



Consumer Federation of America

July 12, 2007

The Honorable Collin Peterson
2211 Rayburn House Office Building
Washington DC 20515

Dear Chairman Peterson:

We urge you to reject any amendment to the Dairy Title of the 2007 Farm Bill that would mandate California's nonfat solids standards for milk nationwide. Such an amendment would lead to significantly higher milk prices, increased costs of federal food and nutrition programs, and lower milk consumption nationwide.

Consumer Federation of America is a non-profit association of over 300 organizations, with a combined membership of over 50 million Americans. Member organizations include local, state, and national consumer advocacy groups, senior citizen associations, consumer cooperatives, trade unions and anti-hunger and food safety organizations. Since its founding in 1968, CFA has worked to advance the interest of American consumers through research, education and advocacy.

Experts say that the average cost to add California's nonfat solids to milk nationwide would range from an additional \$0.26 to \$0.46 per gallon for low fat milk, and as much as \$0.80 for organic milk. As reported in California, these increased costs have been passed onto consumers in the form of higher retail milk prices. Higher milk prices would raise the taxpayer burden of federal food and nutrition programs and would be a regressive tax on low-income consumers who spend a greater proportion of their income on food.

In addition, research has shown that as milk prices increase, consumption of milk decreases. Federal nutrition guidelines encourage increased calcium consumption and milk is a primary way that consumers obtain calcium in their diets. Evidence from California has shown that higher standards for nonfat solids in milk have not increased consumption. In fact, per capita fluid milk sales are lower in California than in the rest of the nation. While it is true that increasing the standards for nonfat solids in milk would increase calcium levels, this would not be an advantage to consumers if overall consumption declines.

For these reasons, we urge you to consider the negative impact on consumers, and reject any amendment to the Farm Bill that would raise the price of milk by mandating California's nonfat solids standards nationwide.

Sincerely,

Chris Waldrop
Director, Food Policy Institute