

Testimony for the USDA Federal Milk Marketing Order Hearing
In Support of NMPF Proposal to Update the Federal Milk Marketing Order Make Allowances
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Introduction

Thank you for the opportunity to testify today. My name is Cricket Jacquier. I am a third-generation dairy farmer and owner of Laurelbrook Farm in East Canaan, Connecticut. I work alongside my wife, parents, brother, nephews, niece and son. Together we operate a diversified agricultural business that includes a 1,500-cow dairy, 3,000 acres of corn and alfalfa, plus a compost and soil business. Our goal is to operate an efficient and sustainable dairy business that can be carried on for generations.

I am Chair of the board for Agri-Mark, Inc. Agri-Mark is a dairy cooperative owned by approximately 550 dairy farm families in New England and New York. Our members are pooled in Federal Order 1. Our cooperative has been marketing milk for dairy farmers since 1916. We have headquarters in Andover, Massachusetts and in Waitsfield, Vermont. Our farm families supply more than 3.2 billion pounds of milk annually that we use to make our award-winning Cabot branded cheese, dairy products, and ingredients. Agri-Mark operates three cheese manufacturing facilities located in Cabot, Vermont; Middlebury, Vermont, and Chateaugay, New York. These are pooled supply plants. In addition to cheese, the Middlebury, Vermont plant also produces valuable whey proteins that are marketed around the world. Agri-Mark also operates a butter-powder facility in West Springfield, Massachusetts that is a non-pooled supply plant. Lastly, Agri-Mark supplies fresh fluid milk to the region’s largest dairy processors.

I am a Director for New England Dairy Promotion, and prior Director for Dairy Management, Inc. Additionally, I am on the National Milk Producers Federation (NMPF) Board as a member of the executive committee, a position I’ve held since 2020. In that capacity I have witnessed firsthand the time and dedication of NMPF’s member cooperatives and staff, as they collectively worked in lockstep for nearly two years on a comprehensive proposal to modernize the Federal Milk Marketing Order’s (FMMO).

Agri-Mark was a part of this process, and we support all aspects of NMPF’s proposal. My testimony today focuses on our support of NMPF Proposal 1: Increase the make allowances in the component price formulas. I thank USDA for allowing me to represent Agri-Mark’s farmer-owners and cooperative’s interests today.

As a cooperative owner, and board chair, I know all too well that inaccurate make allowances are significantly and negatively impacting the cooperative business that I and my fellow farmer-owners have worked hard building for over a century. Cost of processing has increased for our cooperative by 20% since the last make allowance update in 2008. Labor, insurance, utilities, you name it. Agri-Mark is no different. Our costs of processing are consistent with data and testimony provided by others. The trend is clear, every cost has gone up, and we’ve waited too long to make a change.

As a farmer, I understand personally and directly the challenging nature of increasing make allowances. NMPF Proposal 1 will reduce pay prices for all farmers. None of us want to see reduced milk prices, especially in a year where dairy farmers are facing extreme financial challenges and margins at decade lows.

However, today's inadequate make allowances have created a reality in which some farmers are already receiving reduced pay prices compared to their neighbors. This inequity goes directly against the fundamentals of the FMMO by creating disorderly markets. Proposal 1 takes a significant step towards correcting for this.

As owners of primarily Class III and IV manufacturing, today's outdated make allowances have forced solutions within our cooperative. The increase in costs has been transferred to members via lower returns and pay price adjustments. It is hard to watch as we've been backed into a corner, having to make decisions that impact our members. When these impacts are different than our neighbors, our competitiveness within the milkshed becomes tarnished. We must update make allowances at the FMMO level. This will alleviate the mismatched pressure placed on cooperatives, thereby helping to return to the orderly markets FMMOs were intended to protect.

Today's make allowances are also preventing our ability to invest in the future. The marketplace is looking for this investment and innovation, but with today's pricing, we struggle to meet the market's demands. We must make changes now, and continuously into the future to insure we can meet the bright future we see ahead for our industry.

NMPF's approach to update make allowances follows two tracks. First, NMPF Proposal 1 offers an immediate and interim update to the current make allowances. The make allowance numbers in Proposal 1 are intentionally set as a first step in the direction of correcting for today's woefully low make allowances. NMPF acknowledges that from a manufacturing perspective, the proposed numbers are not adequate to cover the increase in cost of processing since the last make allowance update in 2008. However, NMPF also recognizes that a more realistic increase would be abrupt and cause significant disruption to producers.

Second, NMPF is leading a legislative effort to improve the industry's ability to collect robust cost of processing data for use in future hearings and make allowance updates. NMPF plans to use the upcoming Farm Bill to give USDA authority to conduct mandatory and auditable surveys. Farmers and the industry at large need trust in these numbers to make future changes. Agri-Mark and many others support the need for this data and are working alongside NMPF to push this important legislative effort.

NMPF's stepped approach strikes a fine balance between manufacturing needs and producer impacts in the short-term. In the long-term, it creates a process where make allowances can be updated on a continuous cycle. Such a cycle is crucial to the success of our farmers and the manufacturing assets we own.

In summary, it is imperative that we address make allowances and address them now. Yes, a reduction in milk prices will weigh heavily on farmers. However, the reality is that farmers who are members of manufacturing cooperatives have already been carrying this burden for years. Deductions in milk prices that should be coming out of make allowances are instead being passed along to some farmers as market adjustments or reduced profit. Additionally, inadequate make allowances are limiting cooperative's ability to adequately invest in cooperative manufacturing assets, brands, and the overall success of their business. Successful cooperatives make successful farmers.

The trend of increased cost of processing since 2008 has been well documented by expert witnesses. We must update make allowances to alleviate the significant stress they are causing our cooperatives. I believe NMPF's two-step approach puts the industry on the right path, striking the right balance in the interim and lending support to both our farmers and cooperatives.

Thank you.