

Testimony for USDA AMS Hearing on Class III and Class IV Make Allowances  
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Alexandria, Virginia  
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My name is Brenda Cochran. My husband and our children own and operate a 200 cow dairy farm in Tioga County, Pennsylvania. I am here today to speak on behalf of my own family and on behalf of the multiple thousands of American dairy farming families who, even now, know nothing at all about this hearing because we farmers who will be so adversely affected by Agri-Mark's proposed increase in dairy processors' make allowances were not considered worthy for notification as "interested parties." This preposterous fact alone is outrageous but its atrocity pales in comparison to the infuriating position taken by the named parties advancing this proposed reduction in dairy farmers' milk checks.

It is middleman dairy processors who are boldly advancing such a nefarious scheme that assumes we farmers, who produce the raw milk they need for the operation of their plants, somehow owe them money from our hard earned milk checks to cover their bottom lines. Why are these dairy product manufacturers not securing their cost increases from their customers who buy their finished dairy products? What is more shocking, however, is the role being played in this money scam by the dairy cooperatives who allege to represent their farmers' best interests. In fact, the dairy cooperative hirelings, who masquerade as advocates for the farmers, in fact, are working to bankrupt us and completely eliminate our dairy farming culture as we have known it. This is exactly what will happen if any effort to reduce our milk checks is approved, and this will not please the American consumer who continues to strongly support fair milk prices for their dairy farmers.

Agri-Mark suggests that "...antiquated cost data from 1998-2000..." as the basis for current make allowances is inadequate to cover their rising business costs, yet the farmer members of their coop labor under milk prices that do not even approximate the real basic farm costs to produce the milk in the first place. These cooperatives are fighting here for their plant profit margins whining for higher cost of production for dairy processing plants seeming to believe that the "efficiency, economy of scale" model of business they have forced on dairy farmers for the past 2 decades should somehow not apply to their businesses. Perhaps they should run their plants the way we farmers have been obligated to run our farms during this era of "get more efficient." That would be interesting.

Higher fuel costs are impacting on all dairy farm inputs, skyrocketing health insurance premiums also affect farmers, too, many of whom cannot afford any health insurance at all, and no coop has addressed that fact by negotiating higher prices for farmers as they are supposed to be doing in the marketplace under the Capper-Volstead Act. Why do these coops even exist if not to set a fair price for dairy farmers' milk at the farm? Instead, as rapacious parasites, they pass on higher hauling rates to the captive farmer with no adjustment in our milk prices. The farmer is coerced to advertise for the dairy processors' finished product so it seems these freeloaders feel free to come back again and again and again to take more and more from the farmer until there will be no farmers left to provide American consumers with an adequate supply of fresh, local milk.

Agri-Mark disparages the new way milk is priced as far as how it determines make allowance for dairy processors yet this coop and its supporters have done nothing to push the USDA to

follow through on Federal Judge William Sessions' ruling in the very case Agri-Mark and Upstate Farms supported, St. Albans Cooperative Creamery, Inc., et al. v. Dan Glickman, Secretary of Agriculture. Judge Sessions insisted that no federal milk pricing formula was to be implemented without first factoring for the basic costs to produce the milk as mandated by the 1937 Agricultural Marketing Agreement Act (AMAA). Agri-Mark feigns concern for the plight of the dairy farmer in considering the inevitable drop in milk price we will suffer under their recommended make allowance increases by pointing out that without adjustments plants will close. In fact, they should be honest and say that plants will close when there are no more farmers and that will happen because no one wants to pay dairy farmers what it really costs to milk cows. While plants close for a variety of reasons, it is the dairy plant who should be paying to haul the milk to their processing facility, not the farmer. Under the current stick-it-to the farmer milk transportation fee system, dairy processors have no incentive to site their plants either in the traditional dairy regions where farmers currently milk the cows or near the communities where the dairy products are used.

The petitioners cry that they cannot wait any longer for relief yet the short notice of this hearing has given few of us sufficient time to examine or analyze the far-reaching impact the petitioners' request will have on the other Class prices. Until dairy farmers receive consideration for their rising production costs, any increase in processor make allowances will unfairly negatively impact on dairy farmers' incomes, seriously affecting our ability to pay creditors, plant and harvest crops, care for our cattle and for our families. This insolvency will have an inevitable ripple effect in our rural communities pulling down our agribusiness providers who are already struggling with open accounts from too many years of low milk prices and bad weather. My farm alone, using figures provided by Penn State's dairy economist, Ken Bailey, is projected to lose annually from \$7500 to over \$13,000 if this larcenous scheme is approved. That financial loss will severely handicap our family's farm. Granting the petitioners' request for a make allowance adjustment at the expense of dairy farmers in the Federal Order system will serve only to unleash a reaction from California whose make allowance formulas are allegedly the reason the petitioners have requested a reduction in dairy farmers' milk prices.

Frankly, what everyone needs to acknowledge is that the current milk pricing system called "Order Reform" (which, by the way, was block voted in by many of the same dairy coops who are now petitioning for make allowance increases) is hurting dairy farmers and processors. Left as it is much longer, it will eventually hurt consumers who will be left with no domestic dairy infrastructure. The Federal Order Reform was an inherently stupid and unfair way to price milk from its dark inception, and it should be discarded for a new system that gives fair consideration to all parties: fair to dairy farmers who care for the cows and the land, fair for processors whose skills provide us with the finished dairy products we all need, and for the consumers who depend on both dairy farmers and dairy processors for their food. It is time to stop the infighting and accept the fact that the current system is a failure and a disgrace to our American values. Until a remedy is implemented, the greatest unfairness is falling on the powerless dairy farmers for whom few are speaking, in spite of the clamor we hear emanating from the petitioners.

Again, I implore you not to grant this request to increase the make allowance. Justice is long overdue for America's hard-working dairy farming families.