

Chairman Johnson, Ranking Member Carper, and members of the committee,

Thank you for inviting me to discuss the impact of Highly Pathogenic Avian Influenza (AI) on poultry and egg producers. I appreciate the opportunity to be a part of developing a comprehensive solution to recover from the current outbreak and prevent the future spread of the disease.

My farm is my livelihood. My flock of 200,000 cage-free egg layers did more than produce a product that helped meet American consumer demand. My flock and my farm fed my family, paid my bills, and enabled me to help my 10 plus employees feed their families and pay their bills, too. I always have played by the rules and ensured pristine conditions for my employees and my birds. I have done my part to keep the American egg industry competitive. But as producers from around the world know all too well, hard work and strictly following regulations does nothing to protect against AI.

My flock of 200,000 egg layers has been reduced to zero in the face of the AI outbreak. My short-term prospects have been grim, and the middle- and long-term prospects are challenging especially in the face of future AI threats. Although containment and biosecurity efforts have been admirable, survival of my family farm and the American egg industry at large depends upon meaningful protection against future outbreaks.

AI will cost my farm a minimum of \$500,000 in revenues before this year is over – a sizable blow for any operation, but an almost unimaginable financial hit for a smaller producer such as myself. My farm will be completely out of production for at least four months and generate no new revenue. My current plans call for gradual repopulation over the four months to follow, building my flock back toward its pre-AI size. When all is said and done, under a best-case scenario, I am facing a minimum of eight months with either zero or heavily reduced revenues and surviving by using my life's savings. In addition to the direct loss of revenue, I am also "fronting" payment for some of the costs of remediation and containment efforts until the USDA is able to reimburse me.

Of course, my farm is just one of the many operations devastated by AI. To date, more than 48 million birds have been infected by the disease in 220 operations in 20 states¹. AI has killed more birds in the egg sector than in any other to this point. The reported loss from the current outbreak has set egg layer inventories back by more than a decade². Prior to the current outbreak of AI, there were roughly 303 million egg layers in the United States. Over the past six months, about 35 million have been lost³. That loss is hurting American egg supplies and driving up prices, as indicated by the USDA's 4.1 percent reduction of forecasted 2015 egg production⁴. It has even led to the importation of shell eggs from Europe. This is an extreme situation very seldom seen in our industry.

¹ "Update on Avian Influenza Findings," USDA, accessed July 1, 2015, http://www.aphis.usda.gov/wps/portal/aphis/ourfocus/animalhealth/sa_animal_disease_information/sa_avian_health/t_avian_influenza_disease.

² "Egg Sector Update – Bird Flu-Induced Supply Shock Sends Egg Prices Soaring into Record Territory," *Informa Economics* edition EG15-06, June 10, 2015.

³ "Egg Shortage Scrambles U.S. Food Industries," US News & World Report, accessed July 1, 2015, <http://www.usnews.com/news/articles/2015/06/12/egg-shortage-amid-avian-flu-outbreak-scrambles-us-food-industries>.

⁴ "US 2015 Egg, Turkey Production Expected to Fall," The Poultry Site, accessed July 1, 2015, <http://www.thepoultrysite.com/poultrynews/35261/cme-us-2015-egg-turkey-production-expected-to-fall/>.

Consumers are also hurt. We have seen significant increases in the price of eggs and products made with dry and liquid eggs due to the AI outbreak.

In dollars in cents, current table egg prices are up 70 percent from April 2015 prices⁵ ⁶. U.S. consumers could pay \$8 billion more to buy eggs, which is an increase of at least 75 percent from last year⁷.

Outside of table eggs, a third of all eggs in the U.S. are broken for liquid products that go into products ranging from baking mixes and sauces to pasta and ice cream. Prices for breaking eggs are up 141 percent from April 2015⁸, and, as with fresh shell eggs, this market will remain high for the foreseeable future. Food companies around the world are experiencing price impacts and supply limits relative to the disease.

In short, the financial impact of AI is being felt acutely, everywhere from breakfast tables in Wisconsin to the bottom line of food companies around the globe. These impacts – on producers, jobs and prices – add up to an economic dynamic that cannot be overlooked. The impact of AI on the American economy will continue to grow, resulting not just in higher prices for consumers, but also job losses, depressed commodities markets, and the loss of billions of dollars for American farmers. Government coffers will also feel the pinch. According to the U.S. Poultry and Egg Association, the poultry and egg industry in the U.S. provides more than 1,814,200 jobs that pay \$100.2 billion in wages, generate over \$469.6 billion in annual economic impact, and about \$32.9 billion in taxes⁹. Those numbers are jeopardized by Avian Influenza.

The importance of USDA's response efforts to date cannot be overstated, nor can my gratitude for the work that the government and its partners have done thus far. USDA resources have been integral to response efforts. What's more, the individuals and teams that I have worked with on the ground have been highly professional and courteous – people who have the best intentions and a true desire to help. I appreciate their help.

Despite the progress made, the sheer bureaucracy of doing business with the government is challenging family farmers who, like me, do not interact with government bodies every day. I do not have administrative staff to keep up with the changing landscape of rules, work plans, compliance agreements, and the rotating staff inherent to such a recovery process. The red tape is daunting, frustrating, and financially draining. But we must push on and work within the framework that has been established for the benefit of me and those like me.

Looking further down the road, I have questions about the future of our industry. First, in anticipation of repopulating, I as a producer am wondering what will I do differently this time around to protect my farm from reinfection. I, like all producers, will make changes especially in the area of structural, operational, and cultural biosecurity efforts. However, I worry about the effectiveness of solely employing improved biosecurity protocols, particularly given the fact that this outbreak hit farms with highly sophisticated biosecurity programs already in place that require significant resources to develop, maintain, and practice.

⁵ "Urner Barry's Price-Current," Number 125-Volume 159, Urner Barry, June 29, 2015.

⁶ "Urner Barry's Price-Current," Number 070-Volume 159, Urner Barry, April 10, 2015.

⁷ "Egg Consumers Face \$8 Billion Bill From Worst U.S. Bird Flu," Bloomberg, accessed July 1, 2015, <http://www.bloomberg.com/news/articles/2015-05-21/egg-consumers-may-face-8-billion-bill-from-worst-u-s-bird-flu>.

⁸ Urner Barry reports.

⁹ "Industry Economic Data, Consumption, Exports, Processing, Production," US poultry and Egg Association, accessed July 1, 2015, https://www.uspoultry.org/economic_data/

In today's landscape, a response plan aimed at true eradication of the disease *must* be comprehensive. Biosecurity and containment are indispensable parts of that plan, but they are not enough.

We need to stop AI and prevent future outbreaks. The fact that the USDA is considering the use of vaccines as a component of a comprehensive response strategy is encouraging. For producers like me, it is difficult to imagine investing the time and money necessary to repopulate our flocks without the assurance provided by the availability of an effective vaccine. This fact is made even truer in the face of upcoming bird migrations this fall, which threaten to reintroduce outbreaks all over the country.

Without the long-term protection granted by an eradication approach with the targeted use of safe and tested vaccines, the path forward for my farm is far from clear. Is it fiscally responsible for me to rebuild my flock and restart my operation if I know full well that, without access to reliable vaccines, I stand a chance of losing it all again? On the other hand, how can I NOT repopulate when my farm is my source of income and I have a debt against its value to repay? There are no complete answers but I must try to do the best I can with the tools I have at my disposal. This is why I and my industry need a reliable vaccine as part of our biosecurity practices.

I'm proud to be an American egg producer. I am proud to be part of an industry that has done its part to feed our nation, support thousands of jobs, and keep small towns vibrant. If there is one message I hope this committee takes from my testimony, it is this: The threat of AI can take that all away in one fell swoop if we fail to adopt a response plan that both addresses the current outbreak *and* prevents future outbreaks.

I thank you for your time, and for the opportunity to talk with you today. I look forward to answering your questions.