

**Testimony of Cindy Damm**

**On behalf of  
Dairy Farmers of America**

**May 4, 2008  
Cincinnati, Ohio**

**In re:**

**Milk in the Northeast, Appalachian, Florida, Southeast Upper Midwest,  
Central, Midwest, Pacific Northwest, Southwest, and Arizona Marketing  
Areas**

**Docket Nos.**

**AO-14-A78, AO-388-A23, AO-356-A44, AO-366-A52, AO-361-A44, A44,  
AO313-A53, AO166-A73, AO-368-A40, AO-231-A72 and AO-271-A44, DA-  
09-02, AMS-DA-09-0007**

I am Cindy Damm, a dairy farmer from Columbus, Wisconsin. My address is W1860 Weiner Rd, Columbus, Wisconsin. Columbus is in south central Wisconsin, approximately 20 miles northeast of Madison.

My husband and I milk 140 cows. Matt is a 4<sup>th</sup> generation dairy farmer. A fire in the summer of 2003 led us to purchase the herd from his family and rebuilding the dairy. We purchase our feed through an arrangement with Matt's father who crops 400 acres. On an average day, you will find the two of us not only milking our cows, but we tend to the daily chores and accordingly make all decisions, large and small, relating to the farm. We are the labor pool on our farm. We have four children who we hope will someday desire to operate the family dairy business. Our three (3) daughters and one (1) son are ages 11 to 2. We are fully committed to the dairy industry and made sizable investments in our farm in 2005. Our milk is all marketed in Federal Order 30.

We have been members of DFA since our startup in 2003. Prior to that, Matt's family was a member of Mid America Dairymen. Our cooperative is owned by approximately 18,000 members who operate farms in 48 states. DFA members are supportive of Federal Orders and feel that farmers would be in a more difficult economic position if they were weakened or eliminated. All of my fellow dairymen are very concerned about issues that effect milk prices and the issues being discussed here are important issues to us.

Our family is involved in the dairy industry off of our farm. We participate in the DFA Young Cooperator program and are active promoters of the dairy industry locally thru activities sponsored by the Columbia County Dairy Promotion

Committee. We view these types of efforts as both promoting the industry and our products to local consumers.

Wisconsin is home to almost 14,000 dairy farms. DFA has 1631 members in Wisconsin. The average herd size in Wisconsin is approximately 90 cows and in my community farm size ranges from 30 to 400 cows. Throughout the state though, we are seeing an increased number of herds with 1000 or more cows and within 45 minutes of my farm there is a dairy permitted for 8,000 cows.

I am here today to offer support for proposals 1 and 2 as offered by the National Milk Producers Federation and the International Dairy Foods Association and proposal 26 as offered by the National Milk Producers Federation.

I am not an expert in the field of federal milk marketing regulations but I have reviewed the proposals and have a general understanding of what is being discussed here. These proposals have been reviewed by the Corporate Board of DFA and by the Central Area Council Board of Directors who over see the marketing activities in the area where my farm is located. This issue has also been discussed in DFA member publications with the general membership and I have had discussion on this topic with my neighboring dairy farmers.

I understand that a producer-handler does not pool the revenues from his farm with the Federal Order. I understand that most producer-handler milk volume is Class I milk and those volumes have the highest federal order price; so when the returns from that volume of milk are not a part of the Federal Order pool the resulting blend price is lower for all the remaining producers. The mailbox milk price for all dairy farmers in my area is directly related to Federal Order prices. To the extent

that the monies from the sales of milk are not included in the Federal Order pool, the prices I and my neighbors receive for milk will be lower.

As I mentioned earlier, near my farm there is a dairy that has been permitted for 8,000 cows. If that farm had a herd average production of 19,546 pounds (the 2008 average for Wisconsin) and choose to be a producer-handler, it could account for just over 3 % of an average month's Order 30 Class I pounds. More importantly, it would pull dollars away from the blend price and cause financial stress for all farms.

I understand that the Order system does not guarantee a profit to dairy farmers - but it does guarantee a level playing field for minimum prices to processors in the form of class prices and to producers in the form of blend prices. Once this balance gets upset, the consequences may be hard to correct. It is my belief that without a functioning Order system smaller producers like my neighbors and me, may find it more difficult to access the market and if processing plants were closed due to changes in the competitive marketplace due to producer-handler competition, processors to which to sell my milk may become fewer and their locations farther away - costing more to haul milk to market. Many of the producers in my area would be in a similar situation and negatively affected. We are not asking that the Order system guarantee our existence - that is not the function of the system. But we should be able to request that Order provisions that are now being used in a way differently from what we think they were intended and are causing or have the potential to cause problems for the majority of dairy farmers in the Order be reviewed and modified if needed.

If this issue is not corrected, I am concerned that the integrity of the Order system would be undermined and its future jeopardized. This would be a terrible outcome and I would be concerned that it would threaten the viability of our farm.

I appreciate the hard work it must take to be a producer-handler. It is difficult enough just being a dairy farmer. One of the points about our proposal that I feel is fair is that we still allow a smaller producer to test the waters of being a processor without very much potential damage to the competitive marketplace. There are several small plants in my state. Allowing an existing producer-handler to retain their status, up to the 3,000,000 pound limit or an exempt plant to operate up to a limit of 450,000 pounds provides for this. But if the business gets to a certain size, it seems very reasonable that they be treated like other processors in the market.

Thank you for the opportunity to express the opinions of my fellow DFA dairy farmers. I will be glad to try to answer any questions you may have about my testimony.

