



March 21, 2017

Michael Young
Acting Deputy Secretary of Agriculture
United States Department of Agriculture
1400 Independence Avenue, SW
Washington, D.C. 20250

Dear Acting Deputy Secretary Young,

Over the past few years dairy farmers have seen prices for their milk decline sharply and remain at levels that are more than 30% lower. This prolonged period of low prices has meant that many dairy farmers have had to draw down their reserves and not had a chance to replenish them. Additionally, the new safety-net, the Margin Protection Program, has not provided adequate risk protection despite dairy farmers paying millions in fees and premiums.

While there are plans to improve the dairy safety net as part of the upcoming 2018 Farm Bill, we believe USDA has the authority to provide additional risk management tools for dairy farmers in the interim. The primary impediment to offering additional risk management options for milk production has been a cap on all livestock crop insurance policies of \$20 million.

While the Risk Management Agency has historically interpreted 'livestock' to include livestock products like milk, the statute does not mention or make reference to any livestock *products* in the definition. It reads (7USC1523(b)): *the term "livestock" includes, but is not limited to, cattle, sheep, swine, goats, and poultry.* The clear statutory language only includes the animals themselves and makes no reference to products produced by livestock or poultry such as milk or eggs. Therefore, USDA would be well within its authority to determine that livestock and the products that livestock produce are two distinct and different types of commodities.

Additionally, the board of the Federal Crop Insurance Corporation has broad discretion to offer crop insurance on any agricultural commodity and recognize additional commodities for coverage (see 7USC1518). Since milk is recognized in many other contexts as an agricultural commodity, there is existing authority for USDA to offer additional crop insurance products related to risk management for milk production either through private submission or developed by the Risk Management Agency after appropriate review by the FCIC Board.

Given the flexibility outlined above and the need for more robust risk management options for dairy farmers, we urge you or, upon confirmation, the Secretary of Agriculture, to:

- Determine that milk is an agricultural commodity eligible for Federal Crop Insurance coverage that is separate and distinct from any livestock policy, and

- Direct the Risk Management Agency to work with the dairy industry to develop additional milk-related insurance products and expedite the review of any similar private submissions.

We encourage you to work with those representing the dairy industry to develop safeguards for the implementation of these programs.

Sincerely,

Roger Johnson
President, NFU

Zippy Duvall
President, AFBF

Jim Mulhern
President & CEO, NMPF

Cc: Senate Committee on Agriculture, Nutrition, & Forestry; House Committee on Agriculture