

August 27, 2009

I'm Ron McCormick -Dairy farmer, past member National Dairy Promotion Board, NYS Advisory Promotion Board, Local Milk For Health and NYS Farm Bureau dairy committee.

Our farm was established in 1854 when my Great Great Grandfather came over from Ireland. My wife and I formed an LLC with our 2 sons and their families. If we can survive this financial crisis, I can see the 7<sup>th</sup> generation, my 2 grandsons, continuing on this family farm. We milk 400 cows , 3x a day with 5 employees to help milk. My daughter-in-law raises all the calves.

We raise all our own forage (corn & alfalfa) on our 500 acre farm plus rent an additional 400 acres. Our mission on our farm is: **Quality milk, cow comfort and to leave the land and water in better condition for the next generation.**

The problem - Too much of a good thing -milk

The demand in the US has remained the same or has increased a bit , however last year the US exported the equivalent to 11% of the milk - this year only 4 to 5%, which leaves a difference of 5 to 6 % excess that we have to find a way to get rid of. I, as a dairy producer, produce the most nutritious, and safest food for the nation. With thousands of starving people not only in the US, but all over the world it is hard to understand why we have to cut production and go broke.

The current milk marketing order is currently based on demand.

Two proven ways to increase sales of & demand for dairy products are through New Look of School Milk Program & the Breakfast in the Classroom program. Not only do these programs help sell dairy products now, but they also help build life-long dairy consumers which is essential if we want to ensure future generations of dairy farmers. As the Government funds school meals, your assistance in helping with the growth of this program is essential.

The New Look of School Milk program replaces the traditional cardboard containers with plastic, resealable, round containers. These recyclable containers are more appealing to kids and can increase sales by double-digits - sometimes as much as 35%. Not only is the increase in consumption helping to improve our childrens' health and nutrition, but it is also helping to increase the sales of and demand for our nutritious product.

Children who eat a healthy breakfast have been shown to improve academic achievement and behavior all day long. This is why we need to encourage schools to adopt the Breakfast in the Classroom program. Traditional breakfast, usually served before the school day begins in the cafeteria, has low participation rates, (usually less than 20%). When breakfast is brought directly to the students through "Grab n Go" system or directly in the classroom during morning announcements, participation increases to more than 90%. Not only does this program help support our local dairy farmers, but it is also increasing the overall nutrition of our students as well as giving them the ability to achieve more academically.

A win-win for farmers and consumers is to require that all fluid milk in the United States be fortified with extra milk solids using the California Standards. Such fortification benefits consumers by adding nutrients, without adding fat to their diets. Furthermore, most consumers prefer the white color of fortified nonfat milk instead of the blue color of traditional skim milk. Farmers benefit because more milk and milk solids are consumed in fluid milk.

Another problem that dairy farmers are facing is when consumers require us to not use a technology that has been USDA approved as safe. For example, when consumers refuse to take milk from cows that have been given rBST, this means that farmers either pay more to produce the same volume of milk or pay higher hauling costs to transport their milk further to a processor who will take it. Traditionally, milk orders enable farmers to be paid more depending on factors such as protein, butterfat, and somatic cell count that can be determined by lab tests. However, farmers also need to be compensated fairly for their increased production costs when their milk must meet the requirements for rBST-free, organic and other such situations that may arise in the future, when some customers require producers to not use legally approved farming technologies.

In the last 2 farm bills it was required that all milk, even imported, pay 15 cents for promotion and research. As of today, the USDA still has not written the regulation to collect the 15 cents that was passed by Congress which will help level the playing field. If the 15 cents is collected, US processors will make MPC's (Milk Protein Concentrates), which will enable them to compete against imported products. We all know that our milk is more regulated and safer than **from** any other country.

Our government has to find a way to feed the hungry in the US & the world. Give **food** not money which would not only help feed the hungry but also help US farmers and the balance of trade deficit.

The way milk is priced is **outdated**.

NASS .( ) which is not accurate or months late and the CME (Chicago Mercantile Exchange) for the main pricing. Only 2 or 3% of the cheese is sold on the CME- this sets the price we get on our milk. We need to reflect the other increased costs of production such as feed costs, fuel, electric, health ins., labor, interest, CAFO regulations and taxes.

I, as a dairy farmer, would love to have the processors pay for milk hauling. They **can** in turn pass the cost on to the end product, but every processor in the US has to pay or it will create an unfair advantage or disadvantage. All milk has to be picked up, even in remote areas.

**This Crisis is Real** - hitting my farm by the end of the year with a loss of approx \$1000/cow or \$400,000 -- my MILC payt. is only \$49,226.02. Most farmers are on interest only with the banks but the bigger problem is how it is affecting the families of the owners and the employees of the feed dealers, vets, fuel providers etc. In Wyoming Co, these families account for more than 60% of the jobs directly or indirectly dependent on cows for their livelihood.

Senator Gillibrand- Your proposal to double the MILC payment from February to Oct would sure help our farm and many more who are wondering how they are going to pay even a little on their open accounts.

Thank you very, very much for listening to us today

Please help our dairy farmers and all employees & their families of the community businesses that depend on our cows.

McCormick

Ron

PS: Other important ideas I didn't have time to mention  
Keep DEIP ( Dairy Export Incentive Program) going and increase funding.

Government should have a committed supply of milk, dairy products and cheese and a plan ready to execute delivery to natural disaster regions.

Educate leaders (how)- Dairy farmers have science-based research facts - how do we get Senators and Congressmen to listen to the facts and not the myths of the Humane Society and PETA.

Example 1 - Farmers know cow comfort- some use mattresses, some use sand - each farm is different but cow comfort is #1.

Example 2 - Antibiotics- Farmers use only what they have to and almost always after consulting with vets. The milk is tested and retested before it can go to market. Antibiotics cost too much for the farmer to unnecessarily waste. I wish Washington and Albany would ask us before they make rules from behind a desk affecting our livelihood.

Congress should allow states(2 or more) to work together for over order pricing.

Risk Management- Very good idea but who's got the time to get educated. We're a family farm - we work more than 8 hrs every day and we don't have time to study the futures, options & puts. What with trying to keep up w/ all the regulations, CAFO, manure management, pesticide licenses, nutrition meetings so that we are feeding our cows balanced and healthy rations, fighting Washington & Albany because some of them think they know how to run a farm, we just don't have time or money to hire someone else so that we can track futures or options day in and day out. We are sustainable and have learned through common sense how to deal with mother nature.

For any supply management or 2-tiered pricing, the WTO should be consulted to make sure these do not violate the rules of the WTO. Tom Suber, CEO of the US Dairy Export Association, says that some of these things violate the rules and regulations of the WTO.

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