

Testimony of Joseph P. Shockey, DVM

WV Dairy Community and the expanded Appalachian Region

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My name is Joe Shockey. I am testifying today on behalf of our dairy family farm and hopefully the generations that follow us so they have an opportunity to be part of the dairy food supply chain in this unique part of the United States without any unnecessary, burdensome or unintended consequences to modify the federal milk order pricing system specifically in regards to the county by county milk pricing differentials. They say this is an unprecedented opportunity, let's not mess around, let's get it right.

I am a veterinarian and a dairy producer who graduated from Ohio State University. My brother and father are also graduates of the College of Veterinary Medicine. I met my wife at Ohio State, and she is the Dairy Program Manager for the state of WV adhering to all regulatory requirements of the PMO/IMS. She is originally from Wayne County, Ohio which is a leading milk-shed nationally. When my father was a younger man there were dairy cows all over the Mid-Ohio River Valley. That was a different era, and the men were cut from a different cloth, having returned from WWII. These dairies began to fade in the 1980s as there was a generational shift and the decline has continued locally just like in other parts of the US. Many leaders in WV were willing to let dairy permanently fade away. We have less than 25 dairies statewide but have immediate opportunities where over a billion lbs. of milk will be necessary annually to supply Mountaintop Beverage and the United Dairy Network.

Why does United Dairy Charleston \$2.50, United Dairy Martins Ferry \$2.40 and Mountaintop Beverage \$2.30 have the highest proposed differential increases of any other processors in the expanded region? Why does Kroger Newark pay less for milk than United Dairy Martins Ferry when they are the same distance from the closest and a leading milkshed near Sugarcreek, Ohio? A \$0.40 per cwt proposed difference yet both about 65 miles away and both sharing the I70 corridor? Both supply WV marketplaces, who then has the advantage and why was this proposed?

DFA Sharpsville, PA is 100 miles from Sugarcreek while United Dairy Martins Ferry, OH is only 70 miles yet Sharpsville has a \$.50 cwt differential advantage in comparison. How does this make sense to give the DFA cooperative processing facility in Sharpsville a milk lower differential when under the current order Sharpsville was \$.10 cwt higher?

Another head scratcher is Reiter DFA Springfield which is 150 miles from Sugarcreek would have a milk differential advantage of \$1.00, at \$3.70, over United Dairy Charleston which is

170 miles away that would have to pay \$4.70 and then have to compete for contracts in WV and southern Ohio given no other processors are in this region to provide milk to these communities.

We are blessed in West Virginia to now have these two trusted and respected dairy processing partners. The state of West Virginia has been on a 10+ year journey to strengthen and rebuild the Appalachian Dairy Industry which includes all of WV, parts of OH PA MD VA and beyond. It hasn't been easy, but persistence pays off. Look at the map, and the nutritional gap that would be created if we lost more processing capacity in or near WV.

USDA needs to consider the strong likelihood of a nutritional gap that would be created if proposal 19 results in the loss of local processing capacity in or near West Virginia. Who would consistently step up to deliver milk to our schools in the coal fields in the middle of winter? How far would this milk have to travel to reach various C-marts and dollar stores which are the primary retail sources of milk in many rural communities of Appalachia? Nutrient dense food deserts are real in Appalachia. An hour+ drive to a grocery store with fresh fruit and vegetables is not uncommon.

I am deeply concerned that Proposal 19 with the updated milk differential prices will over time place our processing partners at an unfair disadvantage to other dairy processors in the expanded region. The differential map should not create winners and losers by state or zip code but with modification allowances that are sensible to have an equal opportunity in any given region that benefits more dairy producers and thus the consumers we hope continue to purchase nutritious and delicious dairy food products like milk. Let's find ways to inspire the next generation of milk drinkers. Let's increase Class I sales. Who would have thought WV would be a hub of dairy innovation?

I'm looking at this from the inside out while many of you are looking at this from the outside in. Please feel free to reach out to me. Please come visit us in WV and let's look at the bigger picture of poverty, low educational attainment, poor caloric choice, nutrient dense food insecurity which is not to be confused with readily available alcohol, tobacco products, recreational drugs, sugary drinks and salt laden foods which leads to chronic disease and poor health outcomes beginning in the childhood years continuing into adulthood.

WV is a state that is continuing to lose population, so part of the journey has been to promote the jobs and economic development of dairy food processing and distribution activity to better feed ourselves and others. This represents over 1,000 high wage scale jobs with great benefits. We hope this triggers smart and strategic milk production across Appalachia. WV is a centralized location on the eastern seaboard that can provide competitive advantages with shorter, straighter freight lanes to not only high population centers but also to rural and isolated communities. WV is the 3rd most forested state in the nation and can provide more paperboard packaging and shipping pallets, clean/fresh water and even the energy to power facilities while also being the seed stock for milk packaging vessels like gallon jugs or some of the more innovative packaging designs. Think of how some of the larger metropolitan areas in bordering states have more population than our entire state and the costs associated with this comparatively.

If proposal 19 is adopted as is. It will raise the price of milk to consumers in Appalachia who can least afford it, trigger logistical challenges of dairy food products, encourage more people not to consume milk because of lack of availability or their own price sensitivity in comparison to other beverages and reduce the positive trajectory we are trying to create for the entire dairy community where milk creates jobs, all kinds of economic activity, better health outcomes with increased educational attainment.

A unique part of WV is it's geography, highway network and how the majority of our population is in bordering counties of other states- think Martinsburg, Morgantown, Wheeling, Parkersburg, Huntington, Charleston and Beckley. WV is honestly like 5 different states more closely resembling the closest bordering state.

Maybe this was by design so some of the other processors connected to the cooperative networks could cherry pick larger population areas in West Virginia near interstates while neglecting to serve areas along Country Roads a song that WV fully embraces. The term Mountain Dew Mouth is synonymous with West Virginia-Appalachia because milk is not always available for our children and their dental preventative care and health. Please give consideration to broader impacts of milk differentials, processor association and market accessibility. When I last checked nearly 85% of the milk in Federal Order 33 Mideast was cooperative milk and the proposed milk differentials are squarely making independent milk in the WV-Appalachia a target that produce for independent processors that provide finished product all across Appalachia.

If we lose our processing capacity with full confidence, we will have to discontinue dairying, as our neighbors were forced to join various milk marketing agreements over the years and the additional hauling and cooperative costs put them out of business. Milk typically doesn't flow north so our milk would be forced to travel nearly 300 miles south. Please give greater consideration to the uniqueness of our state and how we can work together for the entire dairy food supply chain. The \$0.50 milk differential as proposed would not begin to cover the fuel cost alone on this distance taking our milk further south. As stated earlier, milk does not typically flow north or west and this would also be at a loss of revenue to our family business and future dairy farm families considering relocation to WV and the immediate region to take advantage of the ever-increasing processing capacity. If the producer differentials are going to be modified, please modify them in an equitable way based on this testimony today that doesn't pick winners and losers.

Thanks

Joseph P. Shockey