

Testimony of Everett Williams
California Federal Milk Market Order Hearing
Doc. No. AO-15-0071; AMS-DA-14-0095]
November 12 or 13, 2015
Fresno/Clovis CA

My name is J. Everett Williams. My family and I own and operate WDairy LLC. The farm's address is 1141 Broughton Rd, Madison, GA 30650. I am also President of Georgia Milk Producers, Inc., and am testifying today in this capacity, as well. Georgia Milk's address is 1641 New High Shoals Road, Suite 5, Watkinsville, Georgia 30677.

I am a graduate of the University of Georgia, with a Bachelor of Dairy Science degree in Agriculture. After graduation, I managed a dairy operation in southern Georgia, from 1975-1978. I returned to the family farm in 1978.

My father, John E. Williams started the farm in 1958. At the time of my return, the dairy consisted of 90 milk cows, 400 acres and one employee. WDairy LLC has since grown to its current size of 1,800 milk cows, 1,827 head of young stock and 3,600 acres of owned and rented land. The operation has twenty-seven full-time and two part-time employees.

My two sons, Justin and Daniel, returned to the farm following their graduation from the University of Georgia in 2005 and 2007. Justin oversees the cropping operation and Daniel oversees the livestock side of the operation.

In 2002, a new 72-stall rotary parlor and a third freestall barn were built to accommodate the increased herd size and to replace facilities that had been in use since 1958. No longer dependent on milk tanks, the dairy direct loads milk onto milk tankers and has reduced milking time from 24 hours a day to 18 hours. Fans and misters in the freestall barns contribute to cow comfort and reduce the effects of heat stress on the herd.

All forage crops are grown on the farm and fed in the form of silage. In 2014, we harvested 29,000 tons combined of corn, ryegrass and sorghum. Close attention is paid to ration analysis to aid in milk production and cow health. No-till and irrigation is used to improve crop production and manure is recycled by applying it to crop land to improve soil productivity.

The dairy also has an integrated recycling program. Sand is used and recycled for freestall bedding. Lagoon water is recycled for flushing barns and irrigating crops. Well water is used to cool the milk and then goes to the cow water troughs.

In sum, paying attention to details, researching new ideas and the willingness to try new concepts has allowed the dairy to grow and improve.

As indicated at the outset, I am the President of Georgia Milk Producers, Inc., and am here testifying in this capacity. I am a Member of the Board of Directors for Cobblestone Milk, Inc., although I am not testifying on behalf of Cobblestone. I am also a Veterinary Advisory Board Member for the University of Georgia School of Veterinary Medicine.

Georgia Milk Producers is a producer-funded organization located in Watkinsville, Georgia. Georgia's dairy producers vote, by referendum, every three years to maintain Georgia Milk's operation. Producers pay a 1-cent per hundredweight assessment to enable Georgia Milk to operate communication, promotion and education programs.

Georgia Milk's main objective is to educate dairy producers, the public and governing officials on all issues affecting Georgia's dairy industry. These include legislation, environmental regulations, animal health and milk pricing. In the last category, milk pricing, Georgia Milk works to be directly involved in Federal Orders processes that affect Georgia producers.

Georgia Milk has a 16-member Board of Directors representing the 10 Georgia Milk and American Dairy Association districts in Georgia. All directors are dairy producers who ship to either the Dairy Farmers of America, Maryland-Virginia Milk Producers, Lonestar Milk Producers or Southeast Milk, Inc. Cooperatives. Each director is elected to serve on the Board of Directors by dairy producers during Georgia Milk's fall district meetings. The Board meetings are open to all Georgia producers.

Georgia Milk is a strong and vibrant organization because Georgia itself is one of the major milk producing states in the deep south. Georgia produces about 1.7 billion pounds of milk annually, and ranks 24th in milk production, nationally. Dairy is in the top 10 of Georgia's agricultural commodities, annually contributing \$1.2 billion to the state's economy.

Along with favorable temperatures and growing seasons, the state provides a supportive educational and regulatory environment for agriculture and dairy farming. Demand for milk has increased with the growing population of the state and region. Georgia is home to three major milk processing facilities, which assure a stable in-state supply of packaged milk for consumers. In addition, Georgia is an important supplier of the large and substantially milk deficit Florida marketplace, with almost half of Georgia's raw milk production exported and utilized there.

Despite these advantageous marketing conditions, as with dairy farming across this country, maintaining a profitable dairy farm and working to promote the health and growth of my state's industry, is a constant uphill struggle. While we have relatively high classified minimum prices in the southeast, it yet remains a challenge to be assured of adequate producer pay prices and cash flows because a significant amount of the higher prices is used to bring in deficit milk and to balance the market.

Earlier in the hearing, Calvin Covington presented testimony identifying that milk production in the southeast declined from 13.5 to 9.5 billion pounds between 1995 and

2014. At the same time, according to Mr. Covington, fluid consumption in the southeast was 12.2 billion pounds in 2014. Milk production for our region is thus in deficit of 2.7 billion pounds, which is almost 30% of fluid demand.

Our market, in other words, is in severe distress to provide the required raw milk supply for the region’s Class I fluid demand. According to Mr. Covington, “lower producer prices and less milk make this challenge more difficult.” I certainly echo his opinion, as both a dairy farmer and as President of our state-wide producer organization committed to maintaining and growing our local milk supply.

As is also common for dairy farmers across the country, I strongly believe that farmers should support each other in any effort to improve their market circumstance. From this vantage point, I recognize that California dairy farmers have petitioned for this hearing in Order to improve the operation of their regulated marketplace. From what I understand, the California producers are seeking establishment of a federal Order because the California state regulation does not fairly allocate market value between processors and producers.

Let me emphasize, therefore, that I support in principle the California producers’ effort to adopt a federal Order to improve their market circumstance. At the same time, however, I also believe the Department has a responsibility to ensure that regulation devised to promote Orderly marketing in one marketing area should not cause detriment to producers in another marketing area. Based on the information we have received from the Department, I am concerned about the possibility of such detriment being the outcome of this hearing for my market in the southeast.

Mr. Covington’s prior testimony further cites the Department’s analysis indicating the potential negative impact that all of the hearing proposals would have on producer payments in the southeast. While this information was already received as part of his testimony, I would like to present it again to emphasize its significance from my perspective as a dairy farmer and as President of Georgia Milk Producers.

Appalachian - Changes in Blend Prices at Test (2017-2024)

<u>Proposal</u>	<u>Average (\$/cwt.)</u>	<u>Minimum (\$/cwt.)</u>	<u>Maximum (\$/cwt.)</u>
Cooperative	-\$0.13	-\$0.15	-\$0.09
CPHA	-\$0.13	-\$0.15	-\$0.09
Ponderosa	-\$0.13	-\$0.15	-\$0.09
Dairy Institute	-\$0.04	-\$0.27	\$0.23

Florida - Changes in Blend Prices at Test (2017-2024)

<u>Proposal</u>	<u>Average (\$/cwt.)</u>	<u>Minimum (\$/cwt.)</u>	<u>Maximum (\$/cwt.)</u>
Cooperative	-\$0.22	-\$0.31	-\$0.10
CPHA	-\$0.22	-\$0.30	-\$0.10
Ponderosa	-\$0.21	-\$0.29	-\$0.10
Dairy Institute	-\$0.01	-\$0.44	\$0.41

Southeast - Changes in Blend Prices at Test (2017-2024)

<u>Proposal</u>	<u>Average (\$/cwt.)</u>	<u>Minimum (\$/cwt.)</u>	<u>Maximum (\$/cwt.)</u>
Cooperative	-\$0.26	-\$0.34	-\$0.13
CPHA	-\$0.25	-\$0.34	-\$0.13
Ponderosa	-\$0.25	-\$0.32	-\$0.13
Dairy Institute	-\$0.24	-\$0.75	\$0.33

In Georgia, the average farm has about 375 cows and produces about 7.5 mil pounds of milk annually, or about 75,000 cwt, annually. According to the Department’s calculations, the average Georgia farm, pooled on the southeast Order, would thus lose, on average, about \$19,500 per year. For year 2024, (which is the “Minimum” in Mr. Covington’s calculation), the projected loss is \$25,500.

On my farm, which is quite a bit larger, the average annual loss would be \$123,000, and the loss projected for 2024 would be \$161,000.

Overall, for the state’s aggregate milk production of 1.7 billion pounds, or 17 million cwt, the average loss would be just over \$4.4 million, and the loss projected for 2015 would be \$5.8 million.

The other potential negative impact of the different proposals is a decline in our region’s milk production. According to Mr. Covington’s further review of the Department’s analysis, milk production would decline or at best remain flat under all of the different proposals. This is understandable, given the projected reduction in producer prices.

As described above, Mr. Covington has indicated that “lower producer prices and less milk” make more difficult our challenge of providing an adequate supply of fluid milk for our region. From the calculations provided above, it is quite apparent to the producers in Georgia Milk Producers that all the proposals being considered in this hearing would likely cause even greater stress for our region, if adopted in their current form.

On behalf of Georgia Milk, I respectfully request that the Department give careful consideration to this potential negative impact from the establishment of a California Order on the southeast, as reflected in the Department’s own analysis. If further analysis confirms the likelihood of such negative impact from the proposals under consideration, adjustment must be made to ensure that establishment of a California Order will not harm our region, or other regions of the country.

Finally, I express my support for the recommendation provided by Mr. Richard Sparrow regarding follow up regulatory process. As Mr. Sparrow proposes, at the least, if the Department is to establish an Order of questionable impact on other regions, it must ensure that a follow up regulatory process is in place that will allow for far more timely adjustments to be made than is currently possible under existing Order amendment procedures.