



Consumer Federation of America



August 9, 2012

Honorable Tom Vilsack
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Room 200–A
Washington, DC 20250

Dear Secretary Vilsack:

We, the undersigned national consumer groups, are writing to express our concerns about your statements in the July 25th edition of *Agri Pulse* regarding the proposed federal dairy supply control program in the Senate and House Agriculture Committee farm bills, and to urge you to reconsider your position on that issue.

The proposed farm bill dairy program is about more than just the dairy farmers and the federal budgetary considerations you cited in your interview. It also affects consumers, particularly low-income families, who regularly purchase milk and dairy products.

As you know, the proposed program would require participating dairy farmers to reduce their milk production for the purpose of placing an artificial floor under milk prices. Those supply restrictions would ultimately lead to higher average milk and dairy product prices for the nation's consumers. The program would prevent prices from falling, depriving consumers of periodic price relief, while providing no protection for consumers from periodic milk price surges.

Low income consumers would be hit especially hard since they spend a higher percentage of their income on food than other consumers. In addition, the higher prices caused by the proposed programs would negatively affect USDA's federal nutrition assistance programs, on which millions of low-income families depend, by increasing program costs and reducing their purchasing power. This is particularly important during tough economic times when many consumers are struggling to make ends meet.

There are other viable options. As the Congressional Budget Office's recent analysis showed, for example, a margin insurance program without supply controls would save taxpayers more money than the House Agriculture Committee's combined margin insurance/supply control proposal – and without raising consumer prices.

For the reasons listed above, we urge you to reconsider your position and support an alternative dairy program that neither harms the nation's consumers nor undermines your Department's nutrition assistance programs.

Sincerely,

Consumer Action

Consumer Federation of America

National Consumers League