Draft- Milk Composition Factors testimony

Testimony Presented By:
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Schwoeppe Dairy, llc.
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Schwoeppe Dairy supports the National Milk Producers Federation Proposal 1: Updating Milk Composition Factors.

My name is Somula Schwoeppe. My family operates Schwoeppe Dairy LLC located in Dubois County, Indiana outside Huntingburg, IN. We milk approximately 110 registered Holsteins. The cows are housed in a free stall barn and during favorable weather have access to nighttime pasture. We raise hay and corn for silage on 160 owned acres and 250 rented acres. We supplement our farm-raised feeds with purchased dry corn. We raise all of our replacement animals.

Schwoeppe Dairy sells breeding stock to other dairy farmers and sells hay when we have extra. We do custom hay baling for other farmers. These activities utilize our equipment and generate extra income for the farm.

Dairy farming is our family's heritage as well as its future. I am a fourth generation dairy farmer. My two sons, who are employed full-time on the farm, are the fifth generation. There is a sixth generation on the farm who hopefully will continue the family legacy. The Schwoeppe family homesteaded our farm and the family has been milking cows continuously since 1874. The first Grade A parlor on the farm was built in the early 1920's. We are using the farm's third milking parlor and plans for its replacement, the fourth milking facility, are in place. Those plans are on hold until the financial outlook for improved component pricing, and better milk pricing overall, points to a more secure future for the family business.

Our milk goes to the Prairie Farms plant at Holland, IN. Our pay price is based on the Order 5 skim milk and butterfat pricing.

I have worked off the farm for added income. I am the Senior Manager of Agri-Engagement at Feeding America. Earlier in my outside work / farm work career, the Indiana Dairy Association (DHIA) employed me for nine years as a milk-testing supervisor. In this role I provided support to 62 dairy farms in twelve counties in southwest Indiana. This involved weighing and sampling individual cow's milk production, helping farmers maintain the production records, including weights, components, health and reproductive information, income over feed cost for the individual cows, etc. This gave me insight to the changing component levels among various dairy cows.

I serve on the Board of Directors and as Treasurer for Prairie Farms Dairy, Inc. I am on the Board of Directors of Professional Dairy Producers Foundation and the American Dairy Association of Indiana. I am a member of the Holstein Association USA and President of the Southwest Indiana Holstein Breeders Club. Through my involvement with these organizations, I interact with many dairy farmers. A common

topic of discussion is how improved genetics and better feeding of the dairy cow has increased milk production and improved component levels in the milk.

Schwoeppe Dairy has focused on increasing the components in the milk, just as other farmers throughout the United States have done. Producing high quality forage for our cows is a key to high component milk production. Forage quality can vary from year to year and is to a great degree influenced and dependent by the weather. Changes in pasture growth and quality are driven by the weather. These changes in forage and pasture quality will affect the milk components, no matter how hard we try to overcome those times of poor forage quality. This is certainly true in our area and on our farm. The increase in components is not a straight upward trend line, but is an uneven upward trend line with peaks and valleys.

Breeding cattle for higher components does not show in the bulk tank immediately. It takes about three years for the results of a mating decision to show up in the bulk tank. From a genomic standpoint a dairy farmer is looking at multiple generations to see sustained progress in component increases.

The chart below shows Schwoeppe Dairy's annual average butterfat and protein tests for the year ending in September 2022 and September 2006.

	Butterfat	Protein
Annual Average year ending 9/2022	3.9%	3.2%
Annual Average year ending 9/2006	3.6%	3.0%
Average Test Increase	**0.3%**	**0.2%**

In recent years we have placed greater emphasis on increasing butterfat. In a Federal Order, such as Order 5 that prices milk on butterfat and skim, a farm receives additional money for producing additional butterfat pounds. Butterfat generally accounts for over 50% of the Order 5 milk value on our farm. As an example in June 2023 butterfat accounted for 51.7% of the Federal Order 5 value on our milk check. The announced Federal Order 5 butterfat price accounted for 47.7% of the Federal Order uniform price. In November 2022 our butterfat accounted for 53.6% of the Federal Order 5 value on our milk check. The announced Federal Order 5 butterfat price accounted for 47% of the Federal Order uniform price. In November 2018 our butterfat production was 57.6% of the Federal Order value while the Federal Order butterfat was 49.5% of the Federal Order Uniform price. There may be times butterfat is less than 50% of our milk value, but I think they are not numerous.

However, no matter how much you increase the protein and other solids, there is no additional money received on the skim milk portion. The Federal Order skim milk price formulas have not changed to reflect the increased protein in the skim milk, nor do the formulas attach any more value to that added protein. There is a need to update the skim formulas for the additional protein produced.

The northern two-thirds of Indiana is in the Order 33 Marketing Area, a multiple component pricing Order. The southern one-third is in the Order 5 area and is where my farm is located. Order 5 is a skim and fat pricing Order. My farm is approximately 125 miles from Indianapolis. If the farm was located further north, our market would be in Federal Order 33 and we would be paid for the increase in our milk components through Order 33s multiple component pricing. As it is, we are paid for the increased butterfat in the Order 5 butterfat pricing, but not for the increased protein and other solids in the skim

milk. I am not proposing MCP for Order 5, but merely pointing out the unfair and inequitable treatment producers in Indiana and elsewhere receive supplying a fluid market when the skim pricing is not updated for the added protein in the skim milk. Since the skim price formula does not reflect the protein increase in the skim milk, it is also unfair to producers in MCP Orders. Since these producers have a protein price component in the Order milk pricing, the protein shortfall in the skim pricing is not as noticeable in their milk check.

In conclusion, I am supporting Proposal 1, increasing the protein and other solids in the skim milk pricing formulas. This will increase values used in determining skim milk prices and benefit all dairy farmers. I strongly recommend that the Secretary adopt all NMPF's Proposals as part of the FMMO Modernization.

I want to thank USDA for the opportunity to present my views today. Thank you.

Sincerely,

Somula Schwoeppe
On Behalf of Schwoeppe Dairy, LLC.
Dubois County, IN