

September 15, 2023

USDA/AMS/Dairy Program  
Order Formulation and Enforcement Division,  
Stop 0225-Room 2530-S,  
1400 Independence Avenue S.W.,  
Washington, DC 20250-0231

Subject: Testimony on proposals seeking to amend 11 Federal milk marketing orders (FMMOs).  
Agency/Docket Numbers: Doc. No. 23-J-0067; AMS-DA-23-0031

Witness:

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Dear USDA and Judge Strothers,

I appreciate the opportunity to offer testimony on federal milk pricing topics and the ability to provide my remarks by the zoom format. I farm in Oregon so travel to Indiana would be a strain on the farm operation, employees and most importantly my family. It is remarkable that technology allows me to offer live testimony from a remote setting – just a couple minutes ago I was doing farm chores.

We operate a USDA certified organic dairy near St. Paul, Oregon and ship our milk with CROPP Cooperative. At Sar-Ben Farms we milk 285 cows and manage around 700 animals in total when you include dry cows, heifers and young stock. I graduated with a Dairy Science degree from the University of Florida and while I didn't come from a dairy background, with over 30 years as dairy farmer I have one now.

I know USDA is interested in whether we are a small business or not and the answer is yes, we are a small business under \$3.75 million in sales a year.

On the farm we crop nearly 180 acres which is mostly in managed pastures with irrigation. Our milking cows are predominately Jerseys and Holsteins and a Jersey – Holstein cross which is a good fit for our system.

Our family and farm is truly focused on dairy and other than selling some composted manure to a fertilizer company we derive our revenue from organic milk and organic animal sales.

The farm first started milking cows in 1958 and today there are 4 generations on the farm when you include my young grandchildren. We are a licensed Grade A dairy operation and much of our milk goes into fluid processing in the Pacific Northwest and a smaller portion is used for powder, butter, and yogurt.

The farm is the primary income for 5 family households and much of the labor and day to day management is carried out by family members, but we also have 2 full time employees. We became certified organic in 2005 and started that transition in 2002.

Becoming certified organic has been a game changer for us and has allowed us to continue to bring more generations into the farm. I'm so proud to have my three adult children, all Oregon State University graduates, contributing to our organic farm --- this is a family business.

Part of what drew us to CROPP Cooperative was not only the opportunity for a higher more stable and predictable pay price, but the mission really resonated with us. The mission of the co-op is:

“To create and operate a marketing cooperative that promotes regional farm diversity and economic stability by the means of organic agricultural methods and the sale of certified organic products.”

In 2005 we became CROPP Cooperative members.

While the co-op has over 1600 members nationwide, as of today we have around 80 farm-members in the Pacific Northwest as well as a processing plant in McMinnville, Oregon. This plant has been used for standardizing farm milk and some butter and powder production. The co-op bought the facility in 2016 and unfortunately faced a devastating fire in 2021 a setback we are still rebuilding from. The facility is certified organic and processes only organic milk.

With a supportive family I was able to run for the CROPP Cooperative board of directors in 2012.

I have served on the board for a little more than 10 years. It is a privilege to serve but it demands a lot of time and can be stressful. Decisions in the board room impact all the thousands of farmer members and the employee base we have.

We have a saying at the co-op: no margin, no mission.

So just like all in the dairy industry we are operating in an extremely competitive landscape. Federal Milk Marketing Order regulations have an outsized impact on our cooperative creating a multi-million-dollar pool obligation annually and provide no benefit to our members or cooperative. It is detached from our core business of sourcing organic milk, processing organic milk and selling or marketing organic milk.

At the cooperative we, as the board and management, annually establish our pay price based on market performance and our own ability to manage supply and inventories of organic product. We have some seasonal adjustments and quality premiums, but we do not as a regular course of business change the pay price month by month.

Our primary method for balancing our own milk supply is through a quota system that every member must adhere to, and it allows us to plan throughout the year.

CROPP's Organic Utilization is set at 98 percent. Selling organic milk as non-organic is a last option and we take every effort to avoid – it is a losing position no doubt.

Our participation in the Federal Milk Marketing Orders restricts our ability to return more financial stability to our farmers. If this hearing creates an outcome that increases our pool obligations let's just say 30 or 40 or 50 percent above what we already contribute it will require cooperative leadership to do one of three things.

- Increase retail consumer prices, non-starter in a high inflationary economy and especially a risk for those of us in the premium dairy categories, where we are already seeing some price sensitive organic consumers stepping back from organic dairy;
- Pull back on cooperative asset investments and staffing, a move that would fundamentally limit our ability to bring product to market. But the most likely scenario would be,
- A suppression of farm pay price increase opportunities and perhaps a reality that we may need to reduce our a pay price. The latter of those I hope never to have to think about in the board room.

The biggest risk to the co-op is increased Class I differentials. I know the Milk Innovation Group is asking in this hearing and examination of the existing Class I differentials and that's the right starting point – do these even make sense anymore as a justification to draw milk to service the Class I market. My guess is they don't but that should be explored.

I know USDA does not see all dairy farmers as a monolithic block and frankly the Orders should not treat everyone like they are a monolithic block either in this national hearing.

Just because you can take price from our cooperative and our organic dairy farmers because of some 1930 law does not mean that should be the path or it's in the best interest of the industry to undermine the very part of dairy that over the last 10 years has been growing and connecting with consumers.

I did sign the letter with 174 organic dairy farmers urging USDA to examine in this hearing the proposal to exempt organic milk from pooling obligations when farmers are paid above the Class I premiums. I continue to believe it should be added to the hearing and the response by USDA why it isn't part of the discussion is insufficient.

Thank you for the opportunity to testify and I am open to any questions.