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*A coalition of grassroots dairy producers  
actively participating, with a unified voice,  
on policies and issues  
affecting milk pricing.*



The Honorable Frank Lucas  
Chairman  
Committee on Agriculture  
U.S. House of Representatives  
2311 Rayburn HOB  
Washington, D.C. 20515

The Honorable Collin Peterson  
Ranking Member  
Committee on Agriculture  
U.S. House of Representatives  
2211 Rayburn HOB  
Washington, D.C. 20515

The Honorable Debbie Stabenow  
Chairwoman  
Committee on Agriculture,  
Nutrition & Forestry  
United States Senate  
133 Hart Senate Office Building  
Washington, DC 20510

The Honorable Pat Roberts  
Ranking Member  
Committee on Agriculture,  
Nutrition & Forestry  
United States Senate  
109 Hart Senate Office Building  
Washington, DC 20510

**September 27, 2011**

*RE: September 8 House dairy audit hearing & introduction of Dairy Security Act of 2011*

**Dear Honorable Chairs, Ranking Members, Senators and Representatives:**

As dairy farmers, we appreciate your willingness to allow grassroots dairy farmers to participate in the process of charting a future course for dairy policy and the next Farm Bill. We realize all too well the importance of this time in history when we as a nation are called upon to work together to reduce our nation's debt and the burden of budget deficits on our economy. We also want you to know that the dairy farm families—who sustain an infrastructure that provides nearly half a million jobs for Americans and economic revenue surpassing \$65 billion to the U.S. economy—are at a pivotal point when it comes to their own sustainability and supplying the demands of an increasingly global marketplace.

Our industry has serious problems that cost little to correct, as detailed in the attached “*DPAC Response to Sept. 8 Hearing*” and other attached supporting documents.

As a grassroots coalition of dairy producers from many states, and with active participation by members in more than 15 states, we are very concerned that Congress has not had ample time to understand the true nature of the problems we face as dairy farmers and is moving forward rapidly with a seemingly voluntary “choice” that will forever change the future of dairy in the rural landscape.

Agriculture is looked upon as a moneymaker today with high grain prices; but these higher prices have added another dimension of stress to the dairy and livestock producers even as they deal with natural disasters and weather extremes this year. Never has it been more evident than this year with droughts, floods, etc., that crop insurance is important to the sustainability of farming and food production in the United States of America.

First of all, we want to call your attention to the Congressional Budget Office (CBO) score for the Livestock Gross Margin (LGM) Dairy tool. At \$5 billion over the next 10 years, this score is grossly inflated.

In the pages that follow within this packet, we will demonstrate that a national margin insurance product such as the Dairy Producer Margin Protection Program contained within the proposed Dairy Security Act of 2011, which was introduced Sept. 23, puts the U.S. taxpayers at risk for billions more in liability than under a public/private crop insurance model like LGM-Dairy.

We would also suggest to you that our nation's grain producers are not required to sign agreements to cut production if they receive crop insurance. In essence, that is what the Dairy Security Act of 2011 will require dairy farmers to do.

First, the Dairy Security Act of 2011 removes the current Milk Income Loss Contract (MILC) safety net and replaces it with a one-size-fits-all "nationalized" margin insurance that producers can choose to receive. But in so doing, they forfeit their rights to make decisions about production on their farms. If they sign up for this "one and only option," they will be forced to cut back production—even if they have not expanded—whenever the "national" margin triggers are met either by low milk prices OR high feed costs. This does not necessarily reflect supply and demand.

As dairy farmers, we believe that an individual tool (similar to LGM-Dairy) gives farmers some leverage in the marketplace because they can manage their individual margin risk. LGM is a highly flexible option, and it does not leave the taxpayers on the hook for billions in liabilities. It also does not require producers to cut back production, per government decree, in order to manage their own individual risk.

Margins are very different in many regions across the U.S. The recent storms and flooding in the Northeast and drought in the Southwest, for example, clearly demonstrate that farmers need to manage individual margins and risks in these times of rising feed prices and regional supply shortages and global markets.

Dairy farmers do not want a centralized approach, and we believe the billions in liability are an unfair burden on taxpayers. Such a program navigates this concern by controlling the supply of milk produced by farmers who sign up for what would be the only option available to them under the Dairy Security Act (H.R. 3062). This effectively puts more power in the hands of the system instead of the individual farmers.

We believe in public/private partnerships. We believe in giving power to the people, to the individual, not to the government.

Supply and demand differ greatly across the U.S. It is not appropriate for the government to require producers to use a centralized, nationalized, one-size-fits-all margin insurance as their only option, which they may not be able to adapt to their conditions and which would further limit their decisions in running their businesses, when the LGM-Dairy program already exists and is something that can be expanded. LGM-Dairy is an individual tool and it allows producers to select their input costs as well as their required margin and to adjust their deductibles to cover what they need to, affordably.

Thank you for your consideration,

Sincerely,

Cliff Hawbaker, DPAC chair, dairy producer, Chambersburg, Pa.

Rob Barley, DPAC vice chair, dairy producer, Lancaster, Pa.

Daniel Brandt, DPAC vice chair, dairy producer from Annville, Pa.

Dave Forgey, chair of DPAC's global issues action group, dairy producer, Logansport, Ind.

Alan Kozak, chair of DPAC's standards & regulations action group, dairy producer, Millersburg, Ohio  
Duane Hertzler, chair of DPAC's finance committee, dairy producer, Loysville, Pa.  
Laura Covert, chair of DPAC's communications action group, dairy producer, West Winfield, N.Y.  
Zachary Meck, chair of state issues action group, dairy producer, Womelsdorf, Pa.  
Nelson Troutman, vice-chair of state issues action group, dairy producer, Richland, Pa.  
Dale Hoffman, vice-chair of milk pricing action group, dairy producer, Shinglehouse, Pa.  
Sue Schultz, director and member of DPAC's global issues action group, dairy producer, Chilton, Wis.  
Ryan Buschur, ad hoc member of board, Saint Henry, Ohio  
LuAnn Troxel, friend of DPAC, dairy producer, Hanna, Ind.  
George Mueller, friend of DPAC, dairy producer, Clifton Springs, N.Y.  
Deb Windecker, ad hoc member of board, dairy producer, Frankfort, N.Y.  
Howard Straub, ad hoc member of board, dairy producer, St. Johns, Mich.  
Mike Fisher, friend of DPAC, member of Southeast Dairy Coalition board, dairy producer, Beebe, Ark.  
Tammy G. "Boz" Robbins, friend of DPAC, dairy producer, Bloomsburg (Columbia County), Pa.

*Cc: Members of Livestock, Poultry and Dairy Subcommittee of the U.S. House Committee on  
Agriculture and Leadership of additional Subcommittees  
Members of U.S. Senate Committee on Agriculture, Nutrition and Forestry  
Members of U.S. House Dairy Caucus  
Members of Joint Select Committee on Deficit Reduction  
U.S. House and Senate Leadership*