

FEDERAL HEARING TESTIMONY
MARK GIBBONS

I'd like to express my appreciation for the opportunity to testify at this hearing. I am a Utah Dairy Producer and also President of the Utah Dairymen's Association. We have been dairymen in our family for four generations. It is a good life made much more difficult by recent changes in dairy pricing policy in our area.

As I watch with regret, the steady exit of dairymen from the industry, I ask the question, why. The U. S. General Accounting Office – a research arm of Congress, looked in depth at milk pricing and distribution in 15 cities including Salt Lake City, to seek an answer. What they found was retail markup nearly doubled from 1998 to 2000. Markup by processors increased 17 cents a gallon in that same period, while the price farmers received was four cents less. This inequality, coupled with Federal Milk Market Order changes that occurred in 2000, has been devastating to dairy producers.

Our lobbying efforts seemed to be in vain during the Order Reform process. We were saddled with the burden of sharing a blend of Class I sales with an incredible amount of Class III milk, which has no intention of performing on the Class I market. Changing the diversion limit from 90-10 to 70-30 will go a long way in correcting the unfair practice of pooling Class III milk on the Class I market.

As a result of Order Reform, processors are guaranteed a "make allowance", thereby assuring a profit for running their business. Dairy farmers are not guaranteed a "make allowance" or anything else that insures us the ability to survive and contribute to our towns and cities economy. The days of the "dumb farmer" are gone. Most producers are good businessmen. We have to be. But we need help.

These changes, I believe, will allow us, as dairymen in the State of Utah, the ability to continue to work at the occupation we love. Hopefully our families can, for many more generations to come.

Thank you!