 714(c)) to provide \$300 million in direct assistance to American dairy producers.**

USDA has twice used the CCC, in 2016 and 2018 under different Administrations, to provide more than \$300 million to support the Cotton Ginning Cost Share Program. While there is no comparable program to support dairy producers, milk, like cotton, must be handled and processed extensively prior to its sale. Therefore there are several points in milk production that are reasonable targets for USDA support including reductions in milk hauling fees, make allowances, and marketing program payments. In order to maximize the impact of any support payments and reduce any potential for supply distortion, I urge you to consider making this a one-time payment, available only on the first four million pounds of production, with additional consideration to account for regions with the highest estimated costs of production. There is a clear mandate and broad authority for such action as the CCC Charter sets forward goals to stabilize, support, and protect farm income and prices, and facilitate the orderly distribution of commodities.

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New York is the third largest dairy producing state, with more than 4400 dairies producing nearly 15 billion pounds of milk each year. These farms are the bedrock of our agricultural economy and rural communities in many parts of the state. For every dollar of on-farm milk sales another \$2.29 is generated in the local economy and for every full time worker on a dairy farm, another 1.5 jobs are created in other parts of the food industry. Because of this dramatic multiplier effect, the distress of our dairy farms is a threat to all who live in our rural communities and everyone who relies on our producers for safe, nutritious, and wholesome food.

I look forward to your prompt action on this matter and welcome the opportunity to work with you further to determine an effective mechanism to provide relief to our farmers in a manner that does not further exacerbate the oversupply of milk. Thank you for your consideration on this most important matter.

Sincerely,



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Kirsten Gillibrand  
United States Senate