

Congress of the United States
Washington, DC 20510

May 03, 2010

- The Honorable Herb Kohl
Chairman
Appropriations Subcommittee
on Agriculture
United States Senate
Washington, DC

The Honorable Sam Brownback
Ranking Member
Appropriations Subcommittee
on Agriculture
United States Senate
Washington, DC

The Honorable Rosa DeLauro
Chair
Appropriations Subcommittee on
on Agriculture
United States House Representatives
Washington, DC

The Honorable Jack Kingston
Ranking Member
Appropriations Subcommittee
on Agriculture
United States House Representatives
Washington, DC

Dear Chairman Kohl, Chair DeLauro, Ranking Members Brownback and Kingston:

We write in support of funding to implement electronic reporting and quarterly auditing of dairy commodities as authorized by Section 1510 of the 2008 Farm Bill.

Under the current pricing system, USDA's National Agricultural Statistics Service (NASS) collects data regarding four products at approximately 100 processing plants throughout the country: butter, cheddar cheese, dry milk powder, and whey. NASS collects the previous week's data on Wednesday and releases it on Friday, making the data 7 to 14 days old at the time of release. This information is then used to determine the minimum price paid to farmers for fluid milk. This delay sets dairy apart from many other sectors within agriculture, where product data is reported daily or even real-time.

Congress, recognizing this deficiency, established in the 2008 Farm Bill a system of electronic and more frequent reporting of dairy commodities, and subsequent auditing of the reports. Rather than weekly reporting of one to two week old data, the new system authorized by Congress allows for daily reporting of dairy price and quantity data. Increased reporting will reduce the influence on price discovery of thinly-traded dairy commodities on the Chicago Mercantile Exchange (CME). Less than one percent of dairy commodities are traded on the CME, and the Government Accountability Office has expressed concerns about potential market manipulation. An electronic reporting system will benefit farmers by providing a more accurate measure of supply and demand realities. This will greatly enhance price discovery and transparency, which will in turn allow dairy farmers to make better-informed production decisions. Quarterly audits of the information will also help to ensure that the market is not subject to fraudulent reporting.

Dairy Price Reporting Letter
May 03, 2010

While substantive changes to future dairy policy are being developed, it is vital that current programs and policies function effectively. Full implementation of Farm Bill Section 1510 advances us toward that goal. As you prepare fiscal year 2011 appropriations for the Department of Agriculture, we ask for your inclusion of the funding necessary to fully implement this section.

Sincerely,



Arlen Specter
U.S. Senator



Tim Holden
Member of Congress



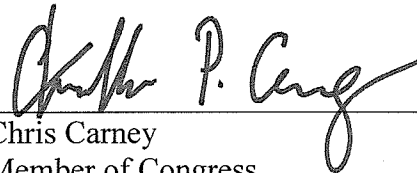
Robert P. Casey, Jr.
U.S. Senator



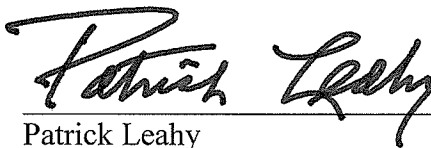
Kathy Dahlkemper
Member of Congress



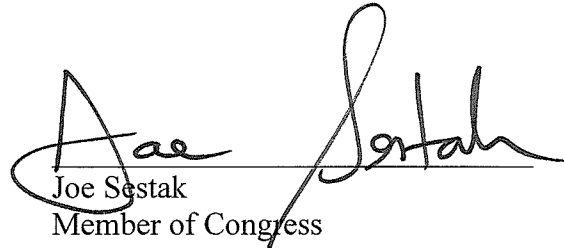
Kirsten Gillibrand
U.S. Senator



Chris Carney
Member of Congress



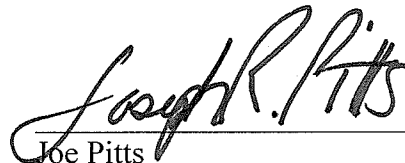
Patrick Leahy
U.S. Senator




Joe Sestak
Member of Congress



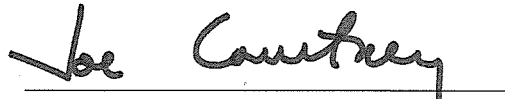
Todd Platts
Member of Congress



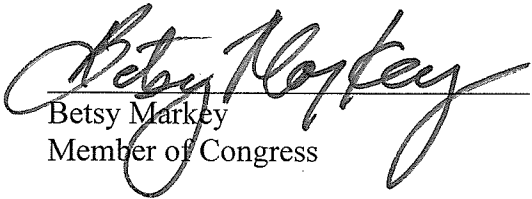
Joe Pitts
Member of Congress




Zack Space
Member of Congress



Joe Courtney
Member of Congress



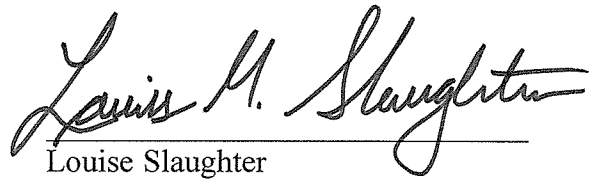
Betsy Markey
Member of Congress




Mike Michaud
Member of Congress



Leonard Boswell
Member of Congress



Louise Slaughter
Member of Congress



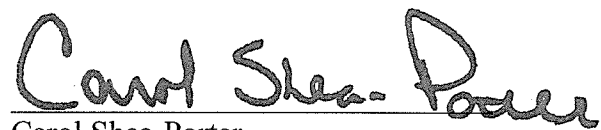
Paul Hodes
Member of Congress



Peter Welch
Member of Congress



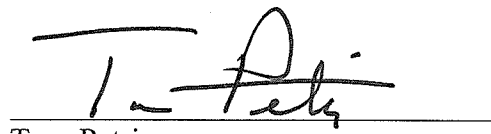
Chellie Pingree
Member of Congress



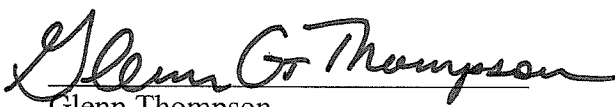
Carol Shea-Porter
Member of Congress



Roscoe Bartlett
Member of Congress



Tom Petri
Member of Congress



Glenn Thompson
Member of Congress