



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

THE GOVERNOR

November 12, 2009

The Honorable Arlen Specter
United States Senate
711 Hart Building
Washington, DC 20510

Dear Senator Specter:

On behalf of Pennsylvania's dairy industry, I would like to thank you for your leadership and efforts in securing \$350 million in funding within the 2010 Agriculture Appropriations Bill for the dairy industry. An influx of dollars into the dairy industry was critically needed to buy us some breathing room at the farm level. Through your efforts, \$290 million of that appropriation will be used directly by dairy farmers and will help them find a foothold and gain needed time to plan and move their dairy operations forward through this crisis. I remain hopeful that our dairy farmers in Pennsylvania will weather this storm and will exit it with a clearer picture and direction of where federal dairy policy pricing needs to go, and what additional tools they need to navigate through future cyclical patterns in the dairy industry.

At this time I would ask for your continued leadership in ensuring that these funds are delivered to the dairy industry in a timely manner. To begin, I would ask that you contact USDA and request that they issue MILC payments in as quickly as possible, as many dairy producers are out of cash and months behind on payments. I would also ask that you encourage USDA to immediately make \$60 million of cheese purchases and get that food to our emergency feeding programs as soon as possible. This would result in a direct positive impact to cheese prices, and would also help a growing population of people who do not have monies to feed their families.

It is evident that the present system of milk pricing is not functioning as intended. The current economic crisis within our state's dairy industry stretches beyond specific farms or regions and is affecting virtually the entire domestic milk production industry. This price collapse supports the argument my administration has made since 2006—we need to re-evaluate the entire federal dairy pricing system, and bring more transparency to milk pricing.

We also need to work with the USDA and specifically the Risk Management Agency and Federal Crop Insurance Board to provide dairy producers with additional and meaningful voluntary risk management tools like Livestock Gross Margin for dairy insurance and a Dairy Options Program. I would further urge USDA to consider providing funds to offset premium and producer education costs associated with the LGM product. For the few producers who chose to purchase the LGM product, it appears it was a decision that may have saved their dairy operation financially in 2009. A federally provided subsidy for the LGM product would directly encourage more dairy producers to utilize risk management in their business plans for their dairy operation.

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Finally, I would urge you to work with the United States Trade Office and the International Trade Commission to conduct a comprehensive review of all trade agreements to determine the impact they are having on the US dairy industry. When I speak to dairy farmers, I cannot at this time ensure them that all products are correctly classified, and that trading partners are abiding by agreement terms, and that export opportunities for US dairy producers are being maximized.

Your leadership during the 2010 Agriculture Appropriations Bill was critical to the future growth and viability of Pennsylvania's 8,600 dairy farm families.

Sincerely,

A handwritten signature in black ink that reads "Edward G. Rendell". The signature is written in a cursive, slightly slanted style.

Edward G. Rendell
Governor