



Consumer Federation of America

October 17, 2011

The Honorable Debbie Stabenow
Chairwoman
Senate Committee on Agriculture
Washington, DC 20510

The Honorable Pat Roberts
Ranking Member
Senate Agriculture Committee
Washington, DC 20510

The Honorable Frank Lucas
Chairman
House Committee on Agriculture
Washington, DC 20515

The Honorable Collin Peterson
Ranking Member
House Committee on Agriculture
Washington, DC 20515

Dear Chairwoman Stabenow, Ranking Member Roberts, Chairman Lucas and Ranking Member Peterson:

Consumer Federation of America wishes to express serious concerns that recommendations being considered as part of a package to be approved by the Joint Committee on Deficit Reduction will increase milk and dairy prices for consumers and negatively impact federal nutrition assistance programs. Consumer Federation of America (CFA) is an association of nearly 300 nonprofit consumer organizations that was established in 1968 to advance the consumer interest through research, advocacy and education. Member organizations include local, state, and national consumer advocacy groups, senior citizen associations, consumer cooperatives, trade unions and anti-hunger and food safety organizations.

CFA encourages farm support programs that directly assist producers but opposes those that keep prices artificially high for consumers. Current marketing orders and dairy price support programs maintain an artificially higher price for milk than would otherwise occur in a competitive market. The Dairy Market Stabilization Program, included in H.R. 3062, is specifically designed to increase milk prices. This means that consumers would pay higher prices for milk and milk products than they otherwise would. As milk and dairy prices increase, low-income consumers are hit especially hard, since they spend a higher percentage of their income on food than other consumers. 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.

Because our government subsidizes the purchase of dairy, policies that raise the costs of milk and dairy products will result in significantly increased costs to federal nutrition assistance programs which provide children and needy families better access to food and a more healthful diet. Increases in the cost of milk and dairy products could mean an increase in the cost of providing food and services for entitlement programs such as the Supplemental Nutrition

Assistance Program (SNAP) and the National School Lunch Program. In addition, higher milk and dairy prices could decrease the amount of food that participants can purchase with their program benefits for programs such as SNAP and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Higher dairy prices could also reduce the number of participants in the WIC program due to increases in the cost per participant, especially as milk and cheese account for approximately one-third of WIC's food expenditure.

CFA recognizes that there are times when Congress should justifiably assist dairy farmers and we share Congress' concern over the decline of small producers. Supply management programs that provide assistance by increasing milk prices, however, can have negative repercussions for consumers. Other programs, like the Dairy Producer Margin Protection program in H.R. 3062, do not have this negative consumer impact.

CFA urges you to consider other ways of addressing deficiencies in dairy policy that will not raise the cost of milk and dairy products for consumers or negatively impact important federal nutrition assistance programs.

Sincerely,



Chris Waldrop
Director, Food Policy Institute

CC: The Honorable Jeb Hensarling, Co-Chair, Joint Select Committee on Deficit Reduction
The Honorable Patty Murray, Co-Chair, Joint Select Committee on Deficit Reduction
The Honorable Max Baucus
The Honorable John Kerry
The Honorable Rob Portman
The Honorable Pat Toomey
The Honorable Xavier Becerra
The Honorable Dave Camp
The Honorable James Clyburn
The Honorable Fred Upton
The Honorable Chris Van Hollen