

**United States Department of Agriculture
Before The Secretary of Agriculture**

**In re: [Docket No. 23-J-0067; AMS-DA-23-0031]
Milk in the Northeast and Other Marketing Areas**

Hearing beginning August 23, 2023

**Testimony Presented By:
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Representing
Dairy Farmers of America
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My name is Paul Windemuller, and I appear before you today as a first-generation farmer and the sole owner of Dream Winds Dairy, LLC, located in Coopersville, Michigan. Together with my wife, we started our farm a decade ago with a modest herd of 30 cows, which has since grown to 260 cows in a state-of-the-art robotic milking facility. My journey into the agricultural world began at my parents' farm equipment dealership, where I was immersed in the foundational principles of farming. This invaluable experience nurtured my passion for agriculture and laid the groundwork for an understanding of and a commitment to the industry.

Today, my family lives on our farm where my wife and I homeschool our six children, providing them with a nurturing environment that fosters both academic growth and a deep connection to agriculture and the community. I am not only a dedicated farmer but also a farmer-owner of Dairy Farmers of America (DFA), and my commitment to the cooperative has led me to serve in various leadership positions, from area delegate to Mideast Area Council Board Member. Moreover, I hold a series 3 commodity broker license, which I acquired to better serve my clients with risk management strategies in my niche farm consulting business. I also have experience in dairy construction projects across the country, including general contracting, which has enriched my knowledge of the industry.

Beyond the US, I have explored the global dairy industry, attending conferences and industry events in countries like New Zealand, Vietnam, Singapore, France, and the Netherlands. These international experiences have broadened my perspective and inspired innovative approaches to our dairy practices.

Dream Winds Dairy, LLC, is not just an enterprise; it is a pillar of our local community. We take great pride in contributing to the financial prosperity of 40 local businesses and neighboring farms on a monthly basis. We stay involved by hosting community events, 4-H meetings, and school tours, as well as volunteering over 400 hours annually.

I am here today to lend my support to the five proposals put forth by the National Milk Producers Federation (NMPF). These proposals address critical issues impacting the dairy industry, and I believe they merit serious consideration:

- Limit the make allowance increase to NMPF's proposed levels
- Return to "the higher of" in the calculation of the Class I mover
- Eliminate 500-pound barrel cheese pricing from the calculation of the Class III protein price
- Increase and regularly update the skim component tests used to determine the Federal Milk Marketing Order skim milk price
- Adopt NMPF's Class I price differential proposal

Over the past year, our farm has faced considerable challenges, as have many dairy farms in our community. Despite rising production costs, the pay price reflected in my milk check has plummeted by \$8.62 per hundredweight over the last twelve months, placing significant financial strain on our farm. Our input costs, particularly feed and labor, have surged dramatically since 2020, further squeezing our farm's profitability. Additionally, milk hauling rates have increased by an astonishing 300% over the last nine years, increasing from \$0.45 per hundredweight to \$1.38 per hundredweight, creating an undue burden solely on farmers like us.

While I understand the necessity of adjusting make allowances from time to time, I urge USDA to carefully consider the impact on dairy farm milk prices and the overall profitability of dairy farms when implementing such changes. The more modest adjustments to make allowances proposed by NMPF, which amount to about a \$0.50 per hundredweight reduction in producer pay prices, are reasonable and preferable to the much larger increases suggested by International Dairy Foods Association and the Wisconsin Cheese Manufacturers Association. The larger make allowance increases would jeopardize the viability of our family farm.

Regarding the proposal to modify skim milk component factors, I can confirm the proven and documented tests showing notable increases in milk components. Year-to-date 2023, our farm averaged 3.9% butterfat, 3.2% protein, and 5.76% other solids. In 2018, our component averages were 3.6% butterfat, 3.02% protein and 5.72% other solids. We are proud to have achieved these increases through better management, better feeding practices, superior cow genetics, and improved cow comfort. Our focus on producing milk with higher components aligns with market demands and has been an integral part of maintaining a profitable operation. Updating the component factors of the skim milk formula just makes sense through this Federal Order hearing process, given the on-farm progress toward higher milk components on our farm and across the country.

I would like to impress upon you the need for an adequate notification period prior to implementing any revisions to Federal Milk Marketing Order milk pricing formulas. Over the last several years, we have delved further and further into developing a workable and sustainable risk management strategy for our farm. We are diversified and use several different tools for managing milk price risk. The federal government's Dairy Margin

Coverage is an important mainstay of our risk management strategy, but it is not the only tool we use. We also use Dairy Revenue Protection (DRP) and forward contract prices up to 16 months in advance. We have used both Class III and Class IV forward contracts to try to stabilize our pay price.

In conclusion, I wholeheartedly endorse NMPF's five proposals. These proposals are crucial for the future success of our dairy business and the livelihoods of countless farmers across the nation.

Thank you for allowing me to share my testimony today, and I trust that USDA will carefully consider the concerns and recommendations expressed here. Your support in adopting and implementing these measures will undoubtedly strengthen the resilience of the American dairy industry.