

Testimony of Michael Crinion

My name is Michael Crinion, partner with Ash Grove Dairy in Lake Benton, Minnesota. Originally from Ireland, I studied Agriculture and Farm Management at Warrenstown Agricultural College. In 2002, I was the first runner-up in the Farmers' Business Development's All Ireland Young Farmer of the Year competition. To extend our farming operations, my family moved to Brookings, South Dakota, in 2004.

Ash Grove Dairy is a partnership between the Crinion and Gross families. We milk 2,100 cows in a cross-ventilated free-stall barn. Our calves are raised onsite until they are four months old when they go to a custom grower. They return to the dairy when they are six to seven months pregnant.

I currently serve as Vice-President of Edge Dairy Farmer Cooperative and have served on the Edge board since 2018. I am also an alumnus of the South Dakota Ag & Rural Leadership program and serve as Secretary of the U.S. Farmers and Ranchers in Action board.

Edge, based in Green Bay, Wis., is the third-largest dairy cooperative in the country based on milk volume. In addition to milk verification services, Edge provides dairy farmers throughout the Midwest with a voice in Congress, with customers and within our communities. Our over 800 member farms are located in Illinois, Indiana, Iowa, Kansas, Minnesota, Nebraska, Ohio, South Dakota and Wisconsin.

On our farm, we utilize Dairy Revenue Protection, and our farm would lose a tool to manage risk if it were suspended for any amount of time. Like any risk management program, we have a plan and then execute that plan when the market conditions are right for our farm. I know USDA has heard debate on how far out to delay any changes that would impact open interest on the CME Group offerings, Livestock Gross Margin for Dairy and Dairy Revenue Protection programs. I agree with Edge Dairy Farmer Cooperative's stance that over five quarters is the best option to ensure the entire supply chain can continually manage risk.

I am also supportive of Proposals 16 and 17, submitted by Edge Dairy Farmer Cooperative, that further enhance dairy farmers' ability to effectively manage their price risk.

Many farmers requested the change leading to this hearing due to negative PPDs, or producer price differentials. These do not allow farmers to properly hedge their revenue. As Edge proposes in Proposal number 16, Class III Plus allows us to use the dairy industry's most traded commodity to set pricing. Cheese plants, like dairy farms, must always run at or near capacity under nearly all economic conditions, unlike most plants in Classes I, II and IV. Edge doesn't advocate this because they are from a cheese area, but rather because cheese is a market-maker most of the time.

Elimination of advanced pricing is one issue that I don't believe has received enough attention before this hearing. I'm glad to see that it will be discussed in Proposals 16, 17 and 18.

Advanced pricing is no longer required with the other hedging options available to milk bottlers and other manufacturers. Dairy farmers like me manage constantly changing conditions, and our milk check shows up twice monthly without knowing exactly what will be inside. We can hedge to assure ourselves of some bounds, but ultimately, we have no advanced price to tell us where prices will settle.

Likewise, processors can now hedge to protect themselves and/or lock in prices they see in the market. Today's current advanced pricing system allows for rising announced or final prices to exceed advanced prices, with PPDs reduced or even becoming negative. This also induces depooling, and therefore, advanced pricing can create disorderly marketing conditions. That's why I advocate for using only announced pricing, and eliminating advanced pricing for determining Class I handlers' obligations to the pool.

In conclusion, I want to thank USDA for allowing farmers the opportunity to provide virtual testimony throughout this hearing. Farmers need their voices heard on this critical dairy policy but cannot always take time away from the farm. Thank you for the added flexibility given to accommodate the farmer's voice.