

Commonwealth of Pennsylvania
Pennsylvania Milk Marketing Board
Fiscal Report
2012-13 / 2013-14



Pennsylvania Milk Marketing Board

MISSION STATEMENT

To ensure that Pennsylvania's dairy industry remains vital, the Milk Marketing Board provides a regulatory environment that facilitates a safe, adequate supply of wholesome milk by providing security for its dairy farmers and milk dealers, while providing an adequate supply of dairy products for our consumers.

Luke F. Brubaker, *Chairman*

James A. Van Blarcom, *Member*

Lynda J. Bowman, *Consumer Member*

Timothy A. Moyer, *Secretary*



Tom Corbett, Governor of Pennsylvania

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Commonwealth of Pennsylvania
Milk Marketing Board

CHAIRMAN

2301 North Cameron Street
Harrisburg, Pennsylvania 17110-9408
717-787-4194

Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Room 225, Main Capitol
Harrisburg, PA 17120

Dear Governor Corbett:

I am pleased to present you with the Pennsylvania Milk Marketing Board's Fiscal Year Report for 2012-2013 and 2013-2014.

Agribusiness remains the number one industry in Pennsylvania, and dairy is the largest segment of that industry. In 2012 and 2013, Pennsylvania's milk cows produced approximately 20.7 billion pounds of milk, representing 5.1% of the nation's milk supply and ranking Pennsylvania the fifth largest milk producing state in the nation. Gross income to Pennsylvania dairy farmers from the marketing of milk was approximately \$2.4 billion in 2013 and \$2.1 billion in 2012. Our dairy producers, processors, and distributors have a huge impact on the Commonwealth's economy. The Pennsylvania dairy industry provides over 60,000 direct and indirect jobs. As such, the Milk Marketing Board has a tremendous responsibility regulating all aspects of the Pennsylvania milk industry – from the farm to the consumer.

My fellow Board members and I do not take this responsibility lightly. We are confident that Pennsylvania will remain among the nation's leading dairy states, due to our hard-working dairy farmers and the unparalleled number and diversity of our processors and manufacturers. Through the mandates set forth in the Milk Marketing Law, the Milk Marketing Board will continue its vital and stabilizing role, ensuring all segments of the industry receive an equitable price for milk, thus guaranteeing a continual supply of pure and wholesome milk to the citizens of Pennsylvania.

Respectfully submitted,

A handwritten signature in black ink that reads "Luke F. Brubaker".

Luke F. Brubaker

Introduction

The first Milk Control Law was enacted January 2, 1934, amended April 30, 1935, and replaced April 28, 1937, when the Pennsylvania Milk Control Commission was established as a permanent state government agency. The creation of the Milk Control Commission was an outgrowth of the chaotic marketing conditions existing in the 1930's. During this time prices paid to milk producers fell to one dollar per hundredweight or lower. Home delivered milk was \$0.10 per quart. Pricing wars and destructive competitive practices were prevalent in many markets.

Since the original legislation, several amendments and improvements have been made. These changes allow Pennsylvania to manage more effectively the marketing of milk and promote the interests of Pennsylvania consumers.

In 1985 the General Assembly re-established the Milk Marketing Board (MMB) after conducting an extensive review of the functions pursuant to the Sunset Act. In conjunction with re-establishing the agency, the General Assembly once again made amendments to the Milk Marketing Law.

Today the MMB is an independent administrative agency designed to create stability in the marketing of milk by giving dairy farmers a fair and equal opportunity to market their milk. Payment for Pennsylvania-produced milk is guaranteed through the bonding of milk dealers and the Milk Producers' Security Fund. The Fund was established by the Milk Producers' Security Act of July 6, 1984. This Act ensures prompt payment to Pennsylvania producers by requiring the establishment of a Security Fund and by requiring milk dealers who purchase Pennsylvania-produced milk to post security, in the form of bonds, with the MMB. The Milk Producers' Security Act was amended in July 2004 to further enhance its financial protections for Pennsylvania milk producers. Currently, there is more than \$4.5 million in the Security Fund and more than \$145 million in collateral or corporate surety bonds for milk dealers and \$7.4 million in bonds posted by Subdealers.

The Milk Marketing Law allows farmers and milk dealers a reasonable profit while ensuring Pennsylvania consumers adequate supplies of milk at reasonable prices. The MMB accomplishes this by establishing minimum prices to be paid Pennsylvania farmers for milk, and by establishing minimum wholesale prices and minimum retail prices. Prices are based upon evidence presented by interested parties during public hearings. All factors affecting the production, processing, packaging, delivery, and in-store handling costs of milk are considered.

Introduction (Continued)

Pennsylvania is divided into six different milk marketing areas. Each area is regulated by a different official general order. Official general orders (OGOs) are issued by the Board after hearings are conducted at which evidence is presented concerning that particular area. OGOs establish the minimum prices to be paid to farmers for their milk, and establish the minimum wholesale price and minimum retail price in each area. Milk Marketing Areas 1 and 4 are also regulated under Federal Milk Marketing Order 1; Area 5 is regulated by Federal Milk Marketing Order 33; Milk Marketing Areas 2, 3, and 6 are not regulated by any Federal Milk Marketing Orders. However, some plants in Areas 2, 3, and 6 fall under federal regulations. Federal Milk Marketing Orders cover specific geographic areas and can cross state lines; these orders establish minimum prices for all classes of producer milk.

Both the federal government and the MMB monitor and enforce minimum payments to producers. Additionally, Pennsylvania enforces minimum wholesale and minimum retail out-of-store prices. Pennsylvania enforces a state-mandated premium over the announced state and federal minimum price paid to producers. The state-mandated premium is paid to Pennsylvania farmers for milk that is produced, processed, and used as Class I milk (fluid drinking milk) in Pennsylvania. The federal producer price does not consider production and marketing conditions peculiar to Pennsylvania milk marketing areas (severe weather, fuel shortages, etc.). Since its inception in September 1988, the state-mandated premium has resulted in over \$743 million additional dollars being paid to Pennsylvania farmers. Pennsylvania Milk Marketing Board auditors enforce Pennsylvania minimum payments to farmers through monthly audits of the dealers' books. Minimum retail prices are enforced by the Milk Marketing Board auditors and examiners who conduct monthly store surveys.

Milk dealers, subdealers, milk haulers, milk testers, and weigher/samplers operating in Pennsylvania are required to be licensed by the MMB. The Milk Marketing Fee Act of 1978 permits the MMB to establish fees for certain licenses and certificates relating to milk marketing. The revenue generated from these fees and from fines is the only funding source for the MMB.

The Pennsylvania Milk Marketing Board is as necessary now as it was in the 1930s. Agribusiness is the number one industry in the Commonwealth, and dairy is the largest segment of this industry.

Biographies of Board Members



Luke F. Brubaker, Chairman
Lancaster County

On May 3, 2011, Governor Corbett named **Luke Brubaker** Chairman of the Pennsylvania Milk Marketing Board. Mr. Brubaker was first appointed to the Board by Governor Thomas J. Ridge in 1997; he was re-appointed by Governor Edward G. Rendell and unanimously confirmed by the State Senate in September 2003 and reappointed for a third term in 2009.

Mr. Brubaker is a dairy farmer with 30 years of experience in the Pennsylvania dairy industry. With his two sons, he manages a 1,000 acre dairy agri-business partnership. He has served as Chairman of Lancaster Farm Service Agency from 1996-2004 and is a participating farmer in the Chesapeake Bay Program. Mr. Brubaker is also past president of the Lancaster County Farm and Home Foundation.

Mr. Brubaker was a member of the East Donegal Planning Commission from 1986 to 1992 and was Chairman of the East Donegal Board of Supervisors from 1993 to 1997. He is Chairman of Environmental Coordinators for Lancaster, Lebanon, York, Dauphin, and Berks Counties in conjunction with the Department of Environmental Protection and the Pennsylvania Farm Bureau.

He is a past member of Board of Trustees of the Lancaster County Farmland Trust and winner of the 2001 Pennsylvania Dairy Stakeholders Pacesetters Award. He has also been the recipient of the Dairy of Distinction Award. In 1999 Brubaker Farms was awarded the National Environmental Stewardship Award in recognition of production and practices and concern for community and in 2002 completed the Pennsylvania Environmental Agricultural Conservation Certification of Excellence (PEACCE) Program. Mr. Brubaker also received the Country Folks 2005 Keystone Farmer of the Year for the Mid-Atlantic States for Ag Production, leadership and community involvement. In 2008, Brubaker Farms received the Mid-Atlantic Master Farmer Award and the Governor's Environmental Excellence Award in 2010. In 2011 Brubaker Farms was named Innovative Dairy Farmer of the Year by IDFA. In 2012 Mr. Brubaker was recognized by the Innovation Center for US Dairies for Outstanding Energy Conservation and Renewable Energy Generation. Most recently he was presented with Top Producer of the Year in Chicago. And was the 2014 recipient of the Chesapeake Bay Alliance Environmental Leadership Award.

Internationally, as a member of an economic development team, Mr. Brubaker assisted in developing small businesses in Bolivia. In 1997, 1998, and 2001, he served as an ambassador to the Russian Republic and Ukraine for dairy management, nutrition, marketing, and overall expertise for the Citizens Network for Foreign Affairs. In 2007, Mr. Brubaker was invited to Morocco by invitation of Royal Government on the Dairy Heifers interest and conference on ag issues.

Mr. Brubaker and his wife Barbara reside in Mount Joy, Lancaster County. They have three children - Cindy, Mike and Tony, and ten grandchildren. Mr. and Mrs. Brubaker are active members of the Mount Joy Mennonite Church.

Biographies of Board Members (Continued)



Lynda J. Bowman,
Consumer Member
Lancaster County

Lynda Bowman was appointed to the Board by Governor Tom Corbett and was unanimously confirmed by the Pennsylvania Senate on June 22, 2011.

A graduate of J. P. McCaskey High School, she served in the Tom Corbett for Attorney General and Governor Committees as Comptroller in 2003 through June, 2011. She also was a part-time senior associate with Capital Associates, Inc. From 1998 to December 2003, Ms. Bowman served as Secretary for the Pennsylvania Milk Marketing Board. Formerly, Ms. Bowman was Budget Analyst for the House Majority Appropriations Committee; Administrative Services Director for the Pennsylvania Department of Agriculture; Systems Administrator for the Tom Ridge for Governor Committee; Executive Director for the Senate Republican Campaign Committee; and Executive Director of the Republican Committee of Lancaster County. In 2002-2003, Ms. Bowman served as President of the International Association of Milk Control Agencies and is an honorary life member in IAMCA.

Currently Ms. Bowman is a partner in the Gemini 5 Group which provides administrative services to state and federal campaigns.

Ms. Bowman resides in Lancaster, Lancaster County, and is the proud mother of a daughter and son, and the very proud grandmother of six grandchildren. Ms. Bowman is a member of St. James Episcopal Church in Lancaster and a former choir member, Sunday School teacher and vestry member.



Biographies of Board Members (Continued)



James A. Van Blarcom, Member
Bradford County

Jim Van Blarcom of Columbia Cross Roads, Bradford County, was unanimously confirmed by the State Senate on June 17, 2014, to serve as a member of the Pennsylvania Milk Marketing

Mr. Van Blarcom is a dairy farmer with 40 years experience in the Pennsylvania dairy industry. With his son and two sons-in-law, he manages a 500 cow dairy farm. Mr. Van Blarcom also owns, with his brother, a 5,600 farrow to wean hog facility.

Mr. Van Blarcom served as a member of the Pennsylvania State Conservation Commission from 2012 until his appointment to the Board. He also was a director of the Bradford County Conservation district from 1989 until his appointment to the Board, serving as chairman from 1999-2009.

Mr. Van Blarcom's public service also includes serving as a Troy Area School District Director and as a member of the Troy Area School District Foundation, of which he was a

founding member, since 2003.

In addition to his public service, Mr. Van Blarcom has been active in dairy and agricultural organizations. He was a Bradford-Sullivan County Farm Bureau Director from 1990 to 2005, serving as County President from 1995 to 2005. Mr. Van Blarcom has also been a member of the Pennsylvania Farm Bureau State Dairy and Natural Resources Advisory Committees. He has also served on the American Dairy Association and Dairy Council board

Mr. Van Blarcom has also received the Pennsylvania Department of Environmental Resources Chesapeake Bay Clean Water Award and the Bradford County Conservation District Outstanding Operator Award.



Biographies of Board Members (Continued)



Richard Kriebel, Member

Columbia County

Columbia County Planning Commission, a member of the PA Junior Dairy Show Committee, for 20 years served as Columbia County 4-H Administrative Leader and for many years served on the Board of Directors of Ag Choice Farm Credit and AgFirst Farm Credit Bank of Columbia, S.C. Currently, he serves as a member on the Finance and Personnel Committees of the Northern Columbia County Cultural & Community Center.

Mr. Kriebel continues to reside on part of the farm in Benton with his wife, Janet. They have four children - Faith, Scott, Wendy and Kristen, and five grandchildren. He and his wife worship at the Benton Christian Church (Disciples of Christ) where they serve as elders.

(Mr. Kriebel's term ended May, 2014)

Mr. Kriebel was appointed to the Board on April 7, 2008 and served as Chairman until May 3, 2011.

Mr. Kriebel's interest in the dairy industry began in Montgomery County while working on his grandfather's dairy farm and being surrounded by dairy operations. His dream of owning a dairy farm came to fruition in 1964 when he and his wife, Janet, purchased a farm in Columbia County and began milking nine Guernsey cows. Over the next 30 years, the herd increased to 75 head and the acreage producing corn, alfalfa hay and green beans grew to 550 acres. The farm was named a Dairy of Distinction in 1992.

During this time, Mr. Kriebel graduated from the Penn State University/Kellogg Foundation Rural Leadership Program which included travel to Europe and Northern Africa. Richard has been involved in many community and agricultural organizations. He served as a member and Chairman of the

Biography of the Secretary of the Board



Timothy A. Moyer
Secretary

Tim Moyer was appointed Secretary of the Pennsylvania Milk Marketing Board on November 11, 2011. The Secretary of the Agency is appointed by the Board Members to administer the Milk Marketing Law. He is responsible for the efficient and effective operation of the agency's day-to-day activities. It is the Secretary's responsibility to keep the Board Members informed regarding any activity that could have an effect on the marketing of milk; he is the liaison between the Board Members and the dairy industry.

As Secretary, Mr. Moyer strives to be a fiscal conservative. Under his direction, his cost-cutting measures have saved the agency thousands of dollars while at the same time providing new efficiencies in procedures making the staff even more productive.

Tim is a 1985 graduate of Elizabethtown College. He was an Auditor for the Pennsylvania Department of Transportation, prior to coming to the Milk Marketing Board, to be an Accountant. After being promoted to Field Supervisor, Tim assumed the duties of the Chief of Support Services in 2001. Tim now resides in Selinsgrove, Pennsylvania with his wife Cindy and two sons. In his spare time, he enjoys golf and is a regular fixture at his sons' sporting events.



Senior Staff



Douglas Eberly – Chief Counsel

The Milk Marketing Board implements and enforces the Milk Marketing Law and the Milk Producers' Security Act. Additionally, the Board enforces the regulations it promulgates pursuant to statutory authority and the Official General Orders it issues. In his position as Chief Counsel, Mr. Eberly is responsible for advising the Board Members and staff on issues requiring the application of legal principles, the interpretation of statutes and other mandates, and the observance of proper procedures.



David DeSantis – Chief, Enforcement & Accounting

In his position as Director, Mr. DeSantis is responsible for directing the Milk Marketing Auditors and the Milk Marketing Examiners in enforcing all Official General Orders, policies of the Board and compliance with the Milk Marketing Law and Board regulations. The unit is also responsible for gathering, compiling, and interpreting financial and accounting information used by the Board in hearings and other administrative proceedings for issuing price announcements, and responding to violations of the minimum retail, wholesale, and farm-level prices issued by the Board.



Andrew Saylor – Staff Attorney

Andy advises Board Staff about interpretations and implementations of the agency's laws and regulations, reviews prosecution referrals from the agency's enforcement personnel; issues citations when appropriate, and prosecutes cases before the Board. He also represents Board Staff at price hearings held before the Board by reviewing and distributing Board Staff testimony and exhibits to interested parties, conducting direct and cross examination, and by preparing post-hearing briefs. Andy also reviews license applications for compatibility with legal requirements, including bonding requirements, and assists the Chief Counsel in providing advisory and administrative legal services necessary to the agency's operation, including drafting new or amended regulations.

Senior Staff (Continued)



Gary Gojsovich – Audit Supervisor

Gary is responsible for the daily supervision of Milk Marketing Auditors throughout the state. This includes reviewing monthly field work and directing special investigations. Gary also reviews and compiles audit summaries for presentation at cost replacement and other Board hearings. In addition, he is responsible for the data input and publication of the Board’s resale and producer price lists.



Steven Zalman – Audit Supervisor / Information Technology Staff

Steven is responsible for the supervision of Milk Marketing Examiners located throughout the state and three Milk Marketing Auditors. He is also the agency’s resource for computer-related activities including hardware and software installation and maintenance, help desk activities, and the maintenance of the application “Milk Accounting and Regulatory System” (MARS) and its related database.

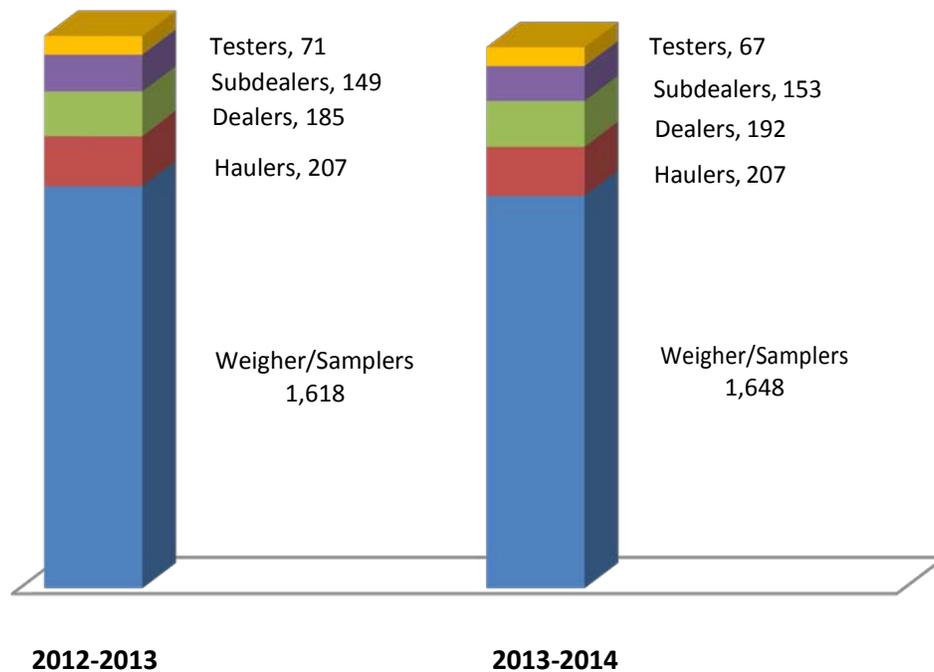
***Fiscal Years
2012-2013 and 2013-2014
In Review***

The Milk Marketing Law is administered by a 3-member Board. Each member is appointed by the Governor with the advice and consent of a majority of the State Senate.

The Governor appoints one member as chairman, and another member to represent consumer interests. On May 3, 2011, Governor Corbett named Luke Brubaker Chairman of the Pennsylvania Milk Marketing Board. The Board members appoint a Secretary who is responsible for the administration and daily operation of the Agency. On November 11, 2011 the Board members appointed Tim Moyer as Secretary of the Milk Marketing Board.

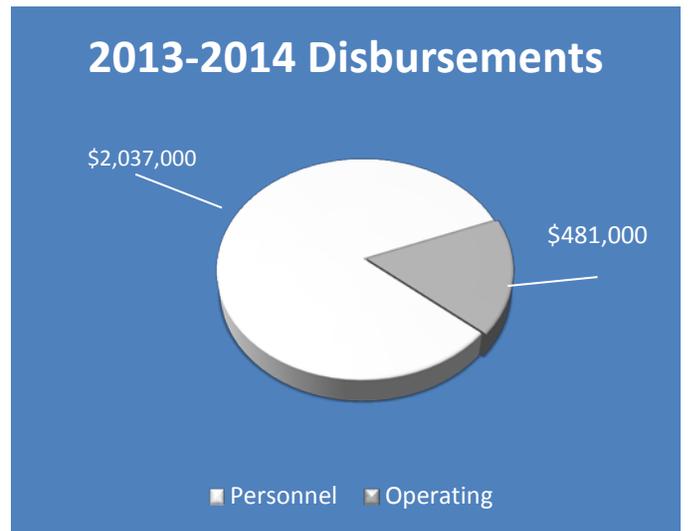
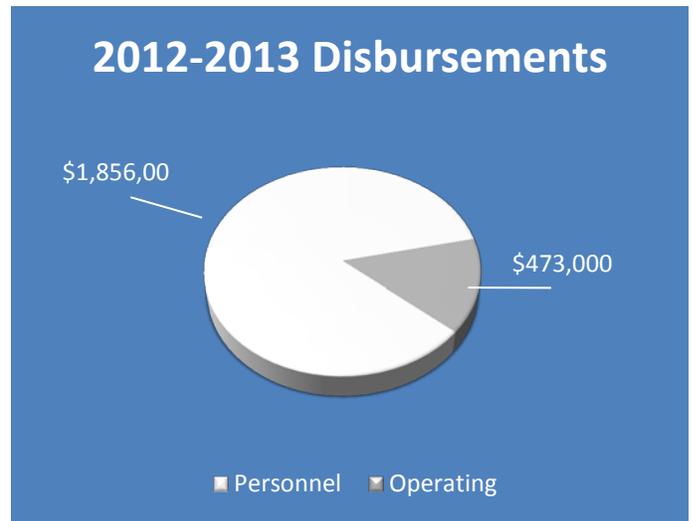
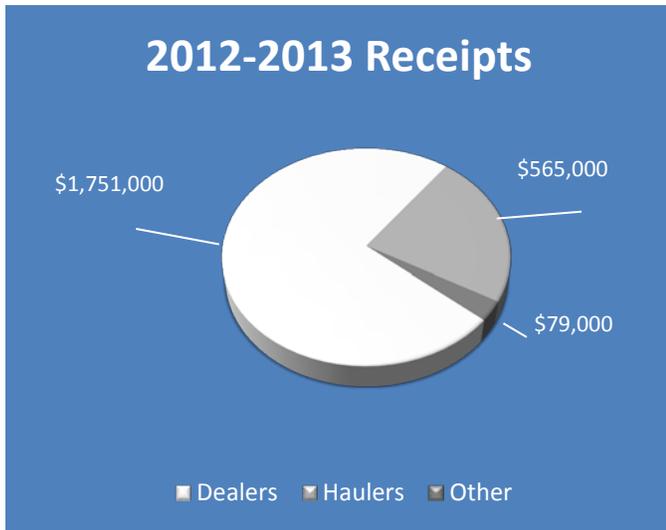
Funding for the Milk Marketing Board is derived from license fees and fines. No tax monies from the Commonwealth's General Fund are appropriated to the Milk Marketing Board.

During the 2012-2013 and 2013-2014 Fiscal Years, the Board issued 4,497 licenses. Weigher/samplers comprised the largest group of licenses with 3,266 (73%) certificates being issued. The remaining (27%) were distributed among milk dealers, subdealers, testers, and haulers. (See illustrations below).

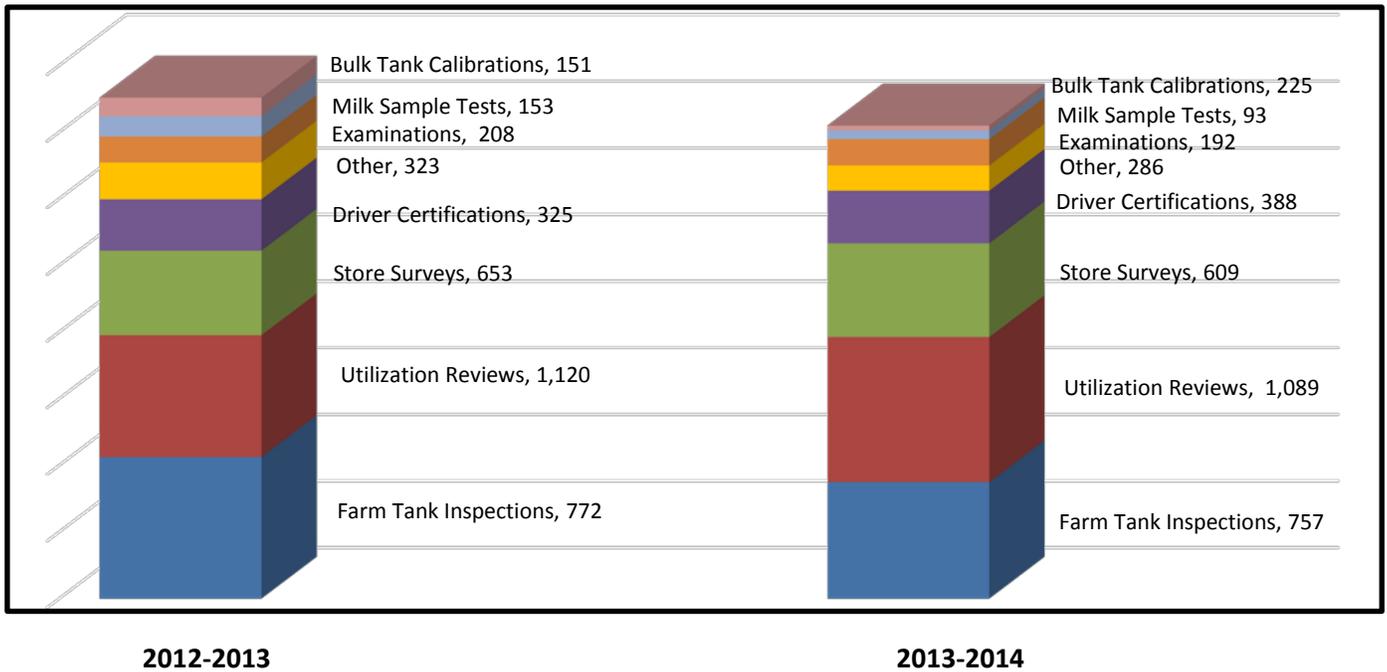


Fiscal Years
2012-2013 and 2013-2014
In Review – (Continued)

Dealer and hauler license fees accounted for 97% of the 2012-2013 and 2013-2014 receipts received by the Board. The remaining receipts were generated from tester and weigher/sampler certificates, fines, refunds, and interest payments. (See illustrations below)



Field Staff Activities



Field Staff Activities

The field staff of the Milk Marketing Board administers a comprehensive economic regulatory framework that provides stability and protection for everyone in the dairy industry. Ultimately, this ensures that the consumers of Pennsylvania enjoy plentiful supplies of dairy products in a variety of types and sizes at the best price possible.

To ensure that Pennsylvania dairy farmers are being paid promptly and properly, the Board's field staff is kept quite busy. One of the most important aspects of the Board's enforcement activities centers on dairy farmers or producers. Dairies and manufacturing facilities that bottle milk and make products such as cheese or butter may purchase milk from producers. The Board values that milk based on the components (fat, protein, and non-fat milk solids) in the milk. Milk truck drivers, or weigher/samplers, as we know them in Pennsylvania, take samples from bulk tanks at the farm at the time of milk pickup. Board Milk Examiners monitor weigher/sampler pickup procedures at the farm and test samples in the Board's offices in Harrisburg. Examiners make sure the weigher/samplers follow proper procedures to ensure that the milk is not contaminated and to assure that dairies pay dairy farmers correctly.

The Board uses electronic testing equipment to determine the component levels of milk. If a Pennsylvania dairy farmer is concerned about his fat, protein, or solids test results, the Board has the capacity to objectively test milk samples. Periodically, the Board requires independent laboratories throughout the state to test USDA samples to ensure that the industry testing results match the official results.

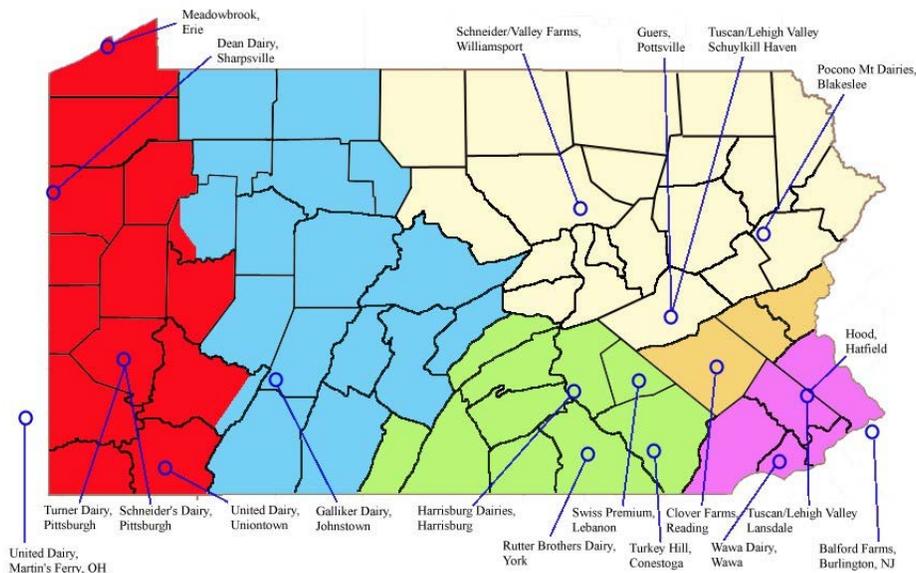
Field Staff Activities (continued)



The Auditors of the Milk Marketing Board are responsible for financial reviews, wholesale audits, monthly utilization reviews, and several other activities. (See illustrations page 15). The Enforcement Division compiles the results of the financial reviews for

presentation to the Board, at public hearings to adjust wholesale and retail prices. The Board holds hearings to adjust the minimum resale prices on an annual basis for each of the six milk marketing areas in the state.

The Board's field staff is also responsible for conducting milk price surveys within the Commonwealth and in the bordering states of New York, New Jersey, and Maryland. Board staff conducted 1,262 price surveys over the past two fiscal years. These surveys show that Pennsylvania's regulated retail out-of-store milk prices are comparable to those in other states with no retail price regulations. This is even more remarkable since surrounding states have no state-mandated producer premiums except for New Jersey whose premium is far lower than Pennsylvania's.



Board Staff also conducts financial reviews on each of the cross-section dealers shown on the map above. These reviews are the basis for the yearly adjustment of resale prices based on changes in dealer cost. These costs are presented at cost replacement hearings for the Board's consideration.

The Board operates a Bulk Milk Tank Calibration program. The program provides a service to Pennsylvania dairy farmers who want to know if the measuring device for their bulk tank is providing an accurate measurement of their milk. Incorrect calibrations result in incorrect payments to dairy farmers. A member of the Board's staff operates the bulk milk test-unit and responds to requests from dairy farmers for calibration throughout the state. The Board gives priority to newly-installed tanks and responds quickly to all other requests. Three hundred seventy-six calibrations were completed from July 1, 2012 through June 30, 2014.

Pennsylvania Dairy Farmers

Pennsylvania continues to rank fifth in the nation in milk production. In 2012 Pennsylvania dairy farmers produced approximately 10.49 billion pounds of milk. In 2013 Pennsylvania dairy farmers increased production to approximately 10.57 billion pounds of milk.

Pennsylvania also continues to rank second in the nation in the number of dairy farms. Between 2012 and 2013 Pennsylvania was the only state in the nation to have an increase in dairy farms. While dairy farms nationwide decreased 4.7% between 2012 and 2013, Pennsylvania's dairy farms increased from 7,140 to 7,200. These dairy farms are an integral part of Pennsylvania's economy and rural infrastructure. Studies have shown that the number of dairy farms is more important to rural economies than the amount of milk production – a larger number of smaller dairy farms is more supportive of local rural economies than a smaller number of larger dairy farms. With 15% of the nation's dairy farms here in Pennsylvania, our rural economy continues to remain vibrant.

The Board-mandated over-order premium paid to Pennsylvania producers plays a significant role in the economic well-being of Pennsylvania's dairy farms. During the 2012-2013 and 2013-2014 fiscal years, the over-order premium generated over \$75 million for Pennsylvania dairy farmers, enhancing the ability of dairy farms, particularly the smaller farms, to remain in operation.

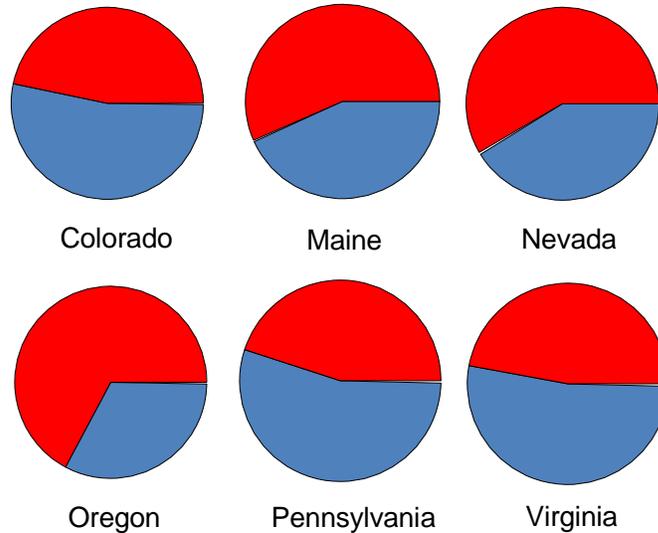


Percentage of Retail Price

The Board's regulation of minimum producer, wholesale, and retail prices results in Pennsylvania dairy farmers receiving a high percentage of the retail price for beverage milk. (See illustrations below).

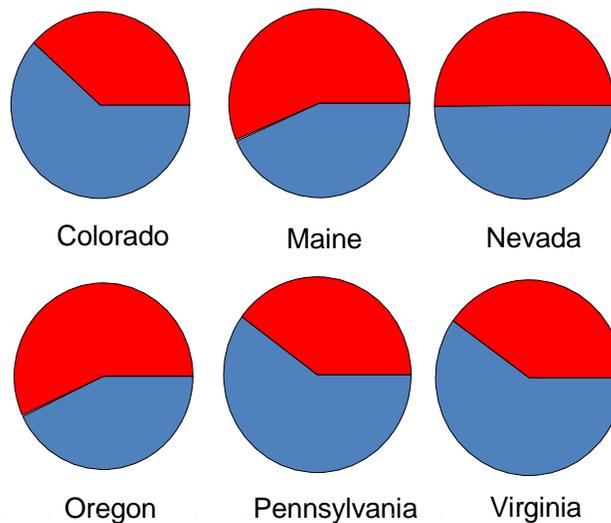
Source: International Association of Milk Control Agencies - April 2013

Percentage of Retail Price Received by Farmer



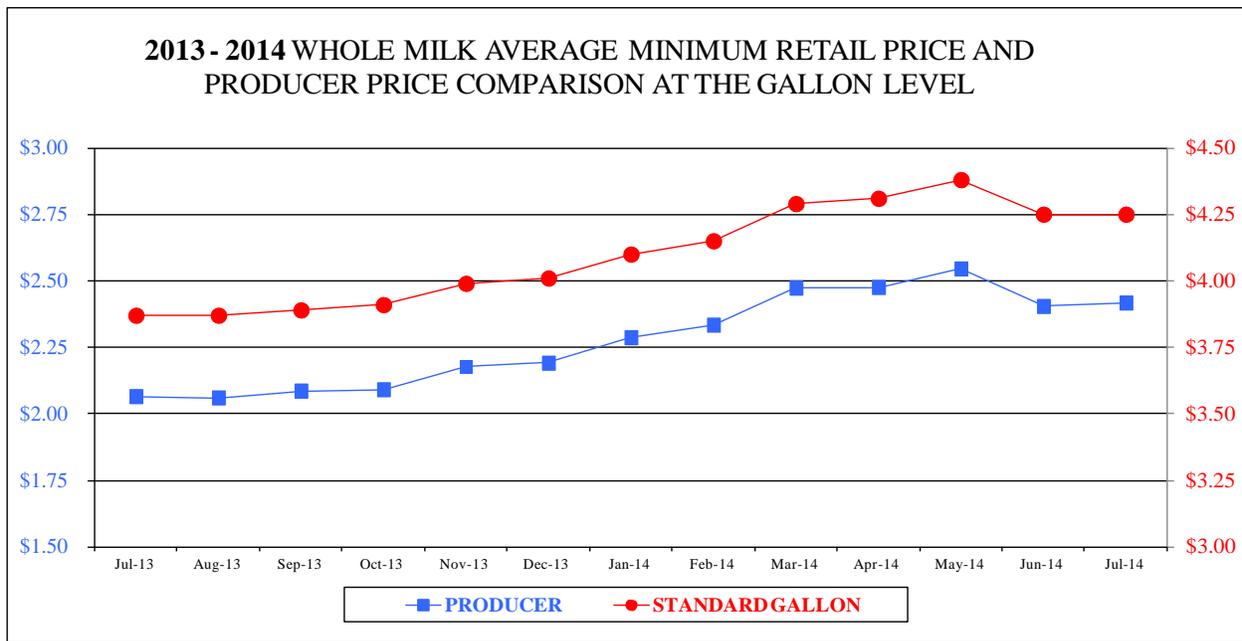
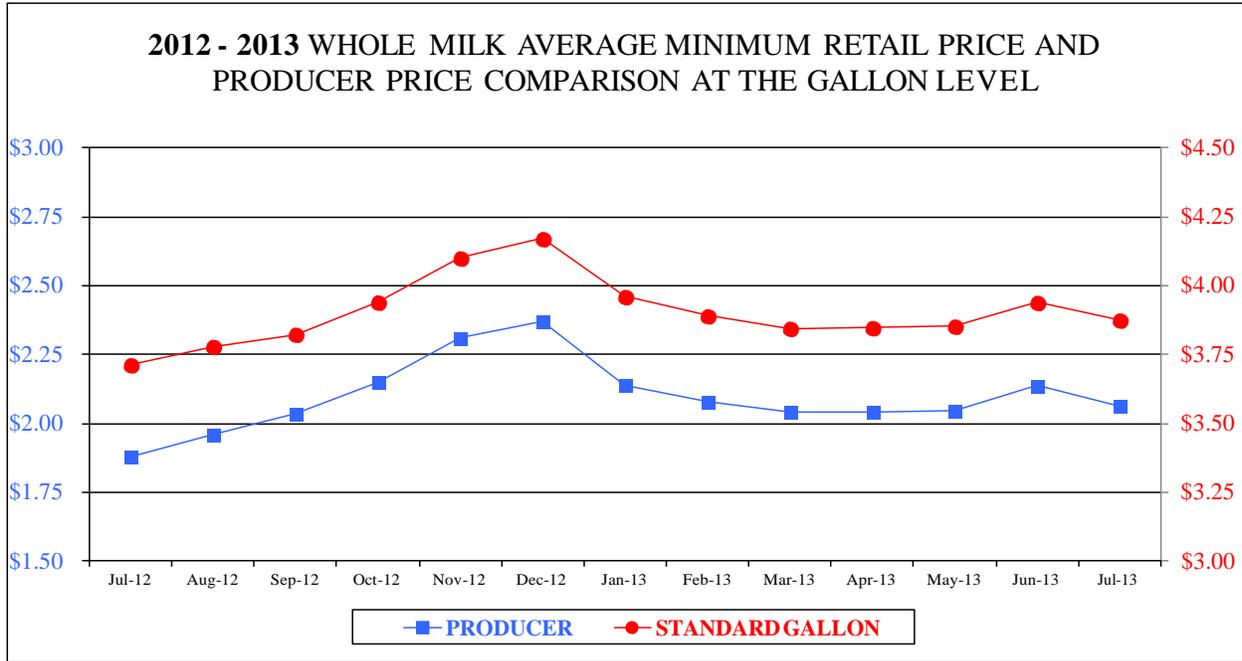
Source: International Association of Milk Control Agencies - April 2014

Percentage of Retail Price Received by Farmer



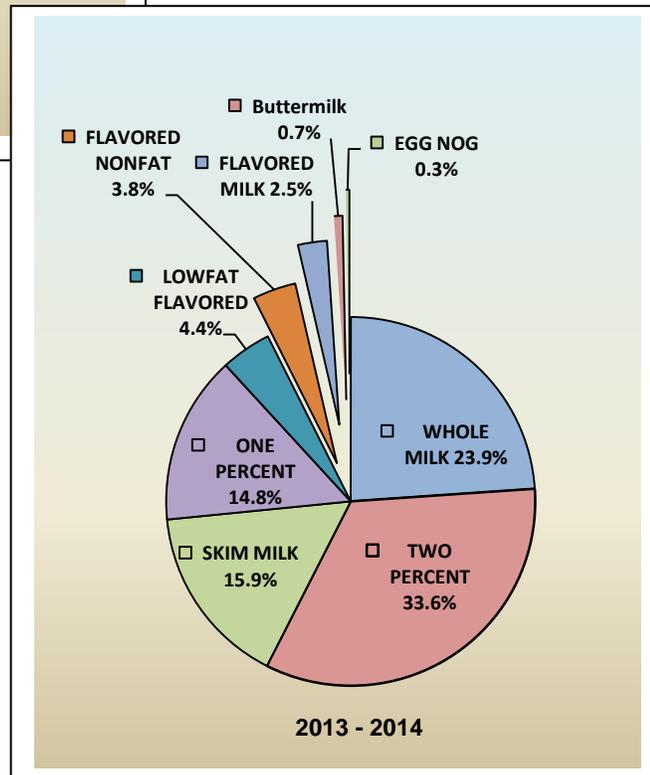
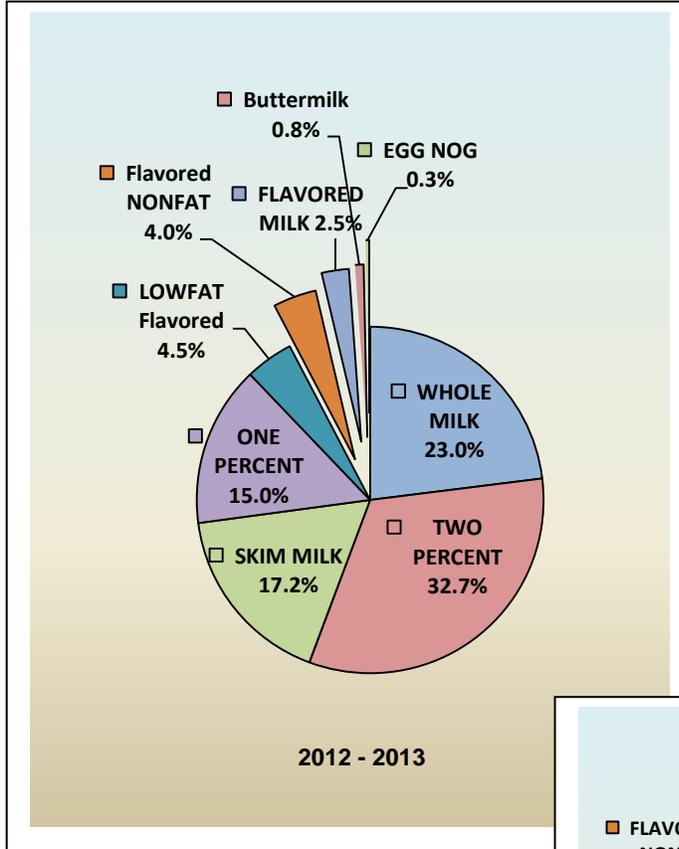
Minimum Retail Price and Producer Price

Because the retail out-of-store price is based upon the price paid to the dairy farmer (including the state-mandated premium), there is a direct correlation between the producer price and the out-of-store price. When the producer price drops, the out-of-store price will be lower. When the farm price goes up, the retail out-of-store price increases. (See illustrations below).



Pennsylvania Class I Utilization

Sales of bottled milk in Pennsylvania continue to follow national trends. During the 2012-2013 and 2013-2014 fiscal years, reduced fat milk (2%) accounted for the highest volume of sales in Pennsylvania, with whole milk coming in second. (See illustrations below).



Staff Attorney

One of the most important roles of the Board is requiring a bond from licensed dealers to assure that producers will be paid for their milk. When licenses are renewed every July 1, or a new license is requested, we require that the dealers and subdealers have the necessary financial security in place, or the license will not be issued or renewed.

When the PMMB laws, regulations, or orders are violated, it becomes necessary to issue citations. Our enforcement efforts are intended to encourage compliance. Citations are issued for violations such as selling milk products under the minimum prices established by the Board, failure to pay producers or dealers properly, and late filing of reports or license renewals. The citations are usually resolved without a hearing. We are glad to report that during these two years, no licenses had to be revoked.



Report of Citations

Total Number of Citations Issued:

July 1, 2012 through June 30, 2013: **59**
 July 1, 2013 through June 30, 2014: **41**

Categories of Citations:

	<u>2012-2013</u>	<u>2013-2014</u>	<u>Total</u>
Late filing of milk hauler's monthly report	12	15	27
Late filing of milk dealer's monthly report	12	5	17
Pricing below minimum prices established by the Board	8	3	11
Bids to institutions below minimum prices	1	2	3
Bond claim against subdealer for failure to pay dealer	0	1	1
Late payment to producers	0	1	1
Underpayment to producers	1	0	1
Late filing of dealer annual financial statement	7	5	12
Late filing of annual dealer license renewal	2	4	6
Late filing of annual subdealer license renewal	8	0	8
Late filing of annual hauler license renewal	8	4	12
Refrigeration leasing violation	0	1	1
Total:	59	41	100

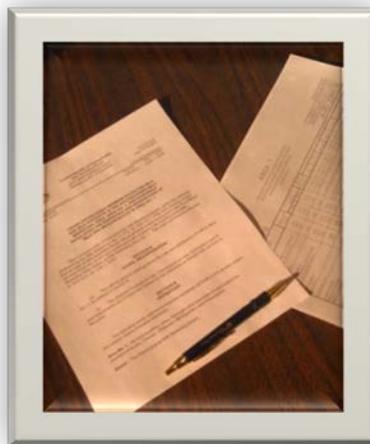
Disposition:

Settled by consent order	37	21	58
Hearings before the Board	0	2	2
Administratively dismissed or converted to warning	21	16	37
Total:	58	39	97



Chief Counsel – Price-Related Hearings

During the 2012-2013 and 2013-2014 fiscal years, the Board conducted 18 price-related hearings. This continues a trend of industry participants requesting hearings to address rapidly changing circumstances in Pennsylvania's milk markets. In contrast to federal milk marketing orders, which can take years to issue, the Board is able to respond to petitions, hold hearings, and issue orders in as little as two months. The Pennsylvania dairy industry regularly commends the Board for the speed and efficiency with which it addresses changes in Pennsylvania's milk markets. In addition to the hearings which the Board held to respond to unanticipated changes in Pennsylvania's milk markets, the Board also held regularly scheduled annual cost replacement hearings for each of the six Milk Marketing Areas and regularly scheduled hearings to consider the level of the Class I over-order premium paid to Pennsylvania dairy producers.



Farm Bulk Tank Calibration Program

The Milk Marketing Board operates a farm bulk tank calibration program. In 2012, the Milk Marketing Board purchased the truck and all the equipment from the Pennsylvania Department of Agriculture. Prior to that, the Board operated the program jointly with the Department. After the purchase, the Board completed repairs to the truck and upgraded the equipment.

The service, which is free of charge for any Pennsylvania dairy farmer, accurately calibrates the farm tanks where milk is cooled and stored prior to pickup. During the calibration process, water is pumped in precise increments from the calibration truck into the farm bulk tank. The operator then reads the dipstick of sight tube and records the reading in a computer program that will, in the end, produce a calibration chart.



Employee of the Year 2013



Jon Dadigan

Jon's dedication and tireless devotion to the job made the choice for Employee of the Year an easy one. Jon has been one of those unique individuals who have mastered a variety of different roles. First and foremost, Jon is the Board's Special Investigator, providing research and analysis of complex enforcement issues. He has mastered the art of instructing the milk industry participants in methods to comply with the Board's rules permitting the markets to function smoothly. Jon also supplements the audit staff with able assistance for the financial audits and also performs monthly compliance audits. He is the resident expert in the Board's testing regulations, monitoring labs throughout the state and administering qualification tests to the lab operators. Jon never fails to pitch in where ever he's needed. As a result Jon has become an integral part of the Board's success.

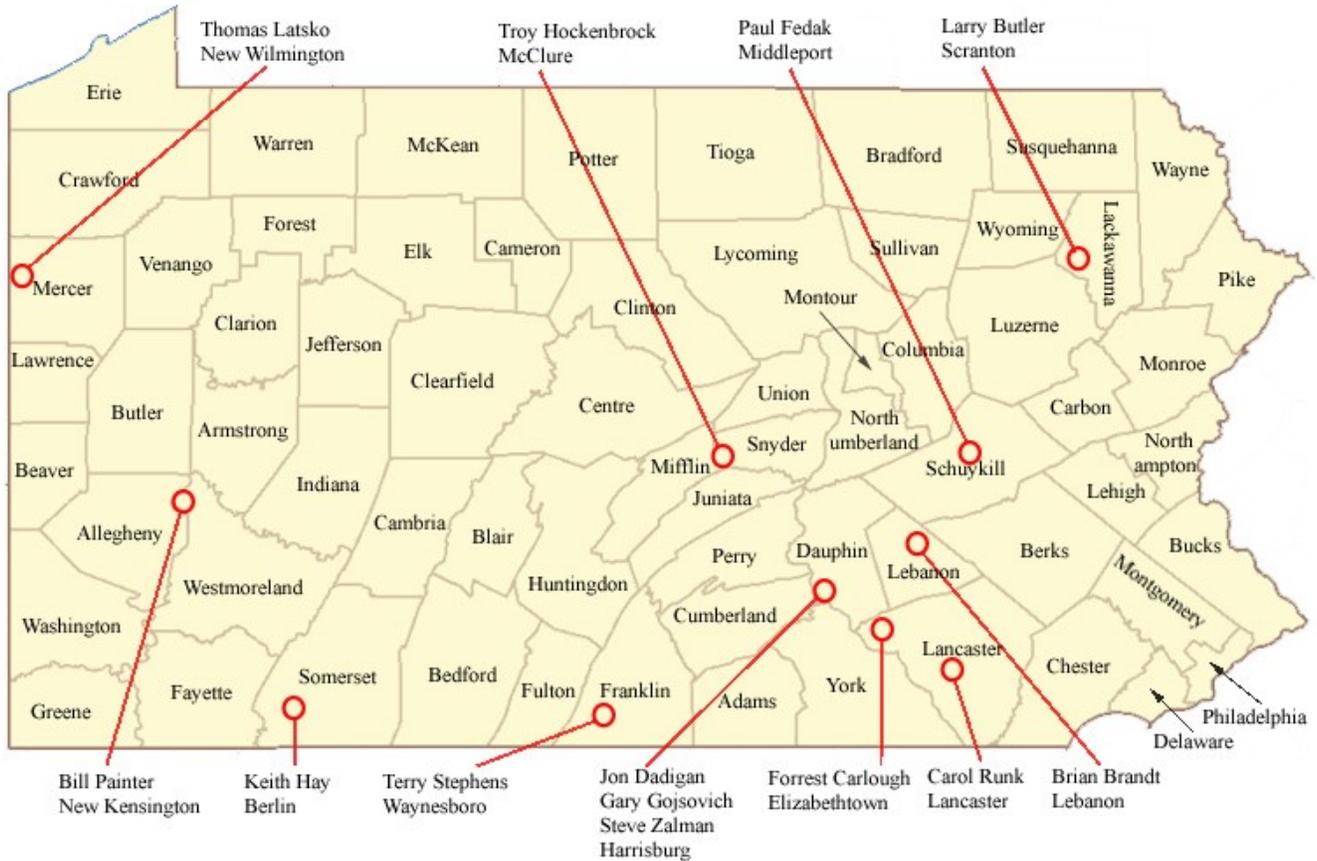
Employee of the Year 2014



Timothy A. Moyer

Tim is the Executive Secretary for the Board. He is responsible to oversee the day-to-day activities of the Board. Because of his years of experience with the various Board functions, Tim is also a knowledgeable advisor to the Board Members on policy issues. Tim's recent continuous improvement initiative CALF (Continuous Learning and Fine Tuning) was mentioned as a reason for his nomination. CALF is a group of staff employees with various responsibilities that meet to discuss their ideas about how to improve Board procedures. Several CALF team ideas have been implemented and improved the Board's operations.

PMMB FIELD STAFF LOCATION



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