

PA Milk Marketing Board
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Why Protecting Pennsylvania's Small Dairy Farms is Important

On Monday I was forwarded an email to our office that protested the Board's proposed retail add-on to non-fluid milk products which we hope will be appropriated by the General Assembly for a direct payment to Pennsylvania's dairy farmers. The email was not unkind and outlined the writer's concerns that taxpayers would be subsidizing dairy farmers when similar programs, e.g. a fee on agricultural commodities at the retail level, are not in place. He specifically mentioned beef, pork and poultry.

I want to talk about two specific things in response to that email in today's article: our rationale for the fee on non-fluid milk products and the reality of agricultural subsidies in the US.

The Board and staff receive complaints on a weekly basis about the current distribution system for the over-order premium that is paid by consumers at the retail level. The premium is paid for milk that is produced, processed and sold in Pennsylvania, and there are loopholes that exist to prevent all of the premium being paid as it was intended.

We want to look at the structure of the law, establishment and distribution of the premium, but do not want to jeopardize this one benefit that is in place for our dairy farmers in any way, at least not until something else is in place.

Why, you ask, is it so important to pay dairy farmers an extra premium above what the market allows? Approximately 80 percent of our dairy farmers have herd sizes of less than 100 cows; another 16 percent have herds between 100 and 200 cows. They are the lifeblood of our dairy industry, generating close to \$15 billion per year in economic activity, creating over 52,000 jobs and supporting cultural and financial efforts in local communities.

Many localities in Pennsylvania have the advantage of buying locally produced milk and milk products such as ice cream and cheese. Since the cost of production is much higher for small farms, it is more difficult for these farms to stay in business as costs continue to rise.

What about general farm subsidies? Between 1995 and 2019, USDA paid out \$329.6 billion in farm subsidies. In 2018, the subsidies were \$18 billion, with Pennsylvania farms receiving in excess of \$106 million and ranking 29th in the country in amount received. The \$18 billion covered subsidies for soybeans, barley, wheat and apple programs and various livestock programs, among others. Indeed, farm subsidies contribute to lower prices in the supermarket for many agricultural products. While there were additional subsidies that evolved from the China-tariff situation, subsidies have been provided for many years.

So, in response to the email we received, American agriculture—all facets, even beekeeping—have benefitted from federal subsidies for many years. Pennsylvania farms have received federal subsidies every year they have been appropriated. Our unique situation with dairy, however, has

made the issue of maintaining small dairy farms an essential part of continuing rural community health and viability.

We can promise Pennsylvanians that a decision to seek funds at the retail level for hopeful appropriation to dairy farmers was not an easy one. We can also promise that the amounts being suggested are small and even less than some typical food price increases we have seen in past years.

We also don't want the dairy industry in Pennsylvania to suffer criticism because of this proposed benefit package. When you buy other agriculture products, you are purchasing at prices that benefit from yearly farm subsidies. Food as a percent of monthly budgets in the United States is lower than any other country in the world and this is directly due to those subsidies along with cheap immigrant labor.

PMMB is always available to respond to questions and concerns. I can be reached at 717-210-8244 and by email at chardbarge@pa.gov.