

April 22, 2010

The Honorable Tom Vilsack
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Avenue, S.W.
Washington, DC 20250

Dear Secretary Vilsack:

On behalf of the northeastern states – Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New York, Pennsylvania, Rhode Island and Vermont – we thank you for your efforts to assist our dairy farmers over the past year; and we ask you to re-instate immediately the federal price support for cheese and non-fat dry milk to levels established last August.

As you know, the previous twelve months have been extremely difficult for dairy farmers across the country. Farms that routinely weather the cyclical nature of milk prices are now struggling due to these extraordinary economic conditions, and dairy farmers did not receive any assistance from the recent economic stimulus programs. Milk prices have shown some signs of recovery, but they remain very volatile. For example, prices for block cheese on the Chicago Mercantile Exchange have moved from \$1.50 in mid-February, declining sharply to \$1.27 in early March, and rebounding strongly in recent weeks to \$1.40. For many farms faced with the need for immediate cash or credit for the current planting season, this nascent recovery may be too late. Given this extreme volatility and an uncertain market outlook, increasing the support price will help to provide much needed stability in the marketplace.

As our commissioners and secretaries noted in their letter last month, the support price has become, in effect, a target price that can impact the farm price for milk without any government purchases. Your action last August had an immediate and significant impact on the market price for that reason.

The dairy industry in the northeast states is the backbone of our agricultural economy. Our combined dairy industry provides 20 percent of the milk production in the United States and feeds approximately 50 percent of the nation's population. The dairy industry is an economic engine for our respective states, generating 145,000 jobs and \$50 billion in regional economic activity. Our farms are small, with an average herd size of less than 100 cows, but these herds produce milk valued at more than \$12.2 billion each year. In addition, dairy farmers here in the Northeast provide a fresh, local supply of fluid milk for our citizens.



We appreciate steps taken by the USDA last year to purchase cheese for food banks and to temporarily increase the support price for cheddar cheese and non-fat dry milk. Northeast states are pleased to have representatives on your Dairy Industry Advisory Committee, and we are hopeful that this committee will identify solutions to minimize future price volatility. However, while long-term strategies are being proposed, immediate measures, such as federal pricing support for cheese and non-fat dairy milk, are critically important in the near-term to assist the region's dairy farmers.

Thank you again for your efforts on behalf of our dairy farmers. We look forward to continuing to work with you to ensure that dairy farming and other types of agriculture remain a viable and vital part of our economy.

Sincerely,

/o.s./
M. Jodi Rell
Governor of Connecticut

/o.s./
Jack A. Markell
Governor of Delaware

/o.s./
John E. Baldacci
Governor of Maine

/o.s./
Deval Patrick
Governor of Massachusetts

/o.s./
John H. Lynch
Governor of New Hampshire

/o.s./
David A. Paterson
Governor of New York

/o.s./
Edward G. Rendell
Governor of Pennsylvania

/o.s./
Donald L. Carcieri
Governor of Rhode Island

/o.s./
James H. Douglas
Governor of Vermont