

**BEFORE THE UNITED STATES DEPARTMENT  
OF AGRICULTURE  
AGRICULTURAL MARKETING SERVICE**

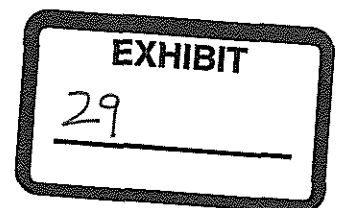
**In the Matter of Milk in the Appalachian, Florida and Southeast  
Marketing Areas**

**Docket Numbers – AO-388-A22; AO-356-A43; AO-366-A51; DA-07-03**

**Testimony of Mickey Childers**

**On behalf of  
Dairy Farmers of America, Inc.**

**May 22, 2007  
Tampa, Florida**



**My name is Mickey Childers. My wife and I live at 277 Blue Springs Road, Somerville, Alabama 35670. Judy and I operate Burden-Childers Farms a 700 milking cow dairy in partnership with her father, Ganes Burden and our two sons Jim and John Childers. Our farm spans four generations and began milking cows in 1945. It goes without saying we have witnessed numerous changes in the dairy industry. From the days of milking in a flat barn into pails, pouring the milk into ten gallon cans, cooling in spring water, hauling the ten gallon cans twenty miles to meet the Carnation truck to be shipped off to be processed. Today we milk fifty thousand pounds of milk onto a trailer, and it will be processed tomorrow. Times have changed.**

**I am a member owner of Dairy Farmers of America, Incorporated (DFA) and market all of my milk through the cooperative. I am a director representing local dairy farmers on the DFA Southeast Area Council board of directors and on the Corporate board of directors. Our cooperative Board actively discusses marketing issues at every Board meeting and my testimony reflects not only my own opinion but also those of the producers I represent. Our Board has discussed the proposals being presented here today and endorses the position of DCMA.**

**I have attended and testified at Federal Order hearings in the past and appreciate the opportunity to be here today to represent the views of more than 2,900 producers in the Southeast – the largest single block of producers in the region. I do not claim to have all of the technical expertise of Mr. Sims and some of the other witnesses but I do have some understanding of how Orders work and how they are supposed to benefit producers, processors and consumers.**

**I understand that the Federal Order system does not guarantee my neighbors or me a profit or even a market. But it should determine and enforce the provisions to market milk in the most economical and equitable way. This should mean that consumers get a good product at the most reasonable price possible, processors get adequate supplies at prices and terms that are transparent and reflective of the market conditions so they can focus their businesses on production and delivery of products and dairy farmers share in the market returns equally and that those**

returns reflect a competitive cost to supply milk to consumers and are shared among all farmers.

In the Southeast production conditions are stressful to cows, making milk production a difficult enterprise. This fact is pretty clear when you consider that there have been few large-scale western-style dairies "planted" in the Southeast. There are several in the Lake States and many in Western Kansas and New Mexico and West Texas. There, conditions just are more conducive to these types of operations. Because of my interaction with the DFA boards and our attempts thru DCMA to source supplemental milk supplies I am aware of more than one such operation that has considered a Southeast farm site and simply chosen to locate somewhere else where the profit margins were more predictable and the dairy conditions better. We have excellent markets, a growing population and a good product to sell in the Southeast – but a difficult time making margins high enough to maintain production to meet the needs of the area. My farm generates more production per cow than ever before. But the Southeast dairy industry will be hard pressed to achieve the continuous high levels of output per cow that are in other regions of the country simply due to the climate conditions in the Southeast.

Because our local milk production continues to shrink, the Southeast brings milk into the market nearly everyday of the year. This is an expensive process. I review and discuss these costs monthly at our Board meetings. Because of the difficult production conditions in the Southeast our seasonality is more severe than many other areas and this affects our costs to supply the market. Rising fuel costs have a big impact on our balancing costs because we import milk from long distances – every day. Our plant customers, many of them are sitting in the hearing room today, also deal with efficiencies. There are fewer milk plants now than when I started dairying and most of them are much larger. When they break down, or face a holiday, or reduce their volume because of a change in the school schedule the pounds of milk they don't need becomes a lot of milk to take care of.

My CO-OP has taken steps to improve our situation. We have made better strides in controlling our marketing costs. We coordinate dispatching activities from New

Mexico to Indiana to Miami to Pennsylvania every day. We attempt to bring the most economical supplies first and the most costly last. Where we make commitments for milk volumes we attempt to balance them in the home market not here in the Southeast. Bare in mind it is not easy to get commitments for 200 loads of milk in a day. You must be a steady buyer and commit for the whole year to secure that much. There are days when we need the whole 200 loads and days when we need much less. If we get an order we assume our customer wants the load and we certainly want to sell it. The members of DCMA work together to move our own local milk supplies as efficiently as possible also. My farm produces approximately one load of milk a day. My milk may be sent to Winter Haven, Florida, Dothan, Alabama, or Birmingham, Alabama on any given day depending where the milk is needed.

We work together to reduce marketing costs but we are not the whole market and I know that while everyone gets to share the order benefits equitably, after all the blend price is announced for everyone, not everyone shares in the marketing costs.

This is one of the reasons why we are here today – to ask the Secretary to look at the Southeast Orders and the costs of serving them and determine if the proposals we have made are a fair way to address the costs and serve the market.

I'm not an expert in Order language but I do understand the basics of what we are doing. The provisions that deal with "touch base" will help us in saving delivery costs. I know it is hard to estimate how much because in spite of the number of times I've asked Mr. Sims or Ms. Mosley how much they can't figure it out – but intuitively we know there is a benefit. For those that claim it will expose the market to more milk than it needs we can tell them the diversion limits will help control that. The data from the Market Administrator shows that less milk can be attached to the pool than before and blend prices will be increased. Also both of these factors are adjustable by the Market Administrator and we have great faith in her ability to keep things under control.

The changes in the transportation credits will also help us to offset marketing costs by being better able to recover haul costs. Both the higher rates of assessment and the payback on full loads will cover more of the costs – but not all. And, as a local producer I don't want it to cover them all.

Finally the changes in the differentials will help put more dollars in dairy farmers pockets. The "look" at differentials is long overdue. I realize changes like this are hard to make but they should have been made sooner. Price changes are never 100% accepted – ask any of the dairy farmers in the room today about costs of feed and you will quickly get an education. But our marketing and sales personnel have studied them, discussed them with the Market Administrator personnel and we are satisfied they are a good package. They are higher the deeper one travels into the Southeast – matching the areas that are more costly to supply. We trust that AMS personnel listening to the testimony here today can make sure the right price changes take place in the right cities.

The combinations included in this package do not please everyone – including some who may be speaking here this week. It is not perfect in the eyes of all my dairy farmer neighbors either. It does not address all of our key needs – but it does improve many of the day-to-day marketing situations our organizations face.

We have to make compromises to move forward. If every complaint stopped the process we'd never get any changes. I know from my associations in the industry that some dairymen think some of these proposals go too far while others of them think not far enough – but I have not seen a comprehensive set of proposals offered by anyone else that does as much good as these. If those here, who are negative, have a complete set of proposals to offer they would have been considered. But I did not see one and this is the one we have before us today to deal with.

My neighbors and the producers I represent think these proposals are a step in the right direction. Changes in the Southeast have been slow in coming. Most of us would like to see this package of proposals happen as soon as possible. So we support moving the hearing along quickly.

**Thanks for a chance to give you my views. I'll take any questions you may have and pass the hard ones on to Mr. Sims.**

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