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Testimony in support of bills H.B.5272 and H.B.5483

My name is Jeff Carolus and I reside in the town of East Windsor, Connecticut. I am here in support of bills to help the struggling dairy industry in Connecticut. For the past 23 years, I have been supplying the dairy farms in southern New England, and mainly Connecticut, with nutritional products and services. In 1986, the Ellington valley was legendary for its number of farms; along with dairies were crops, nurseries, tobacco and orchards. Today that landscape has been forever changed to housing developments and no longer will be open space. Connecticut had some of the most fertile crop land in all North America but due to the financial strain of farmers battling the higher cost of doing business in southern New England, the farmers have sold the land to development and never will see cropping again.

The seriousness of the dairy industry plague has hit a 30 year valley, or more accurately, an abyss. Price of milk is at a 30 year low when costs are at an all time high according to "The KDM Dairy Report" newsletter posted February 13, 2009. NY Farmshine magazine this month had figures from USDA for 11 months of 2008 showing costs at 2 1/2 times the present pay price. Along with the open land being gone forever, the housing trend increases the tax burden for the towns losing their farms. Houses do not provide a positive tax revenue but rather utilize more tax dollars and services than they pay. In East Windsor, the school budgets are constantly trying to eliminate band and athletics just to meet their rising costs. How does this happen when you have 10-20% more homes paying taxes each year in our towns? The cost of losing our few dairy farms left will be far greater than providing surety of an income that can sustain them and the few supporting business that are left in the state. Think of the number of acres that would then be developed!

We know that there are tremendous benefits for recreation, wildlife, vistas, etc. by maintaining an agricultural society in our state but don't forget the financial benefits that are reaped. I know that my children would like to stay in Connecticut but having farm and rural areas, is an important part of their lifestyle and will impact their decision to stay here. Bottom line is, if there is no relief for the dairy industry, I and my family will have to leave Connecticut since there is no possibility of providing an income to support my family.

Thank You

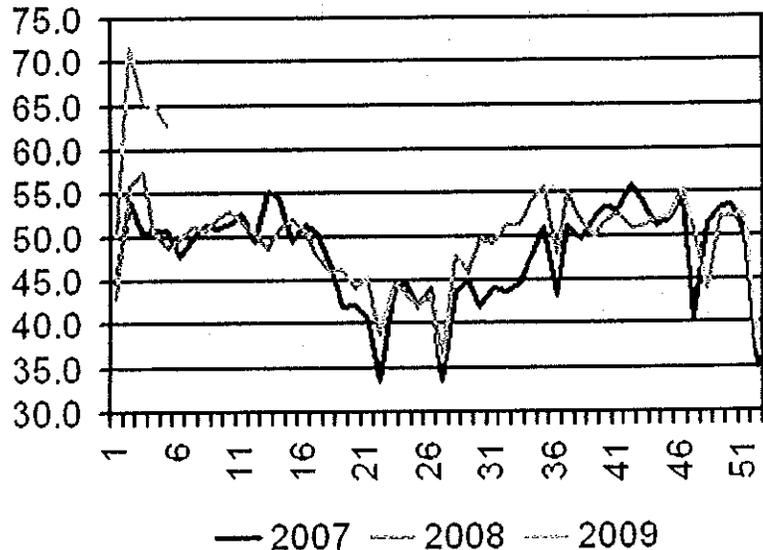
The KDM Dairy Report – February 13th, 2009

What's Bullish:

- Cash Market: Cheese continued its steady climb higher as blocks and barrels both gained 7¼¢ this week to settle at \$1.24/lb and \$1.23/lb respectively. 24 loads of blocks were purchased, mainly in the first half of the week, while only 4 barrels exchanged hands. Butter remained locked at \$1.10¼/lb, unchanged for the week, with only 1 trade.
- Weekly cold storage numbers are indicating good cheese demand so far in February. Over the first nine days of the month, cheese holdings are down just over 1 million lbs at USDA selected storage centers.
- Dairy cow slaughter for the week ending 01/31 was still strong. 63,000 head were culled compared to 48,800 during the same period a year ago. YTD, 59,500 more dairy cows have exited the herd than last year at this time. It appears feasible we could eliminate 300,000 head even without a CWT herd retirement program, if milk prices stay low enough the first half of the year.
- Manufacturing milk interest in the Central region has improved, and supplies have tightened, according to Fluid Milk & Cream Review. A few handlers are having problems sourcing extra volumes, as improvement in cheese prices and a resurgence in orders has buyers more interested in purchasing extra milk supplies than in selling.
- The cheese market in the Midwest is showing signs of strength, as packagers and processors are working overtime to fill orders, according to Dairy Market News. Retail demand for cheese is good for this time of year as promotions help keep product moving. Current cheese offerings have tightened and good seasonal interest is noted in barrels.
- As Western cheese buyers have watched prices move up, they have become much more aggressive in looking for additional cheese supplies, according to Dairy Market News. Now they want to make purchases before prices move any higher. Some new orders are being delayed as offerings are not sufficient to meet all of the current interest. Under grade cheese is clearing easily, and at higher prices. Some are questioning how long this firming market will last, but in the short run, it appears buyers want more cheese.
- Western dry whey prices were steady to higher this week, as less discounting was noted, according to Dairy Market News. Inventories are in much better shape than a few weeks ago, with contacts noting some strength in the market.
- December fluid milk sales were up 1.3% compared to last December, according to USDA.
- Hearing reports that interest in dry whey and nonfat dry milk have picked up. Previous end users, who had abandoned their use when prices got too high, are now reformulating to begin using them again in their products.

Futures Month	Friday 02/13 Close	Friday 02/06 Close	Change
Feb-09	\$9.27	\$9.26	\$0.01
Mar-09	\$10.44	\$10.20	\$0.24
Apr-09	\$10.65	\$10.90	(\$0.25)
May-09	\$11.25	\$11.37	(\$0.12)
Jun-09	\$11.85	\$12.07	(\$0.22)
Jul-09	\$12.81	\$12.85	(\$0.04)
Aug-09	\$13.58	\$13.52	\$0.06
Sep-09	\$14.13	\$14.04	\$0.09
Oct-09	\$14.16	\$14.14	\$0.02
Nov-09	\$14.54	\$14.35	\$0.19
Dec-09	\$14.61	\$14.39	\$0.22
Jan-10	\$14.62	\$14.51	\$0.11
Feb-10	\$14.65	\$14.44	\$0.21
Mar-10	\$14.76	\$14.65	\$0.11
Apr-10	\$14.70	\$14.75	(\$0.05)
May-10	\$15.10	\$14.90	\$0.20
Jun-10	\$15.05	\$15.05	\$0.00
Feb-Dec	\$12.48	\$12.46	\$0.02
Q1Q2 2010	\$14.68	\$14.53	\$0.14

Dairy Cow Slaughter - by week



What's Bearish:

- World Ag Supply & Demand Report: USDA revised their 2009 Class III milk price forecast lower, in response to weak demand and burdensome supplies. They now predict milk to average \$10.05/cwt, down 95¢/cwt from last month's forecast. USDA also pegged the all-milk price for 2009 at \$11.30/cwt, which if realized, would be a 30-year low.
- The hype of the much anticipated CWT press release turned out to exactly that, just hype. A specific number of cows, widely thought to be about 300,000, were expected to be part of the announcement, but it turned out to be much more vague. CWT members voted to fund the program another two years, contingent on getting 67% participation of the US milk supply, a goal they have not yet reached. The only real specifics in the announcement were changes to