



**Testimony of the Pennsylvania Farm Bureau**  
**Before the Senate Agriculture and Rural Affairs**  
**Committee**  
**Regarding Stranded Premiums**

**Presented by Richard Ebert**  
**Pennsylvania Farm Bureau Vice President**  
**Dairy Farmer, Will-Mar-Re Farms**

**June 29, 2010**

Good morning. This testimony is offered on behalf of the Pennsylvania Farm Bureau, an organization representing more than 50,000 farm and rural family members in 63 counties.

My name is Richard Ebert. My brother and I operate Wil-Mar-Re Farms in Westmoreland County. We formed our partnership in 1982 after I graduated from Penn State with a BS in Dairy Production and a minor in Ag Ed. My brother has an Associate's Degree in Ag Business Management. Today, we milk approximately 80 Holsteins, and farm corn, alfalfa hay, and soybeans. Eighty-five percent of our income comes from our dairy operation. In addition to my on-farm activities, I am the Vice President for Pennsylvania Farm Bureau and also serve as the Chairman for PFB's Dairy Committee.

Farm Bureau would like to thank Chairman Brubaker and the members of the Senate Agriculture and Rural Affairs Committee for the opportunity to testify today.

As you know, dairy farmers suffered historically low prices in 2009, and while prices have been higher in 2010, we are still not out of the woods yet. Since prices were so severely depressed, it will take a long time for dairy farmers to recover. Dairy farmers across Pennsylvania are still worried about holding onto their farms and retaining their dairy operations for future generations. Even before the dairy financial crisis, Farm Bureau has been an advocate for ensuring that dairy farmers receive a fair, market-based price for their milk.

As I testified during your hearing in December, our members are concerned about what we believe is a widening price margin between minimum producer and retail prices on milk sold in Pennsylvania. At Annual Meeting in November, our members went as far to pass policy on this issue, and recommends that the PMMB to investigate this issue and report its findings. Along those lines, we support a more equitable distribution of the over-order premium for all

milk produced in Pennsylvania, as well as identifying and pursuing ways to increase cooperation with other northeast states to establish higher premiums for the benefit of producers.

Unfortunately, based on the outcome of the majority of the hearings (excluding the hearings setting an over-order premium) over the last few years, it appears that the Pennsylvania Milk Marketing Board is reluctant to take positive action to help address stranded premiums. For example, in 2008, at the request of PFB, the Cooperatives and the Administration, the PMMB held several hearings on expanding the scope of the over-order dairy premium to include producers who sell milk to neighboring states an over-order premium. This proposal was denied. Earlier this year, PFB supported a Cooperative-led request to hold a hearing to considering pooling the Class I over-order premium to all producers who produce, process and sell their milk in Pennsylvania. This, too, was denied. While recently, the Board did take a step toward eliminating a portion of the stranded premium when they changed to formulation of how the over-order premium is calculated, it is becoming increasingly clear that in order for milk marketing policy to change in Pennsylvania, there will need to be legislative action.

The bottom line is that Pennsylvania dairy farmers – and the larger dairy industry – are in jeopardy. The volatility of recent years, ever widening negative price margins and a tough financial climate means that every day I hear of dairy farmers – my friends, neighbors and colleagues – having to make difficult decisions about cutting costs, culling cows and even about exiting the business. I, too, worry that my farm will not last long enough for my sons to become the next generation of dairy farmers in the Ebert family.

What is clear is that we need viable and lasting change within the dairy industry. While dairy pricing is largely a national issue, we have many tools that can be utilized right here in

Pennsylvania. Ensuring that Pennsylvania's dairy producers receive their fair share of the premium is a good place to start.

Thank you for the opportunity to testify today. Farm Bureau looks forward to working with you on this issue.