Farmer Testimony
Issue Focus: Proposal Number 1, Milk Composition Update

Testimony Presented By:
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Hello, my name is Gerben Leyendekker. I have been in the dairy business in California all my life. My father immigrated from Holland, coming from a dairy family. He started his own dairy in California in 1958 with my mother and raised their children to work and know dairy. I started my own dairy business with my wife Pauline in 1983. I have been dairying in Visalia, California for 40 years. My two sons are now having their own business with their families. So, we continue as a family to dairy. My wife and I have two dairies and milk approximately 4,000 cows.

I am currently serving on the board of directors for California Dairies Inc., or CDI, currently in the ninth consecutive year of service on the board, and 18th year of service overall since CDI was created in 1999. I am also serving on the board of National Milk Producers Federation (NMPF).

I am in **full support** of the NMPF package of Federal Milk Marketing Order (FMMO) amendments. Specifically, I support proposals:

#1 – Updates to milk composition, which I will be talking about in a minute.
#3 – Elimination of barrels from the Class III calculation and relying only on cheddar blocks for monthly price discovery.
#7 – Adjustment to Make Allowances for butter, nonfat dry milk, Cheddar cheese and dry whey. The cost of processing keeps getting higher and higher with no adjustment in those formulas for 15 years to capture those increases.
#13 – Return to the "Higher Of" calculation of the Class I Skim Price. Dairy farmers left a large amount of money on the table with the previous change following the 2018 Farm Bill.
#19 – Updates to the Class I Differentials. The cost of producing and transporting milk has continued to escalate, supporting an update in this county-by-county map – most of which is now more than 20 years old.

The NMPF proposal reflects a comprehensive approach that is critical for the future of our industry. We must look collectively at the needs of the dairymen, processors, and our farmers-owned cooperatives. The proposal takes a measured approach with the information we have available. Going forward, NMPF is fully engaged in Farm Bill efforts to grant USDA with the ability to collect plant cost data for future milk price formula adjustments. This information will be critical in the future as the industry seeks to make necessary adjusts to our milk price formulas in a timely manner.

I would like to specifically address Proposal #1 on Milk Composition. It is important to update our current formula for monthly skim milks and ensure they reflect current industry norms. It is also important to provide a mechanism for those updates to be implemented as they occur going forward. The current formulas are using outdated assumptions about the average

composition of U.S. milk production, and these needs to be updated to reflect more current realities. Average component levels in U.S. milk production have continued to rise. Dairy farmers have improved what cows produce by utilizing technology to get better and quicker information about what our animals need, enhancing animal comfort, using nutritional information to improve feed rations, and continually improving the genetics of our overall U.S. dairy herd.

When we look back at average milk components in my home state of California 20 years ago, ***(see attached California Department of Food and Agriculture report on 2001-2005 statewide average components)***, we can see average butterfat levels that ranged from 3.67-3.68 percent, and average solids-not-fat levels that ranged from 8.71-8.80 percent. Compare that to the average test of producer receipts reported by the California Federal Milk Marketing Order for 2022 ***(attached summary)***, which shows average butterfat levels of 4.04 percent and average solids-not-fat levels of 9.06 percent (3.31 percent protein and 5.75 percent other solids). While most of the milk produced in California falls into either Class III or IV, which does appropriately value our milk based on actual components, the Class I formula is still structured in a way that made sense in 2000, but not in 2023. We have worked hard to increase our components with improvements that have also increased our cost, without the appropriate adjustment in the Class I formula. That needs to change, and I'm in support of both the immediate change and the ongoing opportunity to be updated without a hearing when the information supports an adjustment.

I appreciate the opportunity to speak today. I once again want to say that I fully support the broad-based comprehensive package of amendments proposed by National Milk Producer Federation. We need a balanced approach that considers the producers, processors, farmer-owned cooperatives and consumer that rely on our industry to produce the nutritious milk and dairy products they consume each day.

Thank You!

COMMERCIAL PRODUCTION OF BULK MILK

Commercial Production of Bulk Milk, Average Milk Fat and Solids-Not-Fat Test in California, by Year, 2001-2005 [1/]

Year and Month	Bulk Milk			Average Milk Fat Test			Average Solids-not-Fat Test			Total Bulk Milk Change From Prior Year
	Market	Manufacturing	Total [2/]	Market	Manufacturing	Total	Market	Manufacturing	Total	
	Thousand Pounds			Percent			Percent			Percent
2001	32,849,558	333,834	33,183,392	3.68	3.99	3.68	8.76	8.94	8.76	3.0
2002	34,693,734	332,607	35,026,341	3.67	3.99	3.67	8.71	8.91	8.71	5.6
2003	35,076,224	317,145	35,393,369	3.67	3.98	3.67	8.75	8.91	8.75	1.0
2004	35,867,690	560,274	36,427,964	3.67	3.87	3.67	8.78	8.89	8.79	2.9
2005	36,604,017	917,432	37,521,449	3.66	4.01	3.67	8.79	8.97	8.80	3.0
2002										
January	2,822,643	22,974	2,845,616	3.84	4.17	3.84	8.81	8.97	8.81	3.5
February	2,620,921	21,827	2,642,748	3.79	4.07	3.79	8.79	8.96	8.80	4.6
March	2,970,602	25,504	2,996,107	3.72	3.94	3.72	8.79	8.92	8.79	6.8
April	2,915,169	31,910	2,947,079	3.66	3.87	3.66	8.75	8.90	8.75	5.9
May	3,055,054	29,291	3,084,345	3.62	3.90	3.63	8.75	8.93	8.75	7.0
June	2,939,250	35,613	2,974,863	3.57	3.83	3.58	8.71	8.84	8.71	7.0
July	2,961,605	31,649	2,993,255	3.55	3.87	3.56	8.68	8.85	8.68	6.4
August	2,972,336	29,336	3,001,672	3.58	3.97	3.58	8.70	8.88	8.70	6.7
September	2,804,397	28,052	2,832,449	3.64	4.02	3.64	8.71	8.90	8.71	4.7
October	2,910,994	28,629	2,939,623	3.70	4.08	3.70	8.75	8.92	8.76	5.0
November	2,796,223	26,348	2,822,571	3.78	4.16	3.78	8.80	8.97	8.80	3.9
December	2,924,539	21,473	2,946,012	3.80	4.24	3.80	8.79	8.98	8.80	4.9
2003										
January	2,966,537	22,299	2,988,837	3.78	4.19	3.78	8.75	8.91	8.76	5.0
February	2,748,948	18,592	2,767,540	3.74	4.13	3.74	8.74	8.95	8.74	4.7
March	3,082,279	25,387	3,107,666	3.71	3.98	3.72	8.73	8.86	8.73	3.7
April	3,004,747	23,649	3,028,396	3.68	3.98	3.68	8.74	8.93	8.74	2.8
May	3,064,138	25,685	3,089,822	3.64	3.94	3.64	8.71	8.93	8.72	0.2
June	2,943,488	27,615	2,971,103	3.55	3.84	3.55	8.68	8.86	8.68	-0.1
July	2,940,225	24,436	2,964,661	3.54	3.88	3.55	8.64	8.80	8.64	-1.0
August	2,940,130	26,590	2,966,719	3.54	3.82	3.55	8.69	8.83	8.69	-1.2
September	2,801,449	27,727	2,829,176	3.61	3.97	3.61	8.75	8.91	8.75	-0.1
October	2,884,783	32,548	2,917,331	3.66	3.97	3.66	8.80	8.95	8.80	-0.8
November	2,787,383	29,930	2,817,313	3.75	4.07	3.76	8.87	9.01	8.87	-0.2
December	2,915,604	32,687	2,948,290	3.79	4.08	3.79	8.86	8.97	8.86	0.1
2004										
January	2,950,802	42,630	2,993,431	3.79	3.93	3.79	8.82	8.91	8.82	0.2
February	2,815,405	40,640	2,856,045	3.75	3.86	3.76	8.80	8.88	8.80	3.2
March	3,058,918	40,834	3,099,753	3.68	3.87	3.68	8.75	8.87	8.75	-0.3
April	3,027,406	42,638	3,070,044	3.62	3.82	3.62	8.75	8.86	8.75	1.4
May	3,092,397	51,614	3,144,011	3.58	3.75	3.58	8.75	8.88	8.75	1.8
June	2,970,852	49,844	3,020,696	3.57	3.78	3.57	8.73	8.92	8.74	1.7
July	3,025,342	50,580	3,075,921	3.55	3.75	3.56	8.71	8.83	8.72	3.8
August	3,025,168	50,070	3,075,238	3.59	3.78	3.59	8.74	8.84	8.74	3.7
September	2,922,488	51,143	2,973,631	3.64	3.87	3.65	8.78	8.84	8.78	5.1
October	3,029,064	47,684	3,076,748	3.71	3.98	3.71	8.83	8.93	8.83	5.5
November	2,911,008	44,921	2,955,929	3.78	4.05	3.78	8.89	8.98	8.89	4.9
December	3,038,840	47,676	3,086,517	3.80	4.02	3.80	8.87	8.96	8.87	4.7
2005										
January	3,009,153	66,979	3,076,131	3.80	4.15	3.81	8.84	9.00	8.84	2.8
February	2,772,773	72,159	2,844,932	3.73	4.03	3.74	8.80	8.96	8.81	-0.4
March	3,137,521	85,781	3,223,302	3.66	3.95	3.67	8.78	8.99	8.79	4.0
April	3,104,824	78,716	3,183,540	3.64	3.96	3.64	8.80	8.96	8.81	3.7
May	3,205,403	82,698	3,288,101	3.59	3.91	3.60	8.74	8.91	8.75	4.6
June	3,097,458	80,131	3,177,589	3.56	3.90	3.57	8.74	8.89	8.74	5.2
July	3,040,691	81,472	3,122,163	3.56	3.90	3.57	8.67	8.85	8.68	1.5
August	3,076,182	76,815	3,152,998	3.55	3.89	3.55	8.72	8.92	8.72	2.5
September	3,004,339	74,665	3,079,004	3.63	4.01	3.64	8.81	8.99	8.82	3.5
October	3,070,945	75,845	3,146,790	3.71	4.10	3.72	8.86	9.05	8.87	2.3
November	2,979,879	69,379	3,049,258	3.74	4.19	3.75	8.88	9.11	8.89	3.2
December	3,104,848	72,793	3,177,642	3.77	4.21	3.78	8.89	9.10	8.89	3.0

[1/] Includes total milk sold. Excludes milk used on ranch which are included in USDA figures

[2/] Monthly totals may not add up to annual totals due to rounding.

CA-FMMO: Average Test of Producer Receipts

Calendar Year 2022

	Butterfat	Protein	Other Solids	Solids-Not-Fat
January-22	4.17	3.35	5.75	9.10
February-22	4.12	3.34	5.75	9.09
March-22	4.08	3.33	5.76	9.09
April-22	4.03	3.31	5.76	9.07
May-22	3.92	3.26	5.76	9.02
June-22	3.92	3.23	5.77	9.00
July-22	3.89	3.21	5.77	8.98
August-22	3.91	3.23	5.75	8.98
September-22	3.98	3.27	5.74	9.01
October-22	4.05	3.34	5.73	9.07
November-22	4.21	3.45	5.75	9.20
December-22	4.25	3.45	5.75	9.20
Simple Average	4.044	3.314	5.753	9.068

**** Data sourced from monthly Statistical Uniform Price Announcments***