

**Testimony of Chuck Turner**  
**PA Milk Marketing Board Over-Order Premium Hearing December 7, 2022**

My name is Chuck Turner, President of Turner Dairy Farms in Penn Hills, PA. A copy of my *curriculum vitae* is attached hereto as **Turner Rebuttal Exhibit 1**. Our family owned and managed milk business is located in the eastern suburbs of Pittsburgh, where my grandfather started it in 1930. We currently purchase milk directly from about three dozen family dairy farms in Indiana, Westmoreland, Armstrong, and Cambria counties. We process, package, and distribute Turner's Milk throughout western Pennsylvania along with a selection of other dairy products, juices, and other beverages.

Our family company thinks of our relationship with our producers as a partnership. We are in this together with them and have been blessed, in many cases, to have worked with outstanding dairy farm families for multiple generations. Some of these relationships go back longer than I've been alive and are still based upon a mutual care for and trust in one another. This is a key reason why Turner's Milk regularly wins awards at national product competitions like the World Dairy Expo and the Los Angeles County Fair. Consumer surveys always rank taste as the #1 reason why people buy the products that they do. Great tasting milk starts on the farm. Without the work our farmers put in, there is very little we can do in our processing plant to make milk any better than it is when we receive it. Therefore, our family business is devoted to ensuring that we receive the highest quality raw milk.

I am here today to represent Turner Dairy, as well as the family farms that ship their milk to us and the PA Association of Milk Dealers, in support of maintaining the over-order premium at \$1.00 per cwt for at least six months. During this inflationary time, some stability is needed, and I believe that some months are needed for the dairy industry in our state to discuss possible alternatives or supplements to the current over-order premium. While several organizations and individuals have expressed their dissatisfaction with the PMMB over-order premium in the past long year of discussing this subject, no one has suggested a specific proposal to do it better. No plan has been put forward

saying where the funding for more premium dollars will come from or how it will be distributed among Pennsylvania dairy farmers. Yes, there are those who would eliminate the premium altogether and remove more than ten million dollars in annual revenue from dairy farmers in our commonwealth. For those who don't want to go there, it's time to share your ideas. I admit to being skeptical after more than 30 years of participation in this process, but I'm willing and the PA milk dealers are willing to listen and to work with you for the good of our industry.

Milk needs to taste good the whole way through its best-by date. Last year, the PA legislature changed the product dating laws for milk and allowed processors to use extended best-by codes if we could meet very strict microbiological standards. This was an important move that was supported by Turner Dairy and the Pennsylvania Association of Milk Dealers because it will help our local milk plants to better compete with extended shelf-life products coming from out-of-state. Those products are in competition with our fresh milk products, and consumers can be influenced by longer shelf lives when choosing their milk product. As a result, Turner's was the first milk in the state to achieve these standards. We now have a 21-day code on all of our fresh milk products, including chocolate milk, and 25 days on fresh cream products. As with fresh taste, microbial quality starts on the farm. After 36 years of working on milk quality, I'm convinced that raw milk that only meets the minimum standards of the Pasteurized Milk Ordinance cannot be made into bottled milk that will taste good for 21 days. The extended code now permitted in Pennsylvania has been a good thing for Turner Dairy and our customers. It also reduces our margin for error and tolerance for "off" days. We have had to become more diligent in our plant operations and more stringent about raw milk quality.

You can see that the dairy farmers that produce Turner's raw milk are key to our marketing efforts to sell milk. The story behind the product has become increasingly important to consumers. They want to know where their milk comes from, how the cows are treated, and how the land is farmed. They

want to know about our plant and the people who make and deliver Turner's milk. They want to know that we support our community and take care of our planet.

Because our processing plant is located in Allegheny County, we are regulated by Federal Order 33, the Mideast Order. (Plants in Eastern PA are regulated by Federal Order 1, the Northeast Order). "Pooling" by Federal Orders, when they are functioning "normally," generally takes money out of the milk checks of producers shipping to class 1 plants and distributes it to producers who ship to class 2, 3 and 4 plants. **All regulated, or pooled, producers get essentially the same milk price regardless of where they ship their milk.** Pooling by the FMMO system provides no incentive for producers to do the extra work required to ship milk to a class 1 plant.

To make matters worse, those class 2, 3 and 4 plants don't have to participate in the pool during months when their class price is higher than the blend price. They have the option to "depool" milk which keeps precious dollars out of the FMMO pool that are thereby not shared among the remaining producers. Producers shipping to class 1 plants are always in this group of remaining producers because class 1 plants do not have the option of depooling. Dairy markets have not operated "normally" the past few years because of the pandemic and resulting supply chain and inflationary issues. This has resulted in several months where milk prices were inverted, and manufacturing plants took the opportunity to depool. During 2022 depooling problems have persisted even beyond what can be blamed on COVID and have become another challenge to the FMMO system. Depooling further reduces the incentive for a producer to ship to a class 1 plant. Depooling is a tool that manufacturing plants and cooperatives have available to them to maximize the overall revenue available to their producers, a tool that is not available to Class 1 plants and their producers.

The largest negative change in producers milk checks over the last decade or so has come from two national sales trends: (1) the decline in fluid milk sales and (2) the increase in milk exports.

According to Prime Consulting, US fluid milk sales have dropped 20.3% from 2009 through 2021. 2022 will extend our losing streak to 13 years. That's more than one gallon in five lost, or one plant out of every five that is no longer needed as compared to 2009. Here is a partial list of US milk plants that closed in the past year or so: Prairie Farms – Marietta Ohio, Borden/Select – Chemung IL, Borden/Select – De Pere WI, Borden – Miami FL, Borden – Charleston SC, Borden – Dothan AL, Borden – Hattiesburg MS, Galliker-Potomac Farms – Cumberland MD, Hiland Dairy – Tulsa OK, Dean Foods DFA - Greely CO, Dean Foods DFA – Decatur IN, Purity Dairy – Nashville TN. The plant is still being operated by another party, but we all know about the changes at Reddington Farms – Whitehouse NJ. The PMMB Over-Order Premium is not the problem. These plant closings are concentrated in the Southeast and Midwest. Media and industry reports have documented empty milk shelves in retail stores and lack of milk half pints for schools in both regions. Setting aside the obvious difficulties for processors, selling less fluid milk also means less dollars in the FMMO pools for producers.

Increased exports, currently about 20% of US milk production, mean more sales of nonfat milk solids at low prices that are competitive in global markets. While acknowledging that dairy prices in 2021 and 2022 have been extraordinarily high, history tells us that increasing exposure to global dairy prices usually results in lower federal order milk prices. The result is that the FMMO system is increasingly subsidizing the sale of skim and whey powder on the backs of fluid milk, cheese, butter, and other dairy products.

Regardless of what was initially intended, the OOP functions to restore some of the incentive for a producer to ship to a class 1 plant that is lost in the FMMO system, where we are already blending and sharing to the point where it's hurting our industry.

The Over-Order Premium, as established by the Pennsylvania Milk Marketing Board, is important to Turner Dairy because it enables us to recruit and reward high quality dairy farmers to ship

to us. The OOP is important to our producers so that they can cover the extra costs associated with shipping to us in addition to just making ends meet. The OOP still functions as intended for Turner Dairy and the producers who ship milk to us. This is also true for several other Class 1 processors in Pennsylvania and to hundreds of Pennsylvania producers who ship milk to them.

It is important to establish the premium at a level that reflects market conditions. When the Board finds the right level, it allows plants like Turner to pay appropriate premiums with adequate cost recovery opportunities. If it is set too low, this puts downward pressure on the amount of premium we could pay to our producers and hurt the profitability of class 1 plants. The practical reality is that almost all our sales are at the PMMB minimum wholesale price less applicable discounts so our bottom line will suffer if we pay premiums to producers in another way.

As I indicated previously, the fluid milk industry is struggling with declining sales volume. It should be obvious, but it still needs to be said that the fluid milk sector needs all the help it can get to compete and hold on during difficult times. I recommend that the PMMB maintain the current Over-Order Premium system at \$1.00 per cwt plus fuel adjuster for the next six months. The \$1 level makes sense to me because our producers are facing inflationary costs so a reduction would be tough for them to take. I'm not seeing any cheaper milk available to our West. Even if there is, the transportation cost to get it to PA will negate any small difference in premium so we can hold at a dollar per Cwt.

Thank you for the opportunity to testify at this hearing today. I appreciate the PMMB's efforts to listen to the facts and make decisions that are in the best interest of the whole dairy industry, including dairy farmers, milk haulers, co-ops, processors, distributors, retailers, and consumers. We can find confidence in the hard work of men and women who built this institution over many decades to benefit this industry which is vital to the physical and economic health of the citizens of our commonwealth. They were no brighter than us and their problems no less difficult.

**CHUCK TURNER, JR.**

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◆ **WORK EXPERIENCE**

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- 2003 - Present **President, Turner Dairy Farms, Inc.**
- 1994–2002 **Vice President – Production, Turner Dairy Farms, Inc.  
Executive Committee  
Responsible for all plant operations.**
- 1986-1994 **Quality Control Director, Turner Dairy Farms, Inc.**
- 2020-Present **Member, Pittsburgh Special-T Dairy LLC**
- Managing Member 2017-2020
- 2009-Present **President, Titusville Dairy Products Co.**
- Director since 1999

◆ **ASSOCIATIONS**

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- 2018-Present **Board Member, Pennsylvania Center for Dairy Excellence**
- 1990-Present **Pennsylvania Association of Milk Dealers**
- Member of Executive Committee.
  - President 2001-2003, 2018-2019
- 2020-Present **Member, Fluid Milk Board of International Dairy Foods Association**  
Member of Economic Policy Committee and Class I/Class II Working Group
- 1991-2019 **Board Member, Dairy Industry Association of Western Pennsylvania**
- President 1995-1997.
- Member of Westmoreland County Farm Bureau**

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- **MBA, Katz Graduate School of Business at the University of Pittsburgh**
  - **BS Food Science, with Highest Distinction The Pennsylvania State University**