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United States Senate
WASHINGTON, DC 20510

March 12, 2009

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ON INVESTIGATIONS

The Honorable Tom Vilsack
Secretary of Agriculture
U.S. Department of Agriculture
Washington, D.C. 20250

Dear Mr. Secretary:

It has come to my attention that the U.S. Department of Agriculture (USDA) is reviewing a proposal to end the producer-handler exemption to the Federal Milk Marketing Order. While I understand there are justifications to consider changing the exemption, I believe elimination could be devastating to the thousands of small family dairy farms.

As you are aware, the producer-handler exemption was first put in place during the 1930s and exists to protect small family farms that produce and market their own milk. While it is true that some of these producer-handler operations have grown quite large in recent years, resulting in a comparative disadvantage for regulated producers, thousands of small family dairy farms are still in operation and have little effect on the regulated market. Consequently, I am concerned that should USDA decide to completely eliminate the producer-handler exemption these producers will be left with no other option than to cease operations, in particular those with fewer than 600 cows.

Most of these producer-handlers operate on the margins. Requiring these producers to participate in a system that they currently do not benefit from could increase their annual operation costs by \$120,000 and effectively put them out of business. Moreover, the state of Missouri strongly promotes value-added agriculture providing producers as a way to create niche markets based on sustainability. This type of incentive increases producer investments and provides the local community with high quality locally produced goods. In fact, several of our dairy producers have taken advantage of this incentive and have been nationally recognized because of their business model. If the producer-handler incentive is completely eliminated these producers will no longer be able to compete and Missouri's investment will be lost.

With the current economic climate continuing to squeeze small businesses, I do not believe this is the time to add additional requirements that have the potential to devastate thousands of these small dairy operations across U.S. I urge you to review this proposal and strongly consider the impact such a change would have on family farms.

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Sec. Vilsack

Thank you for your consideration of my concerns. I look forward to reading your response.

Sincerely,

A handwritten signature in black ink, appearing to read "Claire McCaskill".

CLAIRE MCCASKILL
United States Senator