

Pennsylvania Farm Bureau

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October 18, 2019

Doug Eberly
Chief Counsel
Pennsylvania Milk Marketing Board
2301 North Cameron Street
Harrisburg, PA 17110



Dear Mr. Eberly:

Pennsylvania Farm Bureau (PFB) is pleased to offer its comments on the proposed rulemaking (Milk Marketing Board, 7 PA. CODE CH. 143, Transactions Between Dealers and Producers; Payment), published in the Sept. 21, 2019 edition of the *Pennsylvania Bulletin*. We are a statewide general farm organization with a farm and rural membership of more than 62,000 families in the Commonwealth. Thank you for the opportunity to offer testimony regarding the Board's consideration of changes to regulations of the Board contained in 7 Pa. Code, Chapter 143.

If adopted by the Board, the proposed changes to Chapter 143 would essentially require cooperative Pennsylvania dairy farmers to receive in their statements of payment accompanying their milk checks information on the amount of each payment that is attributable to the Board's state-mandated over-order premium. Since 2015, PFB policy has supported efforts by the Board to ensure all Pennsylvania producers, whether independent or cooperative, receive information that accurately reports the portion of the total amount that producers receive on their milk checks that is attributable to the Board's over-order premium.

For more than thirty years, the Board has mandated producers be paid an over-order premium (above federal order minimums) per hundredweight of Class I fluid milk that is produced, processed and sold in Pennsylvania. And since August 1997, the Board has additionally required dealers purchasing milk from Pennsylvania independent producers and from Pennsylvania cooperatives to account and identify on monthly payment statements the proportionate amount of the producer's or cooperative's payment receipts that is attributable to the Board's mandated over-order premium.

A Pennsylvania producer who directly markets milk to a Pennsylvania processor clearly understands the value added by the Board's over-order premium to each payment he or she receives from milk produced. For producers who market milk through a producer cooperative or similar joint venture, the value added by the Board's over-order premium to each producer is less clear. A change in regulation to require Pennsylvania cooperative producers to receive similar information as producers directly shipping to licensed dealers will help a cooperative producer more clearly understand the value that the Board's mandated premium provides to those producers supplying and marketing through their cooperative.

We support the concept of transparency by every marketer of milk in identifying the amount of the payment received that is attributable to the state-mandated over-order premium. Transparency is always a good thing, and it is especially true, given that some of our dairy farmers are currently receiving significant amounts of the PMMB over-order premium while others are not.

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More recently, when the idea being considered by the Board first surfaced, we heard anecdotal comments from several producers that imposing this requirement would change the course of dairy marketing in Pennsylvania and help improve conditions in marketing of Pennsylvania milk. While we do support the Board's efforts to increase transparency among those marketing milk in informing producers about impacts that market forces such as the PMMB premium have on payments that individual producers receive for their milk, we must also note our belief that the specific mandate of the Board for Pennsylvania cooperative producers to provide such accounting and information on each milk check will not seriously impact the prevailing market forces that currently drive producer milk prices.

PFB encourages the Board to direct that cooperative producers be provided a similar level of transparency that dairy farmers desire generally to see on their milk checks, relative to amount of the Board's mandated over-order premium being actually paid.

Thank you for opportunity to present our views on this issue.

Best regards,



Grant R. Gulibon
Director, Regulatory Affairs