

The following testimony is being presented to the Pennsylvania Milk Marketing Board by Arden Tewksbury, Manager of Progressive Agriculture Organization, regarding the amount of the over-order premium that all qualified Pennsylvania dairy farmers are receiving.

ARDEN TEWKSBURY

MAY 1, 2019

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To: The Pennsylvania Milk Marketing Board regarding the proper distribution of the special over-order premium that is collected in Pennsylvania

Mr. Chairman and other Board members:

I appreciate the opportunity to testify today regarding the possible lack of proper distribution of the special over-order premium on bottled milk (many times referred to as Class I milk) that is produced, bottled and sold in Pennsylvania.

Mr. Chairman, I am not making any references to any position I've held in dairy cooperatives, farm organizations and so on, I think I've clearly stated them many times before.

Today, I'm strongly supporting the legal information that state representative John Lawrence has submitted to the board. I commend Representative Lawrence for his continued efforts for attempting to be sure that every qualified dairy farmer shipping his milk to a private handler or a dairy cooperative in

Pennsylvania is receiving his fair amount of the premium.

During the early 1980s (after the US Congress froze the milk support price on manufactured products, and then continued to lower the support price), different leaders in different organizations and dairy cooperatives came up with a premium idea on fluid milk. At the same time, the Regional Cooperative Marketing Association was developed and implemented. In addition, we were able to negotiate premiums on milk in other areas so it made sense to develop the special premium on fluid milk in Pennsylvania.

We even brought a professional economist, Art Little (who worked for RCMA) into Pennsylvania who supported the need of a special premium like the one we now have in Pennsylvania.

Representative Lawrence's remarks to the PMMB illustrated that the special premium in Pennsylvania was never intended to correct all the inequities facing dairy farmers, but it was a start.

I believe every time I testified to the PMMB about maintaining a fair premium to our dairy farmers, I also pointed out to the Board in my remarks that the premium was necessary because neither the US Congress nor the USDA has taken proper steps to correct the financial woes of our dairy farmers across the country.

However, when the Pennsylvania over-order premium was implemented, we never in our wildest dreams felt that some dairy farmers would not receive proper notification on a line item from their buying handler regarding what part of the premium the members were to receive.

At different times in front of the Board I introduced a dairy farmer's receipt from Readington Farms from Whitehouse, NJ. Sometimes it reached \$1.50 per cwt. At the same time, a representative from DFA reported that the PMMB premium was consolidated with other premiums, and some of the Pennsylvania premium could be sent to DFA members in other states, and Mr. Chairman, that practice must stop.

This is not the first time that some dairy cooperatives have played ownership of premium money they collect for their dairy farmers. When the US Congress failed to continue the legal status of the RCMA program (Regional Cooperative Marketing Association) which meant this organization that was collecting premium money was disbanded. To show how a premium can work legally, Durling Farms, the predecessor to Readington Farms, purchased milk in Pennsylvania, bottled the milk in New Jersey, sold the milk in New England, and because New England was a legal part of RCMA, they collected the premium on milk and returned the premium back to their Pennsylvania dairy farmers who qualified.

Pennsylvania was not one of the states that were part of the RCMA program, but New Jersey borders New England, therefore their milk sold into New England qualified them for the premium. It might seem a little complicated, but it sure shows that the money can follow the milk back to the producers if it is done correctly.

After the RCMA program was destroyed, we worked with dairy farmers and organizations in New York State, and hearings were held, and the NY state authorities issued an order which contained a premium on Class I milk which was as high as \$1.40 per cwt.

The late State Senator Roger Madigan assured us that if the NY program stayed in effect, he would introduce proper legislation to ensure that the premium was paid to dairy farmers in Pennsylvania. Even at that time, we had strong opposition from some dairy cooperatives in turning over the premium money to their dairy farmers. It just shows the same pattern that is going on in Pennsylvania.

You see, Mr. Chairman, all these things I am referring to, I do so only because we have had certain parties in New York, New Jersey and Pennsylvania that have attempted to get additional funds for our dairy farmers because of the failure of our elected and appointed officials in Washington not solving the financial problems of our dairy farmers.

Mr. Chairman, I strongly feel if our private milk handlers (who cannot collect dues from their dairy farmers or collect marketing costs from their producers), then the cooperatives must pay their qualified dairy farmer members their fair share of the premium. Also, Mr. Chairman, I think we need to applaud our Pennsylvania dairy farmers for what they are doing (not condemn). For instance, in 2008 until 2018, Pennsylvania's production increased only 90 million pounds, while about ten other states collectively increased their production by 20 billion pounds, with Wisconsin leading the way with an increase of 6.1 billion pounds. Wisconsin also lost 5,230 dairy farmers during that same period.

For Pennsylvania, we still list 6,200 dairy farmers; mainly family farms. Let us reward all of our dairy farmers in Pennsylvania that qualify for their share of the over-order premium, both dairy farmers who ship to a private handler or a dairy cooperative.

Thank you.

