

Testimony of  
**Travis Forgues**

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Forgues Family Farm  
Alburg Springs, Vermont

Chairman Leahy, Senator Sanders, Members of the Committee, thank you for inviting me to appear before you to discuss the important issue of the sustainability of the dairy industry in New England.

With my family, I own a small organic dairy farm with 70 cows and 240 acres, in nearby Alburg Springs. My family has been on this same farm for 35 years. I ship my certified organic milk with CROPP Cooperative/Organic Valley Family of Farms. I also serve on the Board of CROPP Cooperative, a national organic dairy farmers with approximately 1300 members in 28 states. My testimony today represents our family's experience on the farm in Vermont.

I grew up on my parent's conventional farm in Alburg Springs, Vermont, just across the road from Lake Champlain near the Canadian border. I loved life on the farm with my parents, Henry and Sally, and two younger sisters, but I was always aware of the stress my parents felt trying to make ends meet. It was always a struggle. Believing there was no future in farming, my two college-educated parents encouraged me to go to college and carve out a career away from the farm. As my wife Amy and I began to think about raising our family, I realized I wanted to give my children the same rich rural upbringing that my parents had given me. When I approached Dad about making a go of farming, however, he agreed to my return to the land, but insisted I had to make it work. We bought the house next door to the farm and started co-farming with my folks. Since my dad had been downsizing our farm to keep afloat, he hadn't chemically treated his fields. He'd always resisted the use of drugs, genetic engineering and other conventional technologies used to get cows to produce more milk. He'd also already switched to grass pasturing to cut the high costs of feed. By the time we began thinking about switching to organic, which commanded a higher price, we realized we were already well on our way.

Where once the Forgues Family Farm could barely eke out an existence for one family, that same farm --- 240 acres with 70 milking cows --- today is able to support two families. It's all because we converted to organic farming. In these difficult economic times, we hope that we'll be able to sustain my family and pass down the farm to my children when the time comes one day.

You have asked me to comment on the sustainability of the Northeast Dairy Industry. It is not sustainable. The conventional system that has developed over the last fifty or so years has done so on the backs of the farmers. And while farmers are strong, and can endure much, they are not invincible. The ongoing instability of the market, with ups lasting shorter and downs lasting much longer and harder, relies on dairy farmers to bear most of the risk of oversupply, weak

markets, falling exports and unregulated imports. The processors are able to take advantage of oversupply by making larger profits with lower pay prices to farmers, or raising the price at the shelf. The government, encumbered by regulatory structures and fiscal realities is forced to make small short term efforts that do not change the realities year after year. Without meaningful reform, the instability will continue until the farmers break. That moment is approaching, whether it is five years from now, or twenty, it will come.

As a certified organic farmer, I am fortunate to have been able to avoid many of the troubles of the conventional dairy industry. For the last ten years, I have received a stable pay price, steadily increasing to the price I continue to receive today, approximately \$27/cwt at mailbox. I believe I have been able to enjoy this stability because of three main central principles that I participate in, both on my farm, and through my cooperative: setting our pay price, supply management, and marketing.

### Setting Our Pay Price.

As a farmer in a cooperative, I have been able to set my pay price for my milk that is a fair price, and sustainable for my family. We have agreed, as a cooperative, to set our price and demand that price, or we will not sell our milk organically. Many other organic farmers, whether members of our cooperative or not, have seen this model, and followed it. We are able to do this because we have the alternative market for conventional milk. If we cannot find a market for our organic milk at our price, we sell it conventionally. We do not bid it out and hope for a high price - its our price, or none.

Many will say this does not translate to the conventional market because there is no alternative market. I think that there is a way to set up a two-tier pricing method for conventional farmers. If the farmers are able to receive a set price, of for example \$15/cwt for a certain amount of their milk, even if it is just 30-40% of their milk they will be in a much more stable position than they currently are. A set price can either be regulated by the government, or the farmers can contract milk for a set price, if the processors would be part of that contracting. My cooperative has approximately 35-40% of its milk contracted at the price the cooperative sets. This assures some stability in the face of a market that has not yet recovered.

But the only way for this type of system to be effective for farmers is if there is support from the government and the rest of the dairy industry. Whether through incentives or forced through regulation, the farmers must have some assurance that at least for part of their milk they will receive a stable pay price that they can count on year after year.

### Supply Management.

Currently, the dairy industry works outside the bounds of any normal supply/demand doctrine. The dairy industry- processors and marketers - do not provide any information to farmers about the forecasted supply needs. Farmers, as a result, produce as much as they can, because more production helps them pay their bills. This leads to chronic oversupply, depressing prices, and farmers in too much debt to survive.

Without meaningful supply management, this cycle will only continue. Voluntary programs, like CWT, are not enough to be meaningful. I understand that farmers who sell their herds are simply

buying back into herds when the price comes back. This program also results in oversupply in the beef industry, hurting those farmers. Meaningful supply management requires the marketers to make good assessments about their needs, and communicating those needs to the farmers. Farmers who continue to produce and expand above those needs should not receive the same price for that milk.

In our cooperative, in response to the slowing market, we have instituted a mandatory supply management system. It has not been easy, but our membership has collectively divided to reduce milk production by 7%. We are seeing our supply slow, and our utilization increase. This helps us protect our pay price.

Again, we are a small microcosm. But we are also a model of how farmers can begin to take back control of their piece of the supply/demand puzzle, rather than just being at the mercy of the market.

### Marketing.

Dairy farmers today are completely separated from their market, the ultimate consumers. Over a decade of marketing under the "Got Milk" campaign has resulted in a consumer who drinks milk because a celebrity tells them to. There is no connection to the farm, or the farmer who helps produce the milk. By taking this away, there is no way to educate the consumer about what a sustainable price is at the shelf for milk.

At least 30% of the farmers in our cooperative participate in the marketing of our milk. Whether through retail stores, trade shows, or farm tours, our farmers are making a connection with the consumer. In turn, our consumers understand that the milk they are buying is helping to keep a farmer on the farm, and maintain the rural community in the United States.

This is where farmers need to do some more work. They have become a cog in the wheel of commerce rather than being a leading force in educating the United States about where food comes from, and the benefits of healthy, wholesome nutrition. As a result, most Americans have no concept of where their food comes from, and make decisions based on the cheapest price and fanciest box. As recently as this week the USDA has launched a program called "Know Your Farmer, Know Your Food" to begin a national conversation to help develop local and regional food systems and spur economic opportunity. Secretary Vilsack stated "An American people that is more engaged with their food supply will create new income opportunities for American agriculture. "Reconnecting consumers and institutions with local producers will stimulate economies in rural communities, improve access to healthy, nutritious food for our families, and decrease the amount of resources to transport our food." This is the kind of program that can assist in creating the relationship between the farmer and the consumer which will result in consumers appreciating the value of the farmer in the food chain system.

### Conclusion

These difficulties in the Northeast and across the country can be avoided by creating the atmosphere for a cultural shift in the dairy industry. Short term cures like "more exports" or expanded purchases by government programs do not address fundamental structural problems in the dairy industry. A traditional dairy farm of thirty cows was historically naturally restricted

from growth by barn size and land base. They are run by independent minded farmers interested in working on the land. These small family farms formed the basis of a vibrant and healthy rural community and diverse food supply. Common sense says it is good to have tens of thousands of family farms providing diversity of farm operations and production, training tomorrow's farmers and supporting rural communities. We must find a way to support these individual farmers in the midst of a global economy. By strengthening each one of these small parts, we strengthen and protect the whole. But support is not only monetary, it is recognizing that these farmers are not just cogs, but are critical, co-equal parts of the whole.