

Testimony of Spencer Frost

My name is Spencer Frost from Frost Farms in Waterford, Wisconsin. We are a sixth-generation dairy farm, where we milk over 650 cows, raise about 500 replacements and farm nearly 1700 acres of land. We employ approximately 17 full- and part-time employees.

Our milk goes to a privately owned butter manufacturer. The haul is about 230 miles from our farm, and our farm pays for all of the trucking cost, which right now is roughly 10% of the value of the milk. During some of the school year, we ship to a fluid milk plant in Rockford, Illinois, supplying Chicago public school lunches. This swap cuts our shipping in half to roughly 5% of our milk price. Our farm would not meet the definition of a small business as it has been identified within this hearing.

Our farm is a member of Edge Dairy Farmer Cooperative. Edge, based in Green Bay, Wis., is the third-largest dairy cooperative in the country based on milk volume. In addition to milk verification services, Edge provides dairy farmers throughout the Midwest with a voice in Congress, with customers and within our communities. Our over 800 member farms are located in Illinois, Indiana, Iowa, Kansas, Minnesota, Nebraska, Ohio, South Dakota and Wisconsin.

In addition to belonging to Edge, I serve on the board of directors for the Dairy Business Association, a dairy-focused trade association in Wisconsin.

I am testifying today in support of Edge's Proposals 16 and 17. While I am not an expert on all the intricacies of the proposals, I am very much in favor of their intent to enhance farmers' ability to manage price risk effectively.

On our farm, we utilize Dairy Margin Coverage, Dairy Revenue Protection and Livestock Gross Margin-Dairy. We protect as far into the future as allowed, usually 11 months. That allows us to smooth out the volatility of selling a perishable commodity. Any changes that might impact our ability to use these tools would negatively impact our farm and its financial viability. This includes delaying formula changes and eliminating advanced pricing. Eliminating advanced pricing would prevent negative producer price differentials from adversely impacting a producer's ability to effectively manage price risk.

Additionally, depooling is a negative for the dairy industry. We cannot continue with the status quo. Even though much of our milk is used for fluid and butter consumption, it is apparent that cheese is the driver of the dairy market going forward. Allowing processors to jump in and out of the pool causes a negative effect on our mailbox price through negative PPDs, and I would like to see us eliminate that loophole. We all produce milk — in our case, and the case of most Wisconsin farms, high-quality milk fit for any use. Why should some be able to take advantage of the system to disadvantage others?

I very much appreciate your time, so I will conclude my comments.

Thank you to USDA and AMS for the opportunity to testify. Have a great day, and thank you for your service to the ag community and farms like ours.