

Class I Price Surface testimony

Testimony Presented By:

Frank Doll

Doll Dairy, Inc.

Bond County, IL

Doll Dairy supports the National Milk Producers Federation Proposal for updating Class I Differentials throughout the United States

My name is Frank Doll. This testimony is presented in support of Proposal 19: Updating the Class I Differentials throughout the United States (US) as proposed by National Milk Producers Federation, herein referred as NMPF. My family operates Doll Dairy Inc. located in Bond County, Illinois outside of Breese, IL. We milk approximately 225 cows along with raising 125 replacement heifers. We raise hay, wheat, soybeans and corn for silage on 650 owned acres and 150 rented acres. We raise all of our replacement animals.

Doll Dairy, Inc. operates raise and sell about 200 angus/Holstein cross calves and Wagyu beef. We also sell alfalfa and straw from our farming operations. These activities help us maintain a diversified operation that provides our income from the farming operations.

Dairy farming is our family's heritage as well as its future. I am a third generation dairy farmer along in the diversified farming operation. My dad and grandfather also had similar operations with hogs, chickens and orchards as part of diversified business model. My grandfather started back in 1938 with 160 acres and milking cows. This has gradually grew over the decades to our diversified operation we have today. My father operated back in the 1960's with 100 cows and maintained that for decades. In the last decade, we have double to our present size of 225 milking cows. I operated the dairy farm since 1995 along with our diversified operation to support my family. I am hopeful in the next couple of years that my son, Blake, will take over the operations.

I serve on the Board of Directors for Prairie Farms Dairy, Inc. and I am currently President of the board. I serve on the St Louis Dairy Council board where I serve as President along with Midwest Dairy. I am a member of the Illinois Milk Promotion Board where I serve as President along with Bond County Farm Bureau and Gateway Holstein Club. Through my involvement with these organizations, I interact with many dairy farmers. A common topic of discussion the cost of moving milk to market.

I am a member of Prairie Farms Dairy, Inc., which has approximately 668 dairy farms across the states of Illinois, Indiana, Iowa, Kentucky, Michigan, Ohio, Minnesota, Missouri and Wisconsin. Prairie Farms has plants in the Southeast markets in Indiana, Kentucky, Louisiana and Mississippi. With the continued reduction in milk production in the Southeast part of the U.S., I began shipping my milk to the southeastern market on a year round basis since 2017 and continue this today. My milk hauler ships my milk to our Holland, IN or Somerset, KY plant. We continue to see the need for year round milk supply grow for our SE plants as many of my neighbors also ship their milk to those plants.

My milk price increased with shipping to the SE part of the U.S. with the increase of the price surface. As my milk travels farther south/southeast my milk price increases due to the price surface being

larger to help defray some of the milk costs associated with the additional miles. We have seen substantial costs increase on the farm in many areas the past few years and especially in the last couple of decades. I have summarized many of the items that my farm supply company sells me for utilization in my parlor along with some of their costs associated with running and maintaining my parlor. As noted in Table 1 below, our cost have gone up annually 7.7% for the various supplies and labor to operate our parlor.

Table 1 - Parlor Supplier Costs Review 2019 vs 2023				
Farm/Parlor Supplier Costs		Estimated		Annual
	2019	2023	% Change	% Change
Della Super	\$6,360.00	\$8,832.00	39%	7.77%
Acidishine	\$4,252.00	\$6,172.00	45%	9.03%
Ocean Blu (predip)	\$1,840.00	\$2,424.00	32%	6.35%
Blockade (Post dip)	\$4,852.00	\$5,892.00	21%	4.29%
liners	\$1,740.00	\$2,208.00	27%	5.38%
air tubes	\$ 272.00	\$ 368.00	35%	7.06%
5/8 silicon	\$1,057.00	\$1,414.00	34%	6.75%
7/8 silicon	\$1,100.00	\$1,302.00	18%	3.67%
9/32 pulsation	\$ 324.00	\$ 432.00	33%	6.67%
milk filter	\$ 968.00	\$1,390.00	44%	8.72%
milking glove	\$ 10.00	\$ 19.00	90%	18.00%
farm supplier labor rate	\$ 75.00	\$ 95.00	27%	5.33%
Parlor Routine Maintenance	\$4,000.00	\$6,400.00	60%	12.00%

This is one example of the costs that have increased on the farm in the last few years as everything has continued to rise to operate our dairy farm. Another example of costs increase is the general labor that I hire to operate my farm. The wages that I have paid to high school kids has gone from \$8.50/hour in 2017 to \$15.00/hour in 2023 along with other hired help has gone from \$12.00/hour to \$22.00/hour in the similar time frame.

On our dairy farms, we continue to see cost increase in many areas. The cost of shipping my milk to market to increase as my hauler continues to remain competitive to hire drivers along with the cost of buying and maintaining equipment. In the last 6 years, I have seen the cost to ship milk to market increase dramatically. Our cost to ship milk has increased approximately 32.8% in the last 6 years.

The price surface has not been updated in over 20 years so it is time to make changes so we can help offset the additional costs we are experiencing on the farm other than in the Southeast but that was 15 years ago. There have changes in the southeast with Transportation credits but for a farm like myself that supplies the market year round, we do not qualify for this credit to help offset the freight costs.

As a board President, I know our cooperative ships milk down to the St. Louis market from northern markets since my milk is going to the Southeast all the time. Much of the that milk is traveling farther than my milk does and it receives less of an incentive from the price surface. My milk from Central IL to

Somerset, KY travels almost 100 less miles than milk from the northern markets to St. Louis but my milk receives \$.65/cwt. higher value. This is one example of why the entire price surface needs to be reviewed.

I would like to express my appreciation to the Secretary of Agriculture and the Dairy Division for holding this hearing. I strongly recommend the Secretary to adopt NMPF's Proposal 19: Return to the Higher Of for calculation of the Class I Skim Mover. I further recommend that the Secretary adopt all of NMPF's Proposals for the FMMO Modernization. This will promote orderly marketing of milk and ensure a more stable price for dairy producers to better manage their business.

Sincerely,

Frank Doll
On behalf of Doll Dairy, Inc.
Bond County, Illinois