

Progressive Agriculture Organization

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Mr. Chairman and Members of the Board:

My name is Arden Tewksbury, from Meshoppen, Pennsylvania.

I want to thank you for allowing me to testify today at this important hearing. I want to commend the Pennsylvania Milk Marketing Board for their strong support of the need of continuing the over-order premiums on fluid milk used to bottle milk and to be marketed in Pennsylvania.

In addition to operating my dairy farm in Meshoppen Township, Wyoming County, Pennsylvania for over 50 years, I have also been involved with many dairy organizations. In the 1960s I served on the dairy committee of the Pennsylvania Farm Bureau, later on I served on the dairy committees of the Pennsylvania Farmers Union, and the Pennsylvania State Grange for several years. In the 1970s, I was elected to the Board of Directors of Eastern Milk Producers, which I served for 9 years. While there, I was on the Executive Board for 7 years,

2 years as Vice-President, and 5 years as President of the Co-op. During my term as President, we were successful in bringing Leprino Foods into South Waverly, Pennsylvania, which took care of a substantial amount of milk that many times was homeless. After leaving the Board, I served as assistant to the General Manager, and later on, I did consulting work for Leprino Foods. During the 1980s, I was hired to do membership and dairy work for the Pennsylvania Farmers Union and was named manager of the Northern Tier Farmers Union Co-op. I also became a director of the Regional Marketing Cooperative Agency and also the Regional Bargaining Agency. In 1985, I was named Granger of the Year for the State of Pennsylvania. In 1991, several dairy farmers started the Progressive Agriculture Organization, which I have managed since that time.

The over-order premium, (which is not geared to solve all of the pricing inequities facing Pennsylvania dairy farmers), is necessary because neither the United States Congress or the United States Department of Agriculture have come to grips

with the inadequate prices paid to local dairy farmers the majority of the time.

Mr. Evanish, manager of MSC BUSINESS SERVICES, clearly notes that the average cost of producing milk in Pennsylvania has been rising since 2009 and in 2014 this cost reached \$25.14 per hundred weight. The 2015 cost will probably drop slightly, but will be substantially above the pay price to dairy farmers. I can certainly envision this disparity in milk prices to be between five and six dollars per hundred-weight. In helping to support Mr. Evanish's figures, the Economic Research Service, a division of the USDA, quoted the National Average Cost of Production for 2014 to be \$27.66.

It's just alarming to think that we can't get people in DC to adequately address these problems facing the majority of dairy farmers. At a time when milk prices plummeted by over nine dollars per hundred-weight, from the fall of 2014 to the spring of 2015, one would think that the appropriate people in Washington DC would take appropriate action to help correct these terrible losses to all dairy farmers. Certainly, the ill-fated, Margin Insurance Program, which Congress passed with the

support of many farm organizations, was never geared to help correct an inadequate pricing formula to dairy farmers, and, in our opinion, is a poor substitute for eliminating the dairy price support program.

I urge everyone here today to help push the appropriate people in Washington DC to listen to these figures that are being presented today.

In our opinion, we need a new pricing formula for all dairy farmers and a supply management program to take care of unneeded milk. This program would be run by dairy farmers' money, not government money!

During the course of the years the Board's premium has been in existence, we had people like Senator Roger Madigan (R-Bradford County) testifying in support of the needed premium. Arthur Little, an economist for the Regional Cooperative Marketing Agency testified for the need of the premiums which could parallel the RCMA premium. We also suggested that the Board's premium also made it easier to sustain unqualified premiums being paid by fluid handlers, especially in New

Jersey. These premiums are still being paid by at least one New Jersey fluid handler to hundreds of Pennsylvania dairy farmers.

We negotiated this premium with Durling Farms and later, when Shop-Rite bought Durling Farms, the name was changed to Readington Farms. At times this premium reached nearly \$1.50 per cwt.

In the days of RCMA, Durling Farms paid the RCMA premium as well as their unqualified premium. Readington maintained the same practice until RCMA was disbanded.

There appears to be some justified criticism of some dairy cooperatives possibly not paying the Board's total mandated premium to their producers. This is unbelievable. Certainly it was the intent of this total premium to go to the Pennsylvania dairy farmers who qualified.

According to statements made by at least one cooperative official, his cooperative is combining the Board's premium with other premiums, and possibly sending some of the funds to members in other states. Also, it has been eluded to that

possibly some of the Board's premium may be used to defray some of the cooperatives' operating costs.

This type of procedure is what helped to destroy the New York State Order. At one time, the RCMA Board legally developed the Regional Cooperative Bargaining Agency (RCBA). THE RCBA developed a pricing proposal in New York State. The order was in effect for about 2 months. The premium was approximately \$1.40 per hundred-weight. An amendment was offered to the Order, but Eastern Milk Producers Agency voted against the amendment, therefore the order was vacated.

The problem in New York State was the same problem that appears to be happening in Pennsylvania. The cooperatives wanted to keep their share of the premium, and use the money as they saw fit. This was not the intent of the original New York State Order.

Mr. Chairman, here in Pennsylvania, someone must be responsible in making sure the entire premium money reaches the pocketbooks of our dairy farmers; both dairy farmers that sell their milk to a dairy cooperative or a proprietary handler.

I have also been informed that some cooperatives say it's a burden to illustrate the Board's over-order premium on their milk check stubs. Mr. Chairman, I want to present to you a copy of a producer's receipt which was sent to them on July 17th by Readington Farms. This receipt shows many different items including a dollar per hundred weight unqualified premium that Readington is currently paying to all their producers. Surely, if Readington can do this, why cannot the dairy cooperatives show it to their members as well? The entire premium must be paid to all qualified dairy farmers in Pennsylvania.

Again Mr. Chairman and members of the Board and staff of the Board: Thank you for continuing the premium until someone in DC is willing to correct the pricing inequities facing all dairy farmers.

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