THE FOLLOWING TESTIMONY OF ARDEN TEWKSBURY,

MANAGER OF PROGRESSIVE AGRICULTURE ORGANIZATION

IS PRESENTED TO THE PENNSYLVANIA MILK MARKETING BOARD

REGARDING THE LEVEL OF THE OVER-ORDER PREMIUM ON

MILK USED FOR FLUID PURPOSES IN THE STATE OF

PENNSYLVANIA.

December 6, 2017

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My name is Arden Tewksbury of Meshoppen, Pennsylvania (Wyoming County).

Mr. Chairman and Members of the Pennsylvania Milk Marketing Board:

I appreciate the opportunity to testify at this important hearing concerning the level of the premium collected on fluid milk that is used for bottling and is marketed in Pennsylvania.

Mr. Chairman, I’m again listing all of my past activities, but I’m not going to read them. I believe it is more important to relate to the serious financial problems that are facing the majority of dairy farmers in Pennsylvania as well as many dairy farmers across the United States.

\*In addition to operating my dairy farm in Meshoppen Township, Wyoming County, Pennsylvania for over 50 years, I have also been involved with many farm 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.

Mr. Chairman, at this time I wish to amend my list of involvements concerning the welfare of dairy farmers.

Several years ago, the United States Congress authorized the Northeast Interstate Dairy Compact. It was authorized only for the six New England states. In order for other states to join the Compact, it was necessary for each individual state legislator to pass specific legislation to allow their state to join the Compact.

Furthermore, in order for a new state to join the Compact, each state had to annex one of the existing states. Of course, Pennsylvania did not qualify, so we teamed up with the New York State Grange and several carloads of dairy farmers made numerous trips to Albany to meet with several New York State Legislators, including many from New York City. I testified three times to the New York State Agriculture Committee, chaired by State Senator Randy Kuhl. We later picked up support from the late U.S. Senator Arlen Specter, which helped us move legislation in Washington DC. Later, we were introduced to the assembled Pennsylvania Senate concerning the Compact. Everything was going fine, until a special hearing was held in NYC concerning the Compact. And thanks to the large International Dairy Food Association (IDFA) along with some Midwestern Senators, the authorization of the continuation of the Northeast Interstate Dairy Compact fell by the wayside. This means that all of the effort put forth by many dairy farmers was done in vain. In conclusion, for a few months the Compact was in existence. Readington Farms, based in New Jersey, purchasing milk from dairy farmers in Pennsylvania, had developed sales in New England, which meant that Readington Farms obtained some of the Compact money, and rendered it to their dairy farmers in Pennsylvania. This means that surely the program was working the way it was intended to.

\*Mr. Chairman, today in addition to representing the Progressive Agriculture Organization, I’m also representing the Dairy Sub-committee of the National Family Farm Coalition of Washington DC. I serve as Chairman of the Committee. The Coalition has other members in Pennsylvania in addition to Pro-Ag. Members of the Coalition come from at least 20 other states.

The President of the National Family Farm Coalition is Mr. Ben Burkett of Mississippi. I am also representing the South Auburn Grange, and even more important, the Elk Lake School district, and the Susquehanna County Career and Technology Center. The Career Center is located on the Elk Lake School property and is owned by the Elk Lake School district. This Career Center serves students in Wyoming and Susquehanna Counties, and on some occasions, Bradford County. Mr. Chairman, I mention the Career Center, because several years ago, we realized that production agriculture in Northern Pennsylvania was in trouble. The demise of hundreds of school students in Northern Pennsylvania is having a dramatic toll on many of our public school populations.

And why is there a tremendous drop of school students in many areas of Northern Pennsylvania? The primary answer is very simple. Unfortunately we are seeing the demise of our family dairy farms in many areas of Pennsylvania. Along with the loss of dairy farmers, we are witnessing a tremendous loss of support businesses that serve our dairy farms in many areas. All of these problems are serious, and they have surfaced because the average dairy farmers have not been receiving a fair price for their milk that is sufficient enough to cover their cost of production.

Mr. Chairman, on August 30, 2017, I testified that according to the Economic Research Service of the USDA, the national average cost of producing milk on our area dairy farms was $21.87 per cwt. while the national average price paid to all dairy farmers in the ten federal milk marketing orders in 2016 was $15.35 per cwt.

During 2017, prices paid to dairy farmers in order one fell to the $16 - $17 level per cwt. range.

To me, it’s unbelievable that dairy farmers are called on to produce milk at this price level.

During the past several years, I’ve always appreciated the support the Pennsylvania Milk Dealers Association gave to our efforts to maintain a necessary premium on fluid milk to help many dairy farmers to cover some of their costs of production. I also appreciate with existing marketing conditions being the way they are, that in all probabilities, the $1.60 per cwt. is about the maximum we can expect. One must remember that Readington Farms in New Jersey has maintained a premium between $1 and $1.50 per cwt. on all their milk. Also remember that Readington’s premium is paid to their dairy farmers regardless of how the milk is used. I know some milk dealers say they have lost ten per cent of their shelf space in the dairy case to the fake milk that is being distributed in most states. However, in many states I have visited, I believe in some stores, the loss of the milk space has reached twenty per cent.

In saying all of this, it is my understanding that milk dealers in Pennsylvania have somewhat of a cushion built into the minimum price system. In reality, I’m not against this cushion, however, the dairy farmers in the state orders or federal milk marketing orders are not covering their costs, and certainly there is no cushion in the pricing mechanism for dairy farmers. Mr. Chairman, with all of my rhetoric, I must strongly suggest that the over-order premiums stay at the $1.60 level. The average dairy farmer cannot continue to produce milk at approximately $5 less than their cost of production.

In closing, Mr. Chairman, I wish to make a few suggestions.

1. All of us must work more diligently in getting whole milk back into our schools. Under the present school lunch program, milk is being thrown into the waste cans, and we are eliminating future milk drinkers that we need, because skim milk doesn’t taste good.
2. Everyone must do a better job of advertising and promoting milk and dairy products.
3. Dairy cooperatives: I’ve always supported dairy cooperatives. My references in my first two pages of my testimony illustrate my support for cooperatives.
4. However, I will look eyeball to eyeball with cooperatives, to strongly encourage you to separate the Pennsylvania mandated premium from other premiums, and pay the Pennsylvania premium directly to your producers, and not mingle these premiums with other premiums you may have, which causes confusion.

Mr. Chairman, I must strongly suggest that the over-order premium stay at $1.60 per cwt. So I say to you co-op leaders: It’s high time to face reality and do what is right for your members. Pay these producers the way most consumers think you are presently doing. Let’s get this problem resolved, and then tackle the real problems in Washington DC to help all United States dairy farmers.

I urge you co-ops to do this, because there is ground-swelling support taking place to dismantle the marketing board, and/or replace some members of the board, and this is the last thing that we need. This swelling is being created because all this premium money is not going to the dairy farmers that should be receiving it. As we’ve always said before, our organizations would do anything and everything to protect the integrity and the responsibilities of the Pennsylvania Milk Marketing Board. And the best way that this could be done, is for everyone to pay the dairy farmers the premium money they deserve.

Thank you for this opportunity to testify today.

Arden Tewksbury