

Testimony of Carissa Itle Westrick on behalf of Vale Wood Farms
Before the Pennsylvania Milk Marketing Board
Over Order Premium Hearing
August 30 – September 1, 2022

Chairman Barley and Members of the Board, thank you for the opportunity to present testimony today.

My name is Carissa Itle Westrick. My family owns and operates Vale Wood Farms, a dairy producer/processor business in Loretto, Cambria County, Pennsylvania that has been in operation since 1933. We farm 500 acres and milk 250 cows. We then process our milk plus milk from neighboring farms into a full line of dairy products. We directly market these products and deliver to homes, stores, and businesses within about an hour radius of our home farm.

My testimony provides a unique perspective because we are both dairy producers and dairy processors. I am a member of Pennsylvania Farm Bureau and also serve on the Executive Committee of the PA Association of Milk Dealers.

The Over-Order Premium compensates farmers for the costs of providing milk to the fluid market. Fluid milk processors, including Vale Wood, require high quality milk to be processed and delivered without delay. High quality milk is imperative to providing consumers with milk that tastes good and can reach the sell-by date without any detrimental impacts to customer experience. As a fluid milk processor, we have a little over two weeks from the time our cows are milked to the time that milk is processed, delivered, and consumed. Fluid milk is expensive to transport and cannot be stored unless it is turned into another product - in our case, our options are to store milk as butter, sour cream, or ice cream by producing those at our facility. Our plant both buys raw milk and sells packaged fluid milk from within just a few counties in Pennsylvania. We are audited monthly by the Pennsylvania Milk Marketing Board and are required to verify that every cent of the Over-Order Premium that we receive from consumers returns to the farms who produced that milk. As an independent processor, we are required to show that each producer who provides us with milk receives their individual share of the Over-Order Premium. Independent dairy processors cannot aggregate these premiums for reporting.

I know that there are dairy processors in our Commonwealth who are believed to source or sell milk across state lines and that these plants are the subject of the criticism. I acknowledge that this makes accounting of this Pennsylvania premium a bit more confusing, but I think that concern is given too much weight. Those plants are fellow PAMD members who I work with on policy issues and I am confident that they, like Vale Wood, are concerned with the well-being of their dairy farmer partners and they, like Vale Wood, have to pay a competitive premium to attract quality milk I am here today, however, to remind you that for farm families like mine who produce milk for small to mid-sized regional dairy processors, the impact of the Over-Order Premium is significant. Our Over-Order Premium is currently 85-cents. Eliminating the Over-Order Premium would have a negative financial impact on hundreds of Pennsylvania dairy farm families, including my family's own farm

An additional premium to help more farmers who market their milk outside the fluid market is a great idea, but it should be developed in addition to the Over-Order Premium, and not instead of it.

Many of the dairy farms in our Commonwealth struggle daily to produce milk while remaining profitable. We're all finding ways to be more profitable- whether through selling crops, hauling milk, marketing our genetics, planting corn mazes, or producing artisanal cheese. Our businesses are different, but our industry is stronger through our diversity. More dairy farms means more feed mills, equipment suppliers and repairmen, veterinarians and the like. This particular premium - the Over-Order Premium – most directly benefits fluid milk producers, but other premiums or sources of revenue may benefit other producers. What's best for our state dairy industry is profitable farms of all sizes, whose milk supplies all kinds of markets.

Unfortunately, the focus of the current conversation is that because the premium is not paid equally, no farm should receive the benefit. If the Over-Order Premium is eliminated some farms would lose a little, and some farms would lose a lot. There would be no winners. That is not a formula for anyone's success.

In summary, I urge the Milk Marketing Board to resist calls to terminate the Over-Order Premium or terminate and replace the Over-Order Premium. If something needs to be done to help more Pennsylvania farmers, a way should be identified that does dismantle what is working for Class I plants and their producers who already are struggling with declining fluid milk sales.

Thank you for the opportunity to provide these comments to the Board, and for your support of Pennsylvania dairy farms and the broader industry.