

BEFORE THE PENNSYLVANIA MILK MARKETING BOARD

OVER-ORDER PREMIUM HEARING

ALL MILK MARKETING AREAS

December 7, 2022

Surrebuttal Testimony of Brittni Treichler-Harris

Presented on behalf of the Pennsylvania Association of Dairy Cooperatives,

Dairy Farmers of America, Inc.,

Lanco Dairy Farms Co-op, Inc.,

Land O'Lakes, Inc., and

Maryland & Virginia Milk Producers' Cooperative Association, Inc.

Good day, my name is Brittni Treichler-Harris. My business address is 405 Park Drive Carlisle, PA 17015. I am the eastern region milk supply manager for Land O'Lakes, and I represent Land O'Lakes in the Pennsylvania Association of Dairy Cooperatives (PADC). Other members of PADC include Maryland & Virginia Milk Producers Association Inc., Lanco Dairy Farms Co-op Inc. and Dairy Farmers of America, Inc.

I appreciate the opportunity to offer our surrebuttal testimony today.

I would like to begin by addressing the testimony of Mr. Turner. As in prior testimony, Mr. Turner argues that supply to the Class I market must meet higher standards of quality than milk going to Class II, III and IV. He uses this as a justification for the inherently unequal nature of the OOP program in its current design, where the bulk of the premium benefits a select few instead of being equally distributed as so many here today have advocated.

Milk supplying Class I markets is not of any higher quality than milk supplying the Class II, III, and IV markets. As evidence of this I will provide the average quality data for Land O'Lakes members in the East in 2022. Our average somatic cell count is 192,000, average standard plate count, which is performed weekly instead of the PMO required once per month, is 14,000 cfu. We also perform the pre-incubation count, which is a test for bacteria that grow in cold environments and produce enzymes that can survive pasteurization and potentially reduce the milk's shelf life. (Yutzy, 2022) This test is not performed at all plants, but we choose to perform it as a further indicator of quality. Our average pre-incubated count is 38,000 cfu.

In addition, Land O'Lakes members routinely win Platinum, Gold and Silver milk quality awards from the National Mastitis Council. Here the applicants from across the country are evaluated on overall milk quality, systems of monitoring udder health, milking routine, protocols

for detection and treatment of clinical and subclinical cases of mastitis, and strategies for overall herd health and welfare. I know farms from the other cooperatives represented by PADC have similar accolades.

I do agree with Mr. Turner that high quality finished goods require high quality raw materials. Yet I wholeheartedly disagree that the quality of milk in the Class I market is superior, and therefore deserving of special compensation. In fact, our producers take pride in producing quality milk because it is the right thing to do, for all of the finished products into which it is made.

Mr. Turner's testimony would also lead you to believe that Class I processors do not depend on the processors of Classes II to IV, that we are two separate entities in the dairy processing world. In fact, there is a great deal of interdependence as those Class II to IV processors who operate balancing plants, as Land O'Lakes does, act as a ballast to the demands of the Class I market. All Grade A producers within the Commonwealth of Pennsylvania stand ready to provide milk to Class I when demand is high and our Class II to IV plants absorb the production of other farms when Class I demand is low. The system depends on all producers and all plants working together to meet customer needs and balance milk production.

I would also like to address the testimony of Sara Dorland. Her testimony discusses at length how Pennsylvania runs counter to national trends of farm retention in general but specifically of smaller farms. She references Lancaster County as the county with the highest concentration of farms east of the Mississippi and draws the conclusion that the OOP must be a contributing factor for the continuation of such farms. Such a conclusion completely ignores the fact that the overwhelming majority of Lancaster County dairies are part of the cooperative

system and are not part of the select number of farms that receive an outsized proportion of the over order premium.

Ms. Dorland's testimony also ignores the fact that while Pennsylvania may have retained Class I processing in recent years, it has declined in overall production. Using USDA-NASS data and the time period Ms. Dorland references, from 2003 to 2021 (the last full year of available data) total Pennsylvania production fell from 10.3 billion pounds to 10.1 billion pounds. Our share of national production declined by 26%, from 6.07% to 4.47%, over the same period. Meanwhile, neighboring states like New York were growing their milk supply from 11.9 billion to 15.5 billion pounds and the US total production increased from 170.3 to 226.3 billion pounds.

If we step back and look broadly at the intention of the over order premium and the Pennsylvania milk marketing board, it is to represent Pennsylvania producers, processors, and consumers fairly and equally. This is the cherished '3-legged stool' approach. It appears to me that the stool has become unbalanced, with consumers paying premiums that are not being uniformly distributed among Pennsylvania producers while a subset of individuals are reaping undue benefits.

We agree with the testimony of The Pennsylvania Department of Agriculture as represented by Secretary Redding and the testimony of the Pennsylvania Farm Bureau as represented by Glenn Stoltzfus, that the premium should continue to prevent undue hardships for Pennsylvania producers, but that it cannot continue indefinitely. We continue to advocate that the premium level be set at a minimum of \$1 plus fuel, for a period of 3 months. During this time, the basic structure of the over order premium must be examined and fundamentally changed to reflect 3 requirements

1. Premium dollars must be uniformly distributed among all Pennsylvania dairy producers.
2. The amount charged to Pennsylvania consumers must not be substantially more than what is distributed back to Pennsylvania dairy farmers
3. The distribution system must not provide incentives for “shell games” by which payment of the premium to Pennsylvania dairy farmers can be avoided by purchasing or selling milk across state lines.

We also want to reiterate our commitment of being open to being a part of the solution and welcoming the opportunity to engage in meaningful dialogue on alternative methods of collecting and distributing a market driven premium.

Thank you for the consideration of our testimony as you deliberate your decision.

References:

Yutzy, A. (2022, March 28). *Preliminary incubation counts are essential to milk quality*. Preliminary Incubation Counts are Essential to Milk Quality . Retrieved November 30, 2022, from [https://extension.psu.edu/preliminary-incubation-counts-are-essential-to-milk-quality#:~:text=The%20preliminary%20incubation%20\(PI\)%20count,Amaral%2DPhillips%2C%20n.d.](https://extension.psu.edu/preliminary-incubation-counts-are-essential-to-milk-quality#:~:text=The%20preliminary%20incubation%20(PI)%20count,Amaral%2DPhillips%2C%20n.d.)