

Testimony of
Paul Doton

September 19, 2009

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Before the U.S. Senate Committee on the Judiciary
St. Albans, Vermont
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My name is Paul Doton. I run a small dairy operation in Barnard, Vermont, where I milk 60 Holsteins with my wife Sherry and son Bryan. I have been working on the farm since birth, I guess you could say, almost 60 years. Our son Bryan is 23 years old and fully involved in the farm with us. We own 200 acres of land and rent or use another 200 acres in our local area for growing hay and corn. We produce about 1.1 million pounds of milk or about 128,000 gallons of fresh milk each year that we market through the Agri-Mark dairy cooperative.

I have been in dairy farming my whole life and this is the worst I have ever seen on the farm as far as high production costs, but devastatingly low milk prices. Right now, as I speak, my operation is losing \$75 per cow per month. How are we making ends meet?

Fortunately, I have a maple syrup business, sell vegetables, do custom mowing and snow plowing to name a few. Without this income, I would already be out of business. Doton Farm, much like many other Vermont farms, cannot hang on much longer. How long can we go on losing \$4,500 per month? My answer is -- not long at all.

Dairy farming is a business, and when I spend money, economists say it circulates several times throughout the local economy. They estimate that for each cow I milk means \$13,000 in annual economic activity in the local economy each year. If that holds true, my farm contributes almost \$800,000 to my town in taxes and other benefits in addition to open space and wildlife habitat. I spend money locally, but only when we have money to spend. My veterinarian service is local, as is my farm equipment dealer. My repair work for farm trucks and tractors is also performed locally if we cannot fix it ourselves. Our farm is now starting to show the wear and tear from several months of prices below our costs of production.

Our vet, for example, now does not visit our farm as often because we cannot afford to pay them. She used to come every month on a regular schedule, but that is now stretched to a 1 and a half to 2 months

We are also trying to repair all of the farm equipment or milking equipment ourselves, even more so than in the past. Everything must be fixed if it is broken, as new equipment is certainly out of the question. We are struggling to make ends meet, even though we are diversified and have more than one source of income.

But when my business suffers, so does the businesses of many of my neighbors, like the veterinarians and local mechanics who help support my farm operation. Their businesses are also being stressed by this downturn in our economy and milk prices.

I strongly feel that the end result of this hearing is that we must find a way for dairy farmers to recover their costs of production plus profit - period! Every other group in the marketing chain can recover their costs if input costs rise except the dairy farmer. That situation is unfair and cannot continue! What other "business" in the U.S. is in that position where they cannot raise their prices to recover their costs? Even our non-farming friends cannot believe that we are working 365 days a year but cannot make ends meet.

Am I worried about my future and Sherry's future? I certainly am. But I worry even more about the future of dairy farming for my son Bryan. He is 23, and how can he survive if milk prices do not even come close to covering the cost of production? How can he raise a family, send his children to school, invest in the farm and keep it going for the next generation? The next generation will certainly not milk cows and work the land if there is not a way to make a profit on their investments.

I serve as a Board member of Yankee Farm Credit which is part of the Farm Credit System, and earlier this week was at a meeting in North Carolina where I had a chance to talk to farmers and Farm Credit officers from around the country. I can tell you that dairy farmers all over the country are struggling and are going out of business at an alarming rate. And that is also happening here in our region as well.

I am also a member of the Vermont Milk Commission and have heard testimony from all aspects of the dairy industry, from farmers to processors to retailers. There is no quick or easy solution for the Commission or the state to take but we all must work together to address this problem.

I also serve as a director of the Agri-Mark dairy cooperative, which markets milk for farmers not only here in Vermont, but also throughout New England and eastern New York. During the past three months alone, our co-op had just over 50 dairy farms go out of business, with many of those from Vermont. I know that trend will continue if something is not done to increase farm milk prices.

Thank you for this opportunity to testify, and I will be glad to answer any questions you may have.