

**Pennsylvania Department of Agriculture Secretary Russell C. Redding
Testimony to the Pennsylvania Milk Marketing Board
Pursuant to Bulletin No. 1542
May 2, 2018**

Thank you, Chairman Brubaker and Board Members Van Blarcom and Bowman and staff of the Pennsylvania Milk Marketing Board (PMMB) for the prompt response to the Pennsylvania Department of Agriculture's petition requesting action and guidance on the urgent need to address the depressed farm income of our dairy farms. As we consider the appropriate next steps in support of the dairy industry, it is critical that we solicit input from all Pennsylvanians, particularly those dairy farmers and industry stakeholders whose occupation and families are impacted daily by poor market conditions. I look forward to working with the PMMB throughout this process.

Today we find ourselves in a dairy market responding to a convergence of forces – over supply, shifting consumer consumption trends, global competition and supply change alignments that all contribute to the downward price pressure being experienced by farms. Just as there are multiple components to the challenge, the solutions will require an equally diverse response. As such, we must use every ounce of authority at our disposal in our state and federal milk marketing laws to address the current income crunch and best position our dairy industry to remain a critical part of our community and economy.

The Milk Marketing Law's statement of legislative purpose notes that the sale of milk is a business "affected with a public purpose" and the law's preamble notes that milk producers "do not possess the freedom of contract necessary for the procuring of cost of production." Those may be old words but, as current market conditions indicate, their truth stubbornly persists. Milk pricing from the farm gate to the checkout line is an interconnected chain with all pieces relying upon the others. Dairy farmer Rodney Groff of Manheim, PA was recently quoted in a Lancaster Farming article to have said, "There are no simple solutions. Every problem has another 10 or more problems surrounding it. It's going to take everyone working together, and if everyone doesn't work together it doesn't work. The farmer needs the processors and the processors need the farmer.

There needs to be more dialogue and communication.” No truer words could have been spoken.

While we all would rather not be where we are today, this is the moment.

This is dairy’s moment to examine how this state’s own pricing system can better match the current times, the changing trade and the transformations that are and will be experienced in the barn and in the dairy case of grocers, both small and big-box stores.

This is the chance, when attention is on the PMMB and the Pennsylvania Milk Marketing Law, to engage in a constructive dialogue about what the future should look like. It is not just in dairy that dated thinking and doing need to react to changed production, processing and marketing methods, but it is the most pressing. The advent of ever-larger retailers with national sourcing and distribution chains, engaging in the movement of milk across time zones, not just across state lines, has an undeniable impact on every dairy farmer in Pennsylvania. And it has an undeniable impact on PMMB pricing and the models and calculations upon which it is based.

Over the years, there have been many ideas suggested to help sustain the vitality of Pennsylvania’s dairy industry. Not all of them have been sound, but not all of them should be dismissed. I am sure that the PMMB will hear many of these ideas again during this and further listening sessions. Now is the time to examine, analyze and put ideas into action which can put Pennsylvania’s dairy industry on solid footing for the future.

All options must be considered, except for the status quo. That is why the Pennsylvania Department of Agriculture again asks the PMMB to consider the actions and ideas that are described today and during future listening sessions. I will return to a quote from President Franklin D. Roosevelt and what he said as the nation was searching for solutions amid the depths of the Great Depression, “It is common sense to take a method and try it. If it fails, admit it frankly and try another. But above all, try something.”

We are at this point because of factors no one individual, organization, or government entity could control alone. It has been a confluence of factors over decades, but now that we are here, one thing that will not solve the problem is standing still, hoping things change. Hope is good, but it's not a plan. Developing this plan will require leadership and commitment from every stakeholder. Over the last few weeks as the crisis reached an historic low with the announcement by a processor that forty-two Pennsylvania farms would be losing their fluid milk market, I was reminded how much our dairy industry is reliant on strong relationships; relationships with farmers, processors, lenders, Cooperative Extension, retailers, consumers and all levels of government.

Every conversation I am having on dairy is heart-felt, constructive and unprecedented. I've had phone calls and meetings with farmers, feed mills, dairy cooperatives, processors, public officials and consumers. These types of phone calls are certainly not uncommon but were only possible because of the respect for and the recognition that the chain can only be as good as the strength of its individual links. I have learned that there are many ways of looking at a crisis, but one thing universal throughout these conversations is that every change gives rise to the discovery of an opportunity.

We have discovered many things - that the balance between what's produced and consumed matters a great deal; that the fundamentals of Pennsylvania's dairy industry afford us competitive strengths but we must leverage them to our advantage; that dairy is food and nutrition; that consumers want to know who is feeding them, and that the dairy industry is amazingly resilient. In this discovery, we have also been reminded that everyone has a role and a responsibility to see that Pennsylvania's dairy industry is valued for its many contributions to the health of our bodies, communities and economy.

This is our moment. We didn't ask for a crisis, would prefer not to have it, but let's do something positive with it. We need productive input from dairy farmers, cooperatives and processors, retailers, allied industry and consumers. We need new way of thinking, even stronger relationships, new partnerships and productive input from stakeholders. The department is fully committed to working with all stakeholders to help realize the promising future we see for Pennsylvania dairy.