

October 5, 2023

Testimony Presented by:
Martin Hallock
Mar-Bec Dairy
c/o Ellsworth Cooperative Creamery
232 N. Wallace St
Ellsworth, WI 54011

Re: Testimony of Martin Hallock in Support of Removing The 500 Cheddar Barrels Form the Class III Protein Formula and the Entire National Milk Proposal to Modernize the FMMO

My name is Marty Hallock, and I am a first-generation dairy farmer in Mondovi, WI. I milk 1,100 cows with my wife and my son. Our farm's name is Mar-Bec Dairy.

I have been farming for 33 years with 30 years as a member of the Ellsworth Cooperative Creamery. I attended the University of Wisconsin River Falls and received my bachelor's degree in animal science with a minor in farm management and dairy emphasis. I have been a member of the Ellsworth Cooperative Creamery Board with sixteen of those years serving as Vice-Chairperson. I have served on the Professional Dairy Producers of Wisconsin (PDPW) Board which is a national program and based in Wisconsin. I served on the Executive Board as vice-president for two years and president as one year. I have also served on the Dairy Sustainability Council of Wisconsin for two years. I served on the Gilmanton School Board for 19 years, including 10 years as president. I also served on the Cooperative Educational Service Agency 10 board for 10 years, including three years as president.

I am usually the numbers farmer on the Board, and the recent departure of the block and barrel pricing has had and continues to have a great impact on my livelihood and for those of our member owners. I, as a farmer, and the farmers of the Ellsworth Cooperative Creamery are being harmed by this widening of this block barrel split. This is detrimental to the members of the Ellsworth Cooperative Creamery as we have a barrel plant. It is all within the power of the Federal Order system to make it equitable and provide order marketing.

I am here in support of National Milk's proposals in total to amend and modernize the Federal Milk Marketing Order as it will provide a holistic approach to having all farmers benefit from an equitable Milk Marketing Order. In particular, I am here in support of eliminating the barrels in the calculation of Class

III milk prices. By eliminating the calculation, we have a better ability as a barrel manufacturer at Ellsworth Cooperative Creamery to work with the industry to create a more fair and equitable pricing system. Whereas if it stays where it is at, we do not. Our income as a cooperative only has the potential to increase with the elimination of barrels from the calculation since our income is derived from the sale of products. In the worst-case scenario, we will still get the same income as if the barrels were included in the calculation. We have the potential to gain more value in pooling milk in the order system by including only blocks in the calculation.

For far too long, there have been free loaders in the system that have been using the barrels in the price of Class III protein to subsidize their operations. We can no longer tolerate that as an individual cooperative member or as a collective group. We need to stop having free loaders into the system and have an equitable system where farmers are paid fairly. So that we continue to have orderly marketing in the system.

As a member of the Ellsworth Cooperative Creamery Board of Directors, we continually look at other ways to increase our members' value including the stopping of barrel production which would greatly make the problem for the industry worse should cooperatives stop making barrel cheese. There are no barrels in the Federal Order system to include in the calculation. We are at a critical point in the Federal Milk Marketing System that we need to fix the system that had unintended consequences that included using barrels as the proxy for block cheese is one of those. I understand my few fellow cooperative members are concerned about the unknown of how to price barrel cheese and process cheese, but it is far better to work with a future where you can design and guide a more equitable future than stay with the misery of the current system that we have.

At present, using our cooperative's numbers of \$.95/cwt for blocks and barrels difference from historical values, my farm has lost \$1.9 million since 2017 or about \$.95/cwt had barrels been properly priced as a proxy for block cheese (see Table 1). We need to view all the proposals of National Milk in its entirety so that it's equitable to all members that pool their milk and not pick and choose winners and losers. Whereas the unintended consequences of the changes in the market since 2017 have made losers out of the barrel producers.

Table 1

Year	Milk Pounds	Value from Standard \$.03 Spread on Barrels to Blocks	
2017	24,661,800	\$ (0.43)	\$ (106,046)
2018	26,438,724	\$ (0.87)	\$ (230,017)
2019	29,008,708	\$ (0.45)	\$ (130,539)
2020	35,711,814	\$ (1.90)	\$ (678,524)
2021	36,807,628	\$ (0.93)	\$ (342,311)
2022	37,053,852	\$ 0.08	\$ 29,643
2023	12,513,836	\$ (3.68)	\$ (460,509)
TOTAL	202,196,362	(0.95)	\$(1,918,303)

I want to thank the USDA for taking the time to listen to farmers and their concerns. I am sure they are quite aware that there is a lot of pressure on farms to be profitable as we continue to try to grow and deliver the best quality of milk in the world.