

Testimony of Eric Ooms, Partner; Adrian Ooms & Sons, Inc. Chatham, NY

Presented to the House Committee on Agriculture

“The Future of U.S. Farm Policy: Formulation of the 2012 Farm Bill”

North Country Community College at Saranac Lake, NY

Friday, March 9, 2012

Good morning. I would like to start by thanking Chairman Lucas, Congressman Peterson, Congressman Gibson and Congressman Owens for the opportunity to testify here today.

My name is Eric Ooms. My father, two brothers and I are partners in a 450-cow dairy farm in Kinderhook, NY. We raise approximately 1800 acres of corn, alfalfa and various grasses for our own herd as well as for cash crops. In 2011, we erected a grain dryer and storage to further diversify our business. My wife Catherine Joy and I have two children, Arend who is 4 and Grace who is 2. It is my goal as a farmer and a father that my kids have the same opportunities to work on the farm with their dad, like I did with mine.

In my role as Vice-President of New York Farm Bureau, I would like to thank the Committee for holding one of its Farm Bill Field Hearings here in the Empire State where the economic impact of agriculture is well over \$4 Billion to our state’s economy. New York can boast about its diversity in food products as well as its national rankings for certain commodities. We are the second largest apple producer, third largest grape producer, fourth largest dairy producer and sixth largest vegetable producing state.

In addition, New York has become the new hot destination for yogurt processing with our local milk supply and proximity to major east coast populations. You are probably familiar with the recent success stories of Greek yogurt manufacturers Chobani and Fage, but New York has also recently welcomed the international corporations of Alpina and Mueller to our Genesee Valley Agri-Business Park in Batavia. Our own Upstate Niagara Milk Cooperative is also revitalizing the former Kraft plant in St. Lawrence County for Greek yogurt production. All this yogurt activity brings opportunity for more sourcing of local milk which New York farmers hope to meet.

I have been asked to talk about dairy policy as it pertains to the Farm Bill and I am happy to do so. Dairy farming has been a veritable roller coaster for my family and everyone else in the dairy industry for quite some time. Dairy prices in 2009 caused indescribable pain and suffering in the dairy industry, I think you all know this. While the past two years brought considerably

better dairy prices paid to farmers, high inputs have tempered the average dairy farmers' optimism. This year's forecast shows softening milk and cheese prices paid to farmers, but our inputs are not going down. In fact, the price of fuel is rising...this is very concerning.

As we look forward, it is imperative to remember that we are in a new paradigm of higher feed prices. So as policy makers and farmers, we need to keep this in mind as we build our farm business plans as well as formulate policy. It is also important to remember that while 2009 was a horrible experience for all of us, we cannot set policy for the next five (or fifty) years based solely on one year, but rather look at long term trends.

It is vitally important as we go through this Farm Bill process that Congress not make things worse through their action or inaction. While there are some programs and structural pricing aspects that need to be changed, some programs are working for dairy farmers (even if they are imperfect):

- The Federal Order System has been working and to dramatically change or eliminate the Federal Order System would result in pricing and market chaos that is NOT needed. I would further add, that component pricing in the Federal Orders has worked as well.
- In regards to the federal pricing formula, the current Class 1 price differentials are working. As a New Yorker, I would always like to see them a little higher and would welcome decoupling of Class 1 from manufacturing milk for price determination. I do realize that this is not politically realistic and would recommend Congress not adjust them significantly.
- The continued inclusion and importance of dairy products in the School Meals Program. There is no better source of calcium, potassium, protein and vitamins A, D and B-12. This is a win for kids and farmers.
- The Environmental Quality Incentives Program (EQIP) has proven itself to be a valuable and effective program that has helped every dairy farmer in one form or another meet their environmental regulatory obligations. These EQIP dollars are a smart and cost-efficient investment of taxpayer money for agriculture and the environment. EQIP funding should be maintained at adequate levels in the next Farm Bill.
- The vision of the Capper-Volstead Act may have not worked out 100% perfect, but overall my Cooperative has played a key role in helping my farm market my product as well as working with my neighbors in filling niche markets while balancing those farms production. We need to protect this relationship.
- Credit is vital to any dairy farm. Over 65% of ag credit in the Northeast is provided by the Farm Credit system. The Cooperative structure of the Farm Credit system is in

the long-term best interest of agriculture across the country. I urge no new regulatory burdens on Farm Credit.

Those are some of the policies and programs that work reasonably well. Here are some items that could be re-worked:

- Milk Income Loss Contract Program (MILC). In a perfect world with perfectly balanced budgets, we should work to improve MILC as a safety net for producers, but we are faced with real-world fiscal issues where money does not grow on trees. If we eliminate MILC, what are we putting in its place? Margin insurance programs have promise, and the Livestock Gross Margin insurance program (LGM) is very effective although it has the critical flaw of being highly inaccessible due to severe underfunding. Many producers would like to take advantage of LGM only to find themselves shut out of the program. If MILC is eliminated, there must be something workable and equitable to replace it.
- Price Discovery remains a concern. Theoretically, using the Chicago Mercantile Exchange and National Ag Statistics Survey should work; however with so little trading on the CME, producers are skeptical, rightly or wrongly there is a real lack of faith. A competitive pay price modeled after the former Minnesota-Wisconsin pricing formula could be a way to go here. USDA's recent rule on auditing and electronic price reporting is a step in the right direction. I appreciate the Committee's work in bringing this reform to reality and we will see in the next few months or years what tweaking is needed.
- Dairy Price Support Program (DPSP). DPSP seems to have outlived its usefulness and it seems as though there is national industry consensus to eliminate it. The savings could be used to bolster whatever safety net replacement program vehicle the Farm Bill puts in place.
- Import assessment for dairy promotion. We certainly appreciate the inclusion of a \$.075 per cwt assessment on imported dairy products in the most recent Farm Bill. I would just remind the Committee that domestic producers are still paying \$.15 per cwt for the same promotion.

There are also some initiatives that we are not doing that we should be doing:

- California Standards for Fluid Milk. Since the 1960's California has been fortifying milk with higher solids non fat. With study after study showing that kids are not getting enough calcium, this is a common sense idea that we should have been doing for years.

- Farm Savings Accounts. This tax strategy tool helps farmers manage risk voluntarily by shifting income during profitable years via tax-deferred deposits into a savings account for withdrawal during less profitable years.

To comment on the Dairy Security Act, a proposed bill to reform existing pricing and safety net policies which should be a major focus of Farm Bill discussions. Farm Bureau supports the Dairy Security Act because the supply management component of this proposal is voluntary. If an individual producer chooses to limit production and the Federal Government wants to incentivize this, that is the producer's decision and we support that. Earlier, I mentioned the rapid growth of the yogurt sector here in New York and the opportunity it brings for more sourcing of local milk. A voluntary supply management plan gives producers the freedom to make the best decision for their farm operation – whether that is to enroll in the voluntary supply management/margin insurance program or increase production to meet new market demand from yogurt processing.

Before I close, I would not be doing my job if I did not at least mention the need for labor in agriculture (not just dairy). One of the most serious issues facing farmers today is the US Department of Labor's (DOL) proposed youth agricultural labor regulations. Despite a re-proposal of the parental exemption, farmers have no indication that our concerns will be addressed. Also, the hazardous occupations orders are set to be finalized in August and the original proposal places serious restrictions on the activities youth can do on the farm – things that are safe and part of the learning process on farms. How these will be finalized is a major concern. It is important that the Committee remain vigilant on both these issues to protect our family farms.

Similarly, if there is to be an E-Verify bill, there needs to be an agricultural guest-worker component. Overall, we need immigration reform and H-2a reform. While this is not in the jurisdiction of the Ag Committee or the Farm Bill, I urge each of you as members of Congress to remember that we have a choice in America to import labor or import food. I applaud those members of the Committee like Congressmen Gibson and Owens who are working toward that end and would urge all of you to help us in this endeavor.

I know the road to a new Farm Bill is long and time is short. NYFB stands ready to help you and Committee staff craft a thoughtful and workable Farm Bill to serve our family farms. Thank you again for giving me the opportunity to comment here today. I would be happy to answer any questions you have at this time.

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Eric Ooms is a partner with his father and two brothers on a 450 cow dairy farm in the Towns of Chatham and Kinderhook in Columbia County, New York. The Ooms family has been milking cows in Columbia County since 1950, when Eric's grandfather immigrated from the Netherlands. In addition, they grow 1800 acres of crops for their own use as well as cash crops.

Eric is the Vice-President of New York Farm Bureau and has served that organization in numerous capacities for the past 16 years. He serves on the AgriMark's Legislation and Education Committee and on the New York Farm Viability Institute Board. Locally, he is involved in the Town of Chatham land use and agriculture committees; Hudson Valley Agribusiness Development Corporation and serves as a head usher at Loudonville Community Church. Eric and his wife Catherine Joy have two children, Arend (4) & Grace (2).

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2009.

Name: Eric Ooms

Organization you represent (if any): A. OOMS + SONS

- Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2009, as well as the source and the amount of each grant or contract. House Rules do NOT require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:**

Source: _____ Amount: _____

Source: _____ Amount: _____

- If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2009, as well as the source and the amount of each grant or contract:**

Source: _____ Amount: _____

Source: _____ Amount: _____

Please check here if this form is NOT applicable to you: _____

Signature: Eric L. Ooms

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