



Testimony of Larry Burgin
Delhi, New York
Before the House Committee on Small Business
Subcommittee on Agriculture, Energy and Trade
November 19, 2015

Chairman Curbelo, Ranking Member Meng and Members of the subcommittee, my name is Larry Burgin and I am honored to be here today talking about this important issue.

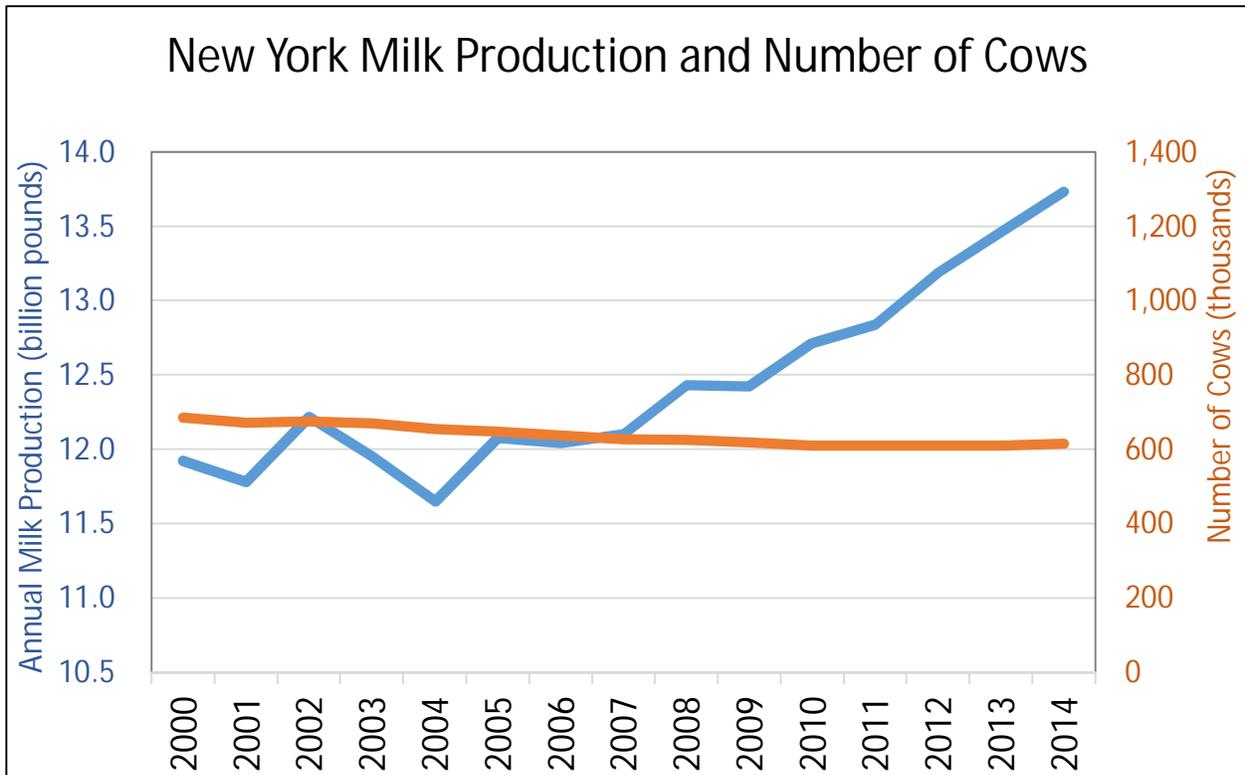
Along with my two oldest sons, I milk 150 cows in Delhi, New York. We also grow corn for silage, oats, hay and other crops on our 300 acres. We are proud to call this land, which has been in my family since 1908, home. I joined my father as a partner on the dairy operation in 1980, but have been involved in the operation since I was a child.

I market my milk through Dairy Farmers of America, a national milk marketing cooperative. DFA is a proud member of the National Council of Farmer Cooperatives, who I am representing here today.

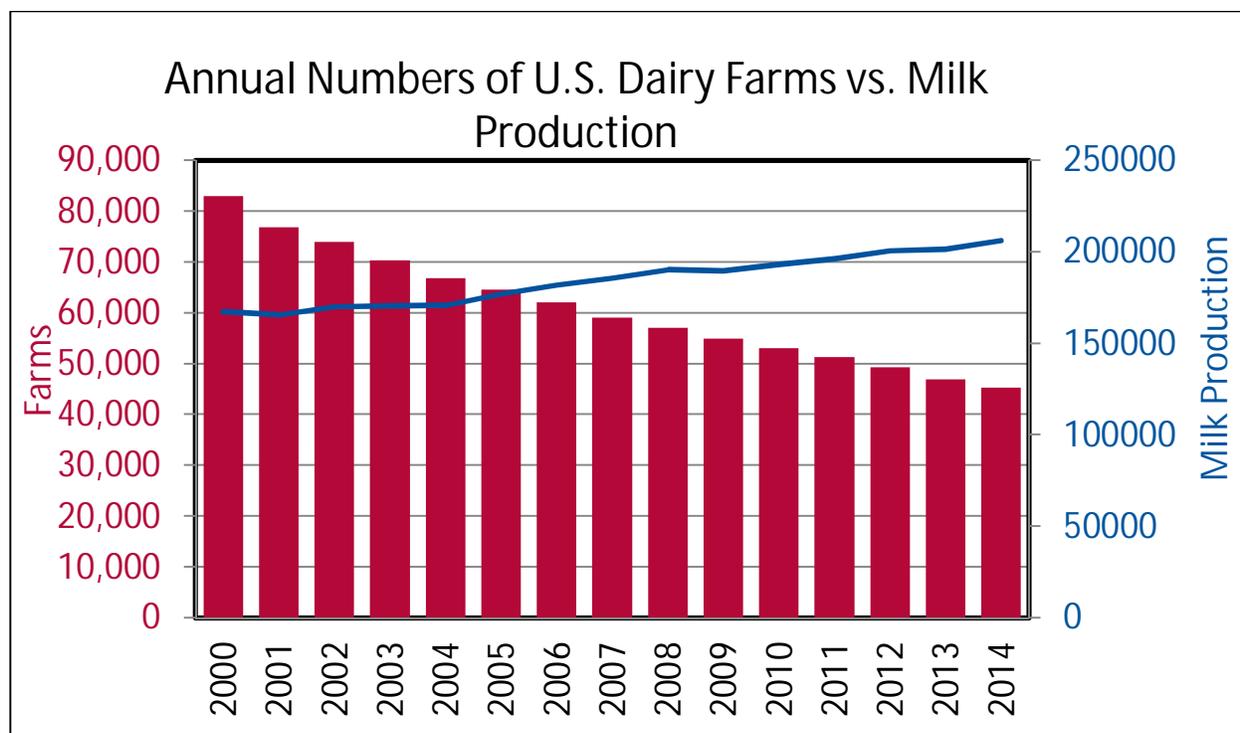
The National Council of Farmer Cooperatives has been the voice of America's farmer cooperatives since 1929. The majority of America's 2 million farmers and ranchers belong to one or more of the 2,500 local and regional cooperatives across the country. Farmer cooperatives handle, process and market almost every type of agricultural commodity; furnish farm supplies; and provide credit and related financial services, including export financing. Within the dairy sector, farmer cooperatives handle about 80 percent of the Nation's milk production. Earnings from these activities are returned to their farmer members on a patronage basis, helping improve their income from the marketplace. Farmer cooperatives also provide over 250,000 jobs, with a total payroll in excess of \$8 billion, and contribute significantly to the economic well-being of rural America.

New York is a proud and diverse agricultural state, producing an assortment of fruits and vegetables as well as maple syrup and milk and other dairy products. New York is the nation's third largest producer of milk, behind California and Wisconsin and the sector is diverse in both dairy farm size and management style. According to Cornell University, New York has approximately 5,600 dairy farms ranging from 10 cow Amish-run dairies to several thousand cows on multi-generational operations.

In the last five years alone, New York’s milk production has increased by 10.5 percent, compared to 8.8 percent growth nationwide. Milk cow numbers, however, have declined by approximately 1 percent. Since 2008, New York dairy cows have increased their individual milk production from 19,859 to 22,330 pounds per year. Producing more milk from the same number, or even fewer cows, is due to better herd management and efficiencies gained through better genetics and scientific feed rations. It is a trend we have experienced on our dairy over the past several decades.



This trend also can be seen at a national level. The U.S. Department of Agriculture’s (USDA) average milk production numbers demonstrate the efficiency gained in the industry in recent years. In 1970, the U.S. milk herd of 12 million cows was spread out across 648,000 dairy farms. That herd produced approximately 9,751 pounds of milk per cow per year or 1,083 gallons per cow per year. In 2012, the nation’s 9.2 million cows reside on less than 60,000 dairy farms but produced approximately 21,500 pounds per year or 2,388 gallons per cow per year. Like the farmers who manage them, dairy cows have become more efficient – producing more milk with less. This increase in productivity means that farms that were once considered small, without substantive changes to the operation, and because of efficiencies, may now be too large to qualify for Small Business Administration (SBA) programs.



The dairy industry is very volatile and my farm's success year over year is dependent on a number of factors such as herd health, milk production, the price and availability of feed, the cost and availability of labor, fuel costs, global dairy markets, regulatory requirements and many other issues. We have seen increased production costs over the past 20 years driven by higher input, labor and land costs.

Because of these varied factors, on-farm receipts vary from year to year on an individual's farm. In 2009 and part of 2010, the dairy industry went through a period of historic low milk prices and record high input costs. Dairy farms struggled and a farm my size would have qualified for SBA benefits. Jump to 2014, record high milk prices, good weather and moderate feed costs would likely push my farm above the SBA's program threshold. In both examples and in comparison with farms in New York and other parts of the country, my dairy would be considered a smaller operation. But the growing efficiency of the dairy herd and volatility of milk prices would sometimes skew my farm's status with the SBA. USDA's average all milk price for 2009 was \$12.81 per hundredweight. An average producing dairy in New York could have up to 260 cows before it breached the SBA threshold of \$750,000. In 2014, when the average milk price was \$23.97, 140 cows with average production would likely be "too big." Mr. Chairman, in your home state of Florida, the numbers are similar. The average Florida dairy cow produces 20,382 pounds of milk per year, versus the 22,330 produced by New York cows living in a cooler climate. In 2009, a dairy farm with about 280 cows would be considered small at the SBA, but in 2014, that number would decrease to about 150. Each milk producing state has a similar situation to share.

Farming is volatile and can change dramatically from year to year and generation to generation. Federal programs meant to support an impacted industry need to be revised periodically in order to appropriately reflect changes in that industry.

A farm's receipts are not necessarily indicative of their relative success, status or size. Through the years, my farm has grown in size. It has grown to allow me to spread out expenses, to allow for more family member involvement, and to ensure my wife and I were able to provide for our family responsibly. But the growth in size was not directly commensurate with growth in income. Like in other businesses, input costs are volatile and seemingly always on the rise and margins are always shrinking. SBA programs should acknowledge these unique aspects of agriculture in order to be a partner in our success.

I appreciate the House Small Business Committee taking interest in this issue, and support the Small Agriculture Producers Size Standards Improvements Act of 2015, introduced by Representative Bost and cosponsored by a number of members of this committee. I believe raising the seemingly arbitrary \$750,000 of receipts threshold that currently exists for agricultural producers should be reconsidered. The dynamics of today's farms and farmers, especially those who farm as their sole source of income, have changed dramatically and I believe the SBA size standard should reflect those changes.