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Testimony of Representative Joe Courtney, Connecticut's Second Congressional District

Hearing on the Dairy Industry's Economic Condition

House Agriculture Subcommittee on Livestock, Dairy and Poultry

Tuesday, July 14, 2009

Chairman Scott, Ranking Member Neugebauer, I want to thank you for holding these hearings today on the crisis that is occurring in our dairy industry. This is a crisis that affects all of us, not just our dairy farmers. While they feel the brunt of the sharp decline in dairy prices, our constituents from all walks of life are not immune to its effects.

As many of you know, I introduced a resolution last month in support of the goals of National Dairy Month. The point of this resolution was not only to support our dairy farmers and the dairy industry during national dairy month, but to raise awareness about the state of our nation's dairy industry.

As the committee is aware, dairy farmers are in crisis mode. A perfect storm has hit the industry. Exports are down, feed and fuel costs are skyrocketing and prices are plummeting. While we accomplished a great deal in the passage of the 2008 Farm Bill, and much credit is due to Chairman Scott, Chairman Peterson and the rest of the Agriculture Committee for their hard work, we have seen prices for dairy drop off significantly since that time. In May 2008, when the Farm Bill became law, the all milk price in the Boston zone was \$18.18 per hundredweight. One year later, in May 2009, the price was \$12.18. I don't need to tell the committee what they already know – dairy farmers can't survive with prices that low.

Like farmers in all industries, dairy farmers are also coping with tighter credit markets, infrastructure that is crumbling and becoming more expensive to repair or replace, and an economy that is unforgiving. The economic downturn has hit dairy in many ways. A sharp decline in the disposable income of families across the country has led to less family outings for ice cream and less pizza deliveries. While this may seem trivial to you or I, it is no laughing matter for our farmers who provide the milk that makes ice cream or the cheese used by the local pizza place.

In my state of Connecticut, dairy farmers are a dying breed. Since 2007 we have lost well over 10% of our dairy farms. The loss of these farms not only hurts the families that for generations have owned and operated these farms, it hurts everyone. It hurts the communities where these farms operated. It hurts the truckers who deliver the milk to the

processors and then on to the market. It hurts the companies that bottle this milk and it hurts average citizens who have come to rely on locally produced milk.

In Connecticut we have a cooperative known as the “Farmer’s Cow”, a group of local dairy farms that have banded together to market their milk and other products. People in my district know these farmers personally. They go to church with them, their children go to school and play little league together and they have come to rely on the milk they produce. I’ve met with these farmers on numerous occasions, visited their farms and listened to their struggles. I want them to survive, but unless we provide additional support to these farmers

As many of you may know, Connecticut is a state where open space comes at a premium. However, my district is home to a region known as the Quinebaug-Shetucket Heritage Corridor. This area is better known as the Last Green Valley, the last undeveloped region of the east coast between Boston and Washington DC. Why is that the case – dairy farms. Dairy farms make up 70% of Connecticut’s open space. They ensure that the rural character of New England is something that is not just read about in history books, but is something that is enjoyed for generations to come.

There is some good news. Secretary Vilsack has used his authority to make bulk purchases of dairy products for use in federal nutrition programs. He has also recently used the Dairy Export Incentive Program which provides incentive payments to U.S. dairy exporters to counter foreign dairy subsidies and to develop markets for U.S. dairy products abroad. These actions are important and help to reduce the surplus that is helping to drive prices down, but direct aid is necessary.

I urge the committee to consider all options with regards to providing support for dairy farmers. This means looking at direct support through increases in Milk Income Loss Contract (MILC) payments, supply management, adjustments to the federal milk marketing order, export assistance and reconsideration of our trade policies with regards to casein and milk protein concentrates. We need not only the short term solutions that will provide immediate relief, but long term solutions that will ensure the viability of this industry for years to come. As I have stated, many dairy farmers have not been able to survive this crisis, and each day that passes without action by Congress will lead to more farms closing their barn doors. Before an entire industry and way of life disappears, we must act.

I want to again thank the Chairman and distinguished members of this committee for holding this hearing.