

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

AGRICULTURE AND RURAL AFFAIRS COMMITTEE
PUBLIC HEARING

STATE CAPITOL
HARRISBURG, PA

MAIN CAPITOL BUILDING
140 MAJORITY CAUCUS ROOM

WEDNESDAY, APRIL 17, 2019
9:22 A.M.

PRESENTATION ON
ISSUES AND CHALLENGES IN THE
STATE'S DAIRY INDUSTRY

BEFORE:

HONORABLE MARTIN T. CAUSER, MAJORITY CHAIRMAN
HONORABLE STEPHANIE BOROWICZ
HONORABLE RUSS DIAMOND
HONORABLE MINDY FEE
HONORABLE MARK M. GILLEN
HONORABLE MARCIA M. HAHN
HONORABLE JOHNATHAN D. HERSHEY
HONORABLE RICH IRVIN
HONORABLE MARK K. KELLER
HONORABLE KATE A. KLUNK
HONORABLE JOHN A. LAWRENCE
HONORABLE CLINT OWLETT
HONORABLE RYAN WARNER
HONORABLE DAVID H. ZIMMERMAN

* * * * *

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BEFORE (continued):

HONORABLE EDDIE DAY PASHINSKI, DEMOCRATIC CHAIRMAN
HONORABLE DANILO BURGOS
HONORABLE PAMELA A. DeLISSIO
HONORABLE LIZ HANBIDGE
HONORABLE BRIDGET M. KOSIEROWSKI
HONORABLE MAUREEN E. MADDEN
HONORABLE CHRISTOPHER M. RABB
HONORABLE CHRISTINA D. SAPPEY
HONORABLE PAM SNYDER

COMMITTEE STAFF PRESENT:

KERRY GOLDEN
 MAJORITY EXECUTIVE DIRECTOR
MELANIE DONNELLY
 MAJORITY RESEARCH ANALYST
MICHELE MUSGRAVE
 MAJORITY LEGISLATIVE ADMINISTRATIVE ASSISTANT II

DESTINY ZEIDERS
 DEMOCRATIC EXECUTIVE DIRECTOR

I N D E X

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SUBMITTED WRITTEN TESTIMONY

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P R O C E E D I N G S

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3 MAJORITY CHAIRMAN CAUSER: This morning, we're
4 having a public hearing with the members of the
5 Milk Marketing Board. Thank you for joining us, folks.

6 This Committee has done a lot of work on
7 dairy industry issues and in fact has held hearings in the
8 past. And we were planning to do a hearing again on
9 dairy industry issues, and I thought, what's the best way
10 to do that but to call the Milk Marketing Board to come
11 in, because you folks have been having informational
12 meetings all around the State, listening to dairy farmers
13 and folks in the industry. So we thought it would be a
14 good idea to have you folks come in and tell us what you're
15 hearing.

16 And one other issue is, we often hear from folks
17 saying, what does the Milk Marketing Board do? So I
18 thought it would be a great opportunity for you to talk
19 about what the Board does, what the functions of the Board
20 are, and then talk about what you're hearing.

21 So if you would introduce yourselves, and I look
22 forward to your testimony. And you may proceed.

23 BOARD CHAIRMAN BARLEY: Well, good morning, and
24 thank you for the opportunity to, you know, have this
25 hearing and to present, you know, what we're seeing, what

1 we're hearing.

2 I will tell you -- I guess I ought to introduce
3 myself. I am Robert Barley, the Chairman of the
4 Pennsylvania Milk Marketing Board, just recently appointed
5 midyear 2018. We did hit the ground running because of a
6 lot of requests that we do get out and hear what's going
7 on. So we have held numerous listening sessions and
8 conducted a survey.

9 And, you know, we have a great team here. To my
10 right is Dr. Carol Hardbarger. She'll be sharing a lot of
11 the results of specifically the survey. But everything
12 else, she spends a lot of time in the office. She's the
13 Consumer Member.

14 Our veteran member is Jim Van Blarcom, and he's
15 going to, actually before we get started with our
16 presentation, he's going to talk a little bit about how
17 things do work. So he's the veteran. He has a lot more
18 experience in that than maybe the other two of us.

19 So once again, thank you, and I'm just honored
20 that we have this opportunity. And I'm going to hand it
21 off to Jim and let him just explain a little bit how the
22 Pennsylvania Milk Marketing Board operates, the process and
23 so on, and then additionally some of the other, you know,
24 intricacies.

25 Go ahead, Jim.

1 MR. VAN BLARCOM: Thank you, Rob, and thank you
2 for having us.

3 And I'm Jim Van Blarcom. I have been on the
4 Milk Marketing Board since June of 2014. And I would like
5 to first start off with, thank you for that movement on the
6 truck hauling bill, and I would like to comment very
7 briefly on that.

8 If you're looking for the safest people you can
9 put in a truck on a slippery road, it's the milk truck
10 drivers, because they're acclimated to bad roads. And we
11 recently on our farm bought a used milk hauler's tractor
12 that pulls the tank, and it has a differential lock on all
13 eight wheels. So that truck can negotiate our driveways
14 and back roads, and most of them are that way. So I just
15 wanted you to understand, if your main concern, which is
16 mine, is safety, you're putting the very best people that
17 we have on the roads.

18 Going from there, I would like to tell you a
19 little bit about how the Pennsylvania Milk Marketing Board
20 works.

21 One of our most important functions is licensing.
22 We license the dealers, the subdealers, the truckers, the
23 weigher/samplers. And we also keep track of bonding so
24 that the dealers are properly bonded or they have a secured
25 fund that can protect the farmers from failure to be paid.

1 If the dealer's business fails, there's a bond there to
2 protect them. The Board oversees that.

3 And from there, I'll go into how our hearings
4 operate.

5 First off, we are petitioned by one of the
6 interested parties to have a hearing, and the Board will
7 normally accept that hearing, and then they'll give 30 days
8 or more notice so that everyone that wants to be part of
9 the program can be part of the program.

10 And it's at least one month, and some of the
11 things we have hearings on are the over-order premium, the
12 minimum-price premium, the wholesale minimum retail. We
13 have hearings on rule changes and in-store handling costs
14 and those types of things. So if a hearing is going to
15 take place, we make sure that everyone has had a chance to
16 become part of it.

17 You don't have to have an attorney to testify
18 before the Pennsylvania Milk Marketing Board, and our staff
19 does all they can legally to help someone who wants to
20 testify.

21 One thing I have encouraged since I've been on
22 the Board is to try to get more people to come and testify.
23 We seldom have anyone from the consumer field. We have
24 farmers. We have the Grange. We have the Farm Bureau. We
25 have the dealers. We have the co-ops.

1 And our hearings are operated under the General
2 Rules of Administrative Practice and Procedure found in the
3 Pennsylvania Code. It's run very similar to a courtroom in
4 your county, and they're designed and intended to ensure
5 that any party that wants to present evidence or testimony
6 is given a chance to do so, whether that party is
7 represented by an attorney or not. The Board does
8 everything it legally can to help parties without
9 attorneys. But participation and evidence must be relevant
10 to the hearing. Examples are, we have the Pennsylvania
11 Grange and ProAg people that come in, but they aren't
12 represented by an attorney, but they're welcome to come.

13 The Board is required to base its discussion and
14 order on evidence received at the hearing. The Board can't
15 substitute its own judgment or opinions for the evidence
16 and testimony provided at the hearing.

17 An example would be an over-order hearing, an
18 over-order premium hearing. We have one side presenting,
19 we'll just use the example of \$1, and the other side
20 representing a 50-cent over-order premium, and the Board
21 will listen to that evidence.

22 And we can use whoever we feel is most credible.
23 We can use that one. But if we feel it's somewhere in the
24 middle, we can use evidence from both sides and we could
25 end up somewhere in the middle.

1 In our order we'll say why, what evidence we used
2 and who we thought was more credible, and why we came up
3 with the numbers we did. But if in the end, if we come up
4 with an order and someone is not satisfied, they can always
5 challenge us, and the Board has been challenged in the past
6 quite a few times over the years, and a higher court may
7 overturn us or it may support us.

8 In the end, the Board must take into
9 consideration all of the dairy industry -- your farmers,
10 your haulers, your consumers, your bottlers, your retailers
11 -- and that's our job, to do the very best we can with the
12 information that we have been given.

13 Like, for example, if the three of us thought,
14 deeply thought that that number should be nothing and all
15 the evidence came in that there should be a number on that
16 over-order premium, we have to use the evidence that we
17 were given. We can't use our own personal judgments.

18 So with that, we'll move on. Carol.

19 BOARD CHAIRMAN BARLEY: Yes. Thanks, Jim. And I
20 guess I wanted to mention earlier that if there's questions
21 as we're going on, please feel free to ask, because, you
22 know, part of what we're doing here today is education.

23 So just to add a couple of things to what Jim
24 said, specifically the over-order premium. I'm sure you've
25 heard that. And maybe you all do know what that is, but

1 that's specifically a premium that is set by our Board but
2 through, as Jim mentioned, testimony by different groups
3 and then agreed upon. Now, that is only for fluid milk
4 produced, processed, and marketed in Pennsylvania, and so
5 it's just specifically for that.

6 And then the minimum price is essentially
7 something that we set. It's in law. The level of profit
8 for the milk dealers and the -- well, it's actually for the
9 farmers, the milk dealers, and the retailers, but then the
10 law kind of takes the farmers out of play because it
11 mentions that if the market can't bear it, then the farmers
12 will not receive that guaranteed profit, and the market can
13 generally not bear it. But the milk dealers then would
14 testify, and all their expenses, and that would be audited
15 by our auditors, and then all that information is used to
16 set minimum prices at the wholesale level and additionally
17 minimum prices at the retail level as well.

18 So that kind of is a rough idea of what we do
19 from that standpoint.

20 So at this point, are there any questions before
21 we go into our presentation?

22 MAJORITY CHAIRMAN CAUSER: We typically hold
23 questions until the end, but I know that you want an
24 interactive discussion.

25 BOARD CHAIRMAN BARLEY: No; that's fine.

1 MAJORITY CHAIRMAN CAUSER: And I'm open to that.

2 BOARD CHAIRMAN BARLEY: Okay.

3 MAJORITY CHAIRMAN CAUSER: With the number of
4 Committee Members we have, we have a limited amount of time
5 to be able to have those questions.

6 BOARD CHAIRMAN BARLEY: Okay.

7 MAJORITY CHAIRMAN CAUSER: But I do want to have
8 an interactive discussion. I know you folks have a
9 PowerPoint presentation that you're going to make. But I
10 do want to stress to the Members that we will entertain
11 questions if you have questions, and I know Chairman
12 Pashinski does, so I'll turn to him at this point.

13 MINORITY CHAIRMAN PASHINSKI: Thank you, Chairman
14 Causer.

15 Could you give us the breakdown exactly who gets
16 what? Let's take a dollar and break it down, who gets
17 X percent, because it seems as though the farmers, the guy
18 at the end, he's the one that's struggling.

19 BOARD CHAIRMAN BARLEY: Yeah. And I don't have
20 that exact information in front of me.

21 Would you have -- Carol, do you have it?

22 I mean, essentially what's happening is, if you
23 look at the retail price, you're probably looking at about,
24 you know, it would probably correspond to about \$23, \$24,
25 and the farmer right now is receiving a little more than it

1 had been, but I would say in the last year and a half, you
2 know, \$15 to \$17. Now, that would be just the minimum
3 price. So the difference in between, there's about a
4 third, approximately a third. Between a quarter and a
5 third is the handling and, you know, all that type of
6 process.

7 MINORITY CHAIRMAN PASHINSKI: That would be
8 helpful, at least for my part---

9 BOARD CHAIRMAN BARLEY: Yeah. We can get that.

10 MINORITY CHAIRMAN PASHINSKI: ---if you can give
11 us a chart---

12 BOARD CHAIRMAN BARLEY: We could, yeah, we could
13 do that.

14 MINORITY CHAIRMAN PASHINSKI: ---to demonstrate
15 what that is.

16 BOARD CHAIRMAN BARLEY: Yep. We can definitely
17 do that.

18 MINORITY CHAIRMAN PASHINSKI: All right. Thank
19 you very much.

20 BOARD CHAIRMAN BARLEY: Sure.

21 MAJORITY CHAIRMAN CAUSER: The questions that we
22 get a lot of, the topics that we get a lot of questions on
23 are the over-order premium and the stranded premium that's
24 paid, because there's a lot of milk that is produced in
25 Pennsylvania, shipped out of State to be processed, and

1 then brought back into Pennsylvania, and, you know, what
2 happens to the stranded premium? We get that question
3 often.

4 And then, of course, the minimum pricing issue.
5 I live 10 miles from the border with New York. A lot of my
6 constituents are running over to New York to buy milk
7 because it's significantly cheaper, you know, than buying
8 it in Pennsylvania. I have constituents that are saying,
9 okay, I'm willing to pay more for milk if I know that it's
10 going back to the Pennsylvania dairy farmer, but they're
11 not convinced that it is.

12 So those are the issues that we hear the most
13 about.

14 BOARD CHAIRMAN BARLEY: Right.

15 MAJORITY CHAIRMAN CAUSER: And I don't know if
16 you want to comment on those.

17 BOARD CHAIRMAN BARLEY: Yeah. I mean, I can
18 comment, but I think our other members can comment as well.

19 I mean, there's no doubt about it that there is,
20 to our -- you know, we can't track it exactly, but roughly
21 a quarter to a third, between in that range, of the
22 over-order premium is stranded, is not getting back
23 directly to Pennsylvania farmers.

24 MR. VAN BLARCOM: There's a---

25 BOARD CHAIRMAN BARLEY: What's that?

1 MR. VAN BLARCOM: There's a -- excuse me.

2 BOARD CHAIRMAN BARLEY: Go ahead.

3 MR. VAN BLARCOM: There's a reason for that. The
4 over-order premium is built into the cost buildup when we
5 set a minimum price, and then the dealer has to pay that
6 over-order premium to the farmers that all their milk
7 qualifies, and qualifies means it's sold, produced, and
8 bottled in Pennsylvania.

9 So, like a dealer in the middle of the State,
10 it's pretty simple. All the milk he buys, he bottles and
11 he sells in Pennsylvania, and that farmer gets a hundred
12 percent of that dollar premium. But a farmer like myself
13 up in the northern tier sells to a co-op. The co-op sells
14 milk to a Class I dealer on occasion when they need milk.
15 So a small percentage of my milk actually qualifies for an
16 over-order premium.

17 So it's built into the minimum price, but a lot
18 of that milk, of my milk, didn't qualify, so I only get
19 maybe 4 cents, maybe 20 cents, and I don't even know in
20 most cases because it's not on the milk check, so we don't
21 know. But the co-ops tell us that we're getting a certain
22 amount, depending on what it is from one month to the next.

23 So that's why you don't -- that's why there's
24 some milk that has been paid for by the consumer in the
25 minimum price, but that money doesn't necessarily all go

1 out to a farmer.

2 DR. HARDBARGER: And we are so sensitive to this
3 issue, and we have actually been working on looking at the
4 over-order premium since Rob and I came on board. And of
5 course you'll see when we talk that not only in our survey
6 data but in the listening sessions, we received a lot of
7 feedback. There's a lot of confusion. There's a lot of
8 misinformation out there about it. So we are going to try
9 and clarify exactly what's going on now.

10 But we're looking right now at the State of Maine
11 and some of the things they're doing, and we have posed the
12 question to ourselves, what do we have to do to collect
13 over-order premium money and have 100 percent of that go
14 back to all Pennsylvania farmers? And we're going to be
15 actually creating some mathematical models that show some,
16 say, four to six scenarios of what it would look like in
17 terms of the consumer, the processors, and the farmer to
18 get all of that collected money.

19 And as part of that process, we would be working
20 with a group to do telephone polls of consumers and find
21 out what consumers think to respond to the question that
22 you posed earlier or the statements you posed, that I don't
23 mind paying extra for my milk if I know that that extra
24 money is going to my neighbor farmer or to a Pennsylvania
25 farmer.

1 So we do have that process in motion, and we're
2 at the infancy of creating those models at this point. But
3 that is in motion, and we are working on that.

4 MAJORITY CHAIRMAN CAUSER: Thank you very much.

5 BOARD CHAIRMAN BARLEY: And our concern with that
6 throughout the whole process is that we have, you know, we
7 call it a three-legged stool, but there's actually four
8 legs. You know, it starts with the farmer, so the farmer
9 has to be strong, but our dealers/processors need to be
10 strong and profitable. And then ultimately the retailer
11 needs to have some desire to sell milk, and hopefully the
12 demand is that desire, and then ultimately the consumer
13 needs to be satisfied with our product.

14 So we have to be careful whatever we do that we
15 don't -- that we kind of take care of everyone along the
16 line to some degree that it doesn't get out of balance. So
17 that's why I think it's important that we run, you know,
18 models like that to see, you know, what those effects might
19 be.

20 Addressing your second question, you know, the
21 out of State, you know, that's certainly an issue that we
22 hear about on the border. You don't really hear about
23 mid-State. Overall, statistics show our prices are really
24 not that much different for a gallon of milk, but stores
25 can, in other States, use milk as a loss leader.

1 You know, our research has said that it's not
2 necessarily helpful to the dairy industry, but, you know,
3 they can do that. And I know the retailers really don't
4 like to have to do that, but it's something that once one
5 does it, another one has to do it.

6 So, yes, we know that occurs, specifically in the
7 border areas, and it is a concern, so.

8 MAJORITY CHAIRMAN CAUSER: It leads to a lot of
9 questions. I mean, just in my area, you can buy a gallon
10 of milk for just under \$4, 3-something, and just across the
11 border you can buy a gallon for 1.90.

12 So---

13 BOARD CHAIRMAN BARLEY: They're selling that milk
14 at a loss.

15 MAJORITY CHAIRMAN CAUSER: I don't doubt that.

16 BOARD CHAIRMAN BARLEY: Yeah.

17 MAJORITY CHAIRMAN CAUSER: I'm just saying, it's
18 what the consumer is seeing.

19 BOARD CHAIRMAN BARLEY: I agree.

20 MAJORITY CHAIRMAN CAUSER: There's no question,
21 which leads to a lot of questions for the Members of this
22 Committee, because then we get people contacting us saying,
23 get rid of minimum pricing; get rid of the over-order
24 premium if it's not going back to the dairy farmer. So it
25 leads to a lot of those types of questions.

1 And to be clear, I do believe that Pennsylvania
2 residents strongly support Pennsylvania dairy farmers, and
3 as I said before, we'll pay more if they know it's going
4 back to the farmer. That's why we've seen in the numbers,
5 people are going to the store and choosing PA Preferred,
6 many of them are, if they have that opportunity. So it
7 leads to a lot of questions that we get.

8 BOARD CHAIRMAN BARLEY: Absolutely.

9 MAJORITY CHAIRMAN CAUSER: But at this point, I
10 want to move forward with your PowerPoint presentation.

11 BOARD CHAIRMAN BARLEY: All right.

12 MAJORITY CHAIRMAN CAUSER: And we will have
13 additional questions.

14 BOARD CHAIRMAN BARLEY: Okay. Thank you.

15 Yeah. Well, once again, you know, we have made
16 it a real effort to begin, you know, listening and trying
17 to then find out what folks maybe don't know so that we can
18 educate them as well.

19 So certainly, you know, the slide there says
20 "To solve a problem one must see it through the eyes of
21 others," and that's exactly what we're doing. You know,
22 we're looking, trying to understand the experiences of
23 farmers. Jim and I, of course, are farmers ourselves, and
24 so we want to hear what they are seeing or maybe
25 understanding but also what they don't understand.

1 So there are two strategies, and Carol is going
2 to, you know, talk about the different strategies that we
3 have looked at.

4 DR. HARDBARGER: Well, we started having
5 listening sessions in September. Rob and I were pretty
6 much directed to do that during the Senate confirmation
7 hearing process, and we have gained a lot of information
8 that we are going to share with you. But the whole purpose
9 of those was to listen, not to talk but to listen and to
10 learn, and also to respond to what people were asking us
11 about.

12 During that process, we realized that there was a
13 lot of misinformation out there, and we felt that we needed
14 to be able to communicate to people about that
15 misinformation and decided that we wanted an education and
16 outreach program. And one of the ways that we thought we
17 could accomplish that was to produce a survey to go to
18 dairy farmers, and we'll talk a little bit about the
19 purposes of that later, but we also wanted to listen to
20 them as part of this survey process, but we wanted to be
21 able to use the survey information as the basis to
22 structure our education and outreach program.

23 And as I said, we had four listening sessions
24 beginning in September, our last one in February, and we
25 have the locations and dates of those available for you,

1 and we're going to talk a little bit about some of the
2 unique aspects of each of those.

3 BOARD CHAIRMAN BARLEY: Certainly the first one
4 we had was in Butler, Pennsylvania. That was at the
5 request of Senator Brooks to get out into that area. They
6 had one of the Dean Foods plants that cut off some farmers,
7 up near Erie, and so we went out there.

8 We were, I guess, a little disappointed with the
9 farmer, you know, the folks from the farm, the farmers that
10 actually came, but there was the dealers that came out
11 there and some officials as well. And there was farmers,
12 and we had a good opportunity to talk to them. A real
13 strong focus there was on the school milk, and we began the
14 first process of explaining to everyone, we would love to
15 be in control of that process, but the Pennsylvania Milk
16 Marketing Board is not in control of that process.

17 But we also learned that we needed to be
18 proactive and supportive. I know Carol and myself, and I
19 think Jim as well, have interacted with GT Thompson, who is
20 on the House Ag Committee and is very much a champion of
21 that, and just have been, you know, very supportive in any
22 ways that we can.

23 So that was one of the biggest things there. I
24 also had an opportunity just to interact with some of the
25 dealers out there, but it was a good session.

1 And so I'm going to also then talk about the last
2 session, and then Jim will mention the other two. The
3 Lancaster, PA, one was the PA Dairy Summit, and it was
4 several folks that, you know, come from dairy farms around
5 the State. And we had a great opportunity to talk about,
6 you know, a lot about the over-order premium, a lot about,
7 you know, certainly the school milk came up again, many
8 other issues.

9 But every listening session that we have had has
10 been very respectful. There has been a ton of frustration.
11 I'm sure you all have heard it. But I think they have, you
12 know, for the most part, it seems like folks have
13 appreciated, we have answered questions, even questions
14 that were uncomfortable, and, you know, gave the responses
15 that, you know, we can do something; you know, it's out of
16 our control; or, maybe we need to look into that.

17 And so some of the things that have come out of
18 those listening sessions is, you know, the things that
19 Carol had mentioned earlier about, hey, taking a look at
20 different ways to handle, you know, what we're doing now,
21 so.

22 Go ahead.

23 MR. VAN BLARCOM: Okay. Thank you, Rob.

24 In Troy, we had a listening session in October of
25 last fall, and we had a very good turnout. We had 85 to

1 90, and it was vastly the dairy farmers.

2 And I won't go into---

3 BOARD CHAIRMAN BARLEY: They served free lunch,
4 so that helped.

5 MR. VAN BLARCOM: That was sponsored by the local
6 Farm Bureau, so we didn't pay for that.

7 And the one in Lebanon was very good also. We
8 had 60, and not quite as many farmers, but we had a lot of
9 local government people and legislative aides and
10 Legislators there, so we were very encouraged by the
11 outcome there, because that showed that they were very
12 interested in what was going on.

13 But what actually was said I will get into a
14 little later, the feedback from the farmers.

15 DR. HARDBARGER: And what we did was we took
16 notes and we had some recordings and came up basically with
17 four themes that evolved out of these sessions that we
18 could address. And also, these themes helped us develop
19 the survey that we sent out to the dairy farmers.

20 BOARD CHAIRMAN BARLEY: All righty.

21 Well, certainly I have already mentioned this
22 one, milk in the schools, so, you know, that has been a
23 very important issue.

24 You know, there was certainly some concern also
25 beyond just getting it back into school, but now that the

1 schools have kind of gotten used to a cheaper version of
2 milk for them to now serve, you know, whole milk or
3 2 percent or whatever it might be, you know, it's not in
4 their budget to handle the cost. So we have tried as much
5 as possible to talk through that, and it's something that
6 we may in the future, you know, something we may ask of
7 this, you know, this body to say, hey, if there's any way
8 to maybe subsidize that to some degree, because it's very
9 important, you know, that kids be drinking milk and have a
10 choice of not only -- if folks want to drink skim milk, I'm
11 all for folks drinking skim milk. I think it's wonderful.
12 But many times, the kids are not real enthused about the
13 flavor, and that has been, you know, a real challenge for
14 us in the dairy industry. So, you know, they like the fat.
15 I mean, you know, most things are better with a little bit
16 of fat in. A good steak with some marbling is why you like
17 the steak, you know, and the milk is the same way. It's,
18 you know, the fact that it gives you the flavor and the
19 taste. So that's important. Not that we can control that,
20 but we do feel that we can be involved in, you know, at
21 least in that discussion.

22 And then additionally, there was some mention of
23 the fundraising with the Federal rules, that it even
24 prevented, you know, selling milk as a fundraiser to some
25 degree. And, you know, not a whole lot that this body can

1 do or that we can do, but at least we're going to keep
2 talking about it and keep letting folks know that this
3 needs to change, and, you know, we have been addressing
4 that with folks in Washington, DC.

5 DR. HARDBARGER: And we did find out that there
6 is some flexibility with the fundraisers, and this is one
7 of the services we hope to provide to the farmers as part
8 of our education program.

9 I did send some information out, but it needs to
10 be more broadly distributed that there are exemptions
11 allowed during the school year to the school nutrition
12 guidelines for fundraisers. The school board and the
13 principal can make those exemptions possible. They are
14 lower for elementary and middle schools than they are for
15 high schools. But also, the nutrition guidelines don't
16 apply for out-of-school fundraisers, and we want to
17 encourage our FFA chapters across the State to be using
18 milk and dairy products as part of their fundraising
19 efforts.

20 Okay.

21 MR. VAN BLARCOM: Okay. I'll get back to what I
22 heard up in Troy and Lebanon.

23 If I had used what I heard from the northern tier
24 solely in making my decisions when I first got on the
25 Board, I would have been asking just to eliminate

1 ourselves. But I came down with an open mind and learned a
2 whole lot more about how the Milk Marketing Board functions
3 and what the good things, some of the good things that it
4 does.

5 But our farmers, literally, they were very down
6 on the Pennsylvania Milk Marketing Board. They could not,
7 they could not see a benefit in their bottom line. It
8 didn't show up on their milk checks. They heard a lot
9 about it, but they did not see a benefit.

10 So that was what we heard again when we were up
11 there, but it was mellowed some because we had done some
12 education and I had been at numerous meetings and had a
13 chance to talk about it and to explain what we can and
14 cannot do. But early on -- and there's still some of that
15 feeling out there, so.

16 And one last thing. My---

17 MAJORITY CHAIRMAN CAUSER: Chairman Pashinski has
18 a question, if you---

19 MR. VAN BLARCOM: Go ahead.

20 MINORITY CHAIRMAN PASHINSKI: All right.

21 So what happens if we don't have a Milk Marketing
22 Board? What happens to the milk industry then?

23 MR. VAN BLARCOM: Someone would have to take care
24 of the licensing. Someone would have to take care of the
25 bonding. Someone would have to do weights and samples of

1 the milk trucks and the bulk tanks around the country.

2 It would be pretty much a free-for-all when it
3 comes to pricing milk, and the strongest and the best would
4 survive. Pennsylvania might lose one of its most unique
5 things that it has, as do most small dairies in the
6 country, and it has the cows in the pasture, the feel-good
7 things about people driving up the road and seeing a cow in
8 the pasture. And we would not be able to say -- we would
9 probably lose many of our small dealers and we would lose
10 many of our small dairy farmers, and we would not have that
11 uniqueness of our small dairies that are essential to the
12 communities. That's my feeling.

13 BOARD CHAIRMAN BARLEY: And I agree, and I think
14 it would accelerate, certainly accelerate the consolidation
15 of the industry. And, you know, that's an opinion that,
16 you know, some folks say, well, maybe that's good, but we
17 don't think that's something that Pennsylvania and the
18 people in Pennsylvania are interested in.

19 DR. HARDBARGER: I just read this morning that
20 Ohio has lost 25 percent of its dairy farms in just a few
21 years. And Pennsylvania had a little over 6,000 farms.
22 We're down to maybe 5700 at this point. So I think right
23 there is one example of what happens when there isn't
24 regulations, you know. And our task, and probably your
25 task as well, is to try to put together some public

1 information that can communicate that to our dairy
2 farmers.

3 We do have research that shows that minimum
4 pricing does, does reduce the number of farmers going out
5 of business, but it's hard for them to understand when they
6 are competing, especially those that live on the border
7 States.

8 Indiana has lost 10 percent just in the last
9 6 months or so of their dairy farms. Some of the other
10 States have lost 7 percent. And I think ours is hovering
11 around 2, 2 ½ to 3 percent. And I personally think that's
12 going to bottom out. I think we're not going to see too
13 many more go out of business.

14 MINORITY CHAIRMAN PASHINSKI: So the point is,
15 you're very important. You serve a major purpose, except
16 the image has been tarnished.

17 It's my understanding that you guys are doing a
18 pretty darn good job now, and you're doing this outreach,
19 trying to grab everyone on board to understand what you do
20 and bring people together to try to improve wherever you
21 have to.

22 So, you know, I compliment you on that. But
23 again, I think there are some misconceptions, and I think
24 maybe from past history there's reasons why, you know, the
25 dairy farmers are concerned.

1 And, you know, again, they're working their tail
2 off and they're not seeing the kind of profit they need, so
3 they're looking towards organizations like yourself to help
4 them out.

5 Okay. Thank you.

6 BOARD CHAIRMAN BARLEY: All right.

7 Minimum pricing. That was, you know, the third
8 major, and we have talked about this a little already, but
9 there are certain prices that are causing loss of milk
10 sales.

11 Milk has proven to be, you know, fairly
12 inelastic. Now, I'm not saying, you know, as Chairman
13 Causer mentioned, that folks wouldn't, if they're close to
14 the border, wouldn't go over to New York to get milk. But
15 I would imagine, I mean, I'm in Lancaster, Millersville is
16 my address, and I'm not that far from Maryland, but I'm
17 not, my wife is not going to drive to Maryland. It's
18 probably a half hour, 40 minutes, and the closest grocery
19 store is probably 10 minutes. So we're not driving that
20 far, you know, to get milk. So I think on the border, it
21 does have an effect.

22 And we are open to some ideas and some
23 flexibility. We have had discussions with everyone along
24 the line, with the dealers and retailers, and we want to,
25 we want to allow them some flexibility, but we can't change

1 the law as it is written. They still have to have,
2 essentially have an average minimum price. But many times
3 they're selling actually over the minimum price, so there
4 can be some things done, you know, to that degree.

5 So, you know, that's something we have heard from
6 the farmers, and it's generally something you hear much
7 more on a border area, you know, like where Jim is.

8 Farmers also believe that the processors and the
9 retailers are making a lot of money at their expense. We
10 are privy to the financials of some of the folks, you know,
11 the processors and the retailers and so on, and it's pretty
12 clear that from milk, that's not the case. It's certainly
13 not the case. Specifically, many of the dealers and
14 processors that strictly focus on milk, it's a tough road.

15 So, you know, that's a misconception. It's not
16 something that they are necessarily going to get a
17 satisfactory answer to, because, you know, I don't think
18 any of these companies are open to sharing their books, nor
19 would I if I were them. So, you know, they're going to
20 take their word for it. So that's, you know, that's a
21 misconception that's out there.

22 And, you know, farmers also believe they can't
23 compete with other States, and I think, you know, the
24 things Carol mentioned kind of says that's not necessarily
25 the case.

1 Now, you know, I'm not here to tell you that
2 we're going to be competitive with, you know, a dairy in
3 New Mexico or maybe even a dairy in Minnesota where, in the
4 case of New Mexico, they have a way lower cost of housing.
5 In Minnesota, they have a way lower cost of inputs. You
6 know, we're not going to make cheese as cheap as they are,
7 but we can make PA milk and products that are focused on
8 PA, you know, and be competitive because of the distance.

9 But also, I think one of the things that we have
10 really realized as importance to the Pennsylvania dairy
11 industry is, like you mentioned earlier, is that it's the
12 Pennsylvania dairy industry, and the folks in Pennsylvania
13 value that. So, you know, there's some -- I wouldn't say,
14 you know -- it's \$2 a gallon, but, you know, there's some
15 degree of loyalty to Pennsylvania.

16 So we think that that's, you know, certainly
17 things that we can do to promote Pennsylvania dairy and to
18 also continue to restore, or first of all, stop the loss of
19 fluid consumption and maybe, you know, begin to restore
20 that. And maybe with competitive products as well, then we
21 can be competitive, so.

22 MAJORITY CHAIRMAN CAUSER: Representative Keller
23 has a question.

24 REPRESENTATIVE KELLER: Not so much a question
25 as, Rob, when you spoke about, you know, dairy farmers

1 thinking that, you know, the retailers are making a lot of
2 money, I know for a fact, sitting on different boards, that
3 in the retail business, the dairies have to compete with
4 what is called shelf space, and they are being pushed
5 because of the, I'll call them nut juices, you know, and
6 those---

7 BOARD CHAIRMAN BARLEY: That's what I like to
8 call them as well; yeah.

9 REPRESENTATIVE KELLER: Yeah, those products,
10 which makes it very difficult for display. So instead of
11 in front of people as they walk by, it's pushed out to the
12 side, and they can't compete because those shelf spaces are
13 sold for a high dollar amount, and the milk industry can't
14 afford those high dollar, you know, shelf spaces. So that
15 is one of the things.

16 So whenever the dairy farmer says, you know, they
17 think that the dairy industry, you know, the retailers are
18 making money, they're really not because they can't
19 compete, you know. They don't have the dollars to compete
20 with that shelf space that is taking place in our retail
21 outlets.

22 So just to bring that to light, that, you know, I
23 have heard that directly from the suppliers themselves, so.
24 Just so everybody knows that.

25 BOARD CHAIRMAN BARLEY: Yeah. We have heard that

1 as well.

2 And going back to my earlier point, we need to
3 come up with some products in the dairy industry that are,
4 you know -- I'm not here for one second to say that we
5 don't continue to push, you know, whole milk and
6 2-percent milk and the normal milk products, but we need to
7 compete with an industry that is constantly bringing new
8 products.

9 And, you know, one of the things that has finally
10 happened is, there is a new milk out there, Fairlife milk,
11 and I'm not here to tell everybody to drink Fairlife milk,
12 but they have been highly successful by, you know,
13 providing a product that's a little different. It's still
14 milk, but it's a little different, a longer shelf life, no
15 lactose, you know, those types of things. It's -- and a
16 higher price point. And those are the types of things that
17 are going to save this industry, along with keeping our,
18 you know, our current staples, you know.

19 So that's the type of thing that we as an
20 industry, and that's one of the reasons that I think the
21 5 million that was originally allocated for innovation and
22 so on, and now hopefully another 5 million, I think is very
23 important for Pennsylvania to become a leader in those
24 types of things as opposed to just continuing to sell just
25 milk.

1 And we want to continue to sell just milk, but to
2 move forward and to be competitive in the long term, we
3 need to be selling all kinds of different variations of
4 milk and combinations with other products as well. I mean,
5 we should be selling almond milk, milk that has almonds in
6 it, not almond fake milk, you know.

7 MAJORITY CHAIRMAN CAUSER: Representative Sappey.

8 REPRESENTATIVE SAPPEY: Thank you.

9 As a Board and as a Committee, how could we work
10 for more transparency in the pricing? If the farmers feel
11 that they're not getting what they need, how can we work to
12 address that?

13 I mean, you made a comment about not opening
14 books, but if the farmers are feeling that they're not
15 getting what they need, then that's a problem.

16 BOARD CHAIRMAN BARLEY: Well, you know, I don't
17 know that I have a real good answer. You know, I think we
18 have encouraged folks to talk to their -- you know, the
19 folks that sell milk directly to an independent dealer know
20 what part of the over-order premiums come, so let's just
21 focus, just for a second, on the over-order premium. So
22 they know what they're getting, but folks in co-ops may
23 not, so they need to be, you know, addressing their co-ops
24 to say, hey, you know, how much of my milk check is in the
25 over-order premium.

1 But from your question, I think related more to
2 the minimum price and, you know, how that's being
3 distributed, I guess I don't have a real good answer. You
4 know, I guess we could -- I think it is public, though.
5 The averages are public.

6 So all that information is -- it doesn't single
7 out a specific dealer, but there are separate areas
8 throughout the State that have different minimum prices. I
9 think there's six areas.

10 DR. HARDBARGER: But it starts at the Federal
11 level.

12 BOARD CHAIRMAN BARLEY: Yeah.

13 DR. HARDBARGER: You know, it really starts at
14 the Federal level, and Pennsylvania supplements that. And
15 so without the Federal price being raised, the Federal
16 order minimum price being raised, there's only so much that
17 we can supplement and not have consumers unhappy with the
18 price or dealers not able to stay in business because of
19 the price.

20 BOARD CHAIRMAN BARLEY: But to answer your
21 question, that information is public and is available.

22 Now, I guess something that maybe we haven't
23 thought about is maybe we need to highlight that in a
24 publication to say, hey, this is the breakdown, or direct
25 them to the area where they could find that.

1 But it is there, and it is audited. It is not
2 fake information.

3 REPRESENTATIVE SAPPEY: I think it would be
4 helpful to get that to the farmers.

5 BOARD CHAIRMAN BARLEY: Yeah; yeah.

6 REPRESENTATIVE SAPPEY: Make that more available.

7 BOARD CHAIRMAN BARLEY: Yep.

8 REPRESENTATIVE SAPPEY: Thank you.

9 MR. VAN BLARCOM: Okay.

10 We pretty much talked about most of these issues
11 on this page. The over-order premium is going to producers
12 out of State, and that's a concern. We don't know how much
13 that might be, but it would be going through the co-ops if
14 it did. And some independent producers have an advantage,
15 because they get -- they sell a higher percentage of their
16 milk to Class I. That's understandable.

17 And just, there's a lot of suspicion about the
18 system, and we're trying to educate the farmers and the
19 public about it. You know, we're called the Milk Marketing
20 Board, but probably we shouldn't be called marketing, but
21 we're a more or less control, a regulatory control. But
22 we, with this new Board, we have our heart in the industry,
23 and we want to help in any way we can.

24 So in a lot of ways, we're pushing the envelope a
25 little bit at the edge of our legal job, because our hearts

1 are into it, and we appreciate your being here today to
2 listen to our concerns.

3 MAJORITY CHAIRMAN CAUSER: Do you know how many
4 other States have a board like what we have?

5 MR. VAN BLARCOM: Literally none. There are some
6 that have a small portion of what we have, but we're the
7 only one that has one.

8 BOARD CHAIRMAN BARLEY: Maine probably has one
9 that would be to our degree or maybe even a little
10 stronger. But, yeah, beyond that---

11 MR. VAN BLARCOM: It's different.

12 BOARD CHAIRMAN BARLEY: It's a little different;
13 yeah.

14 MR. VAN BLARCOM: It's different.

15 BOARD CHAIRMAN BARLEY: Yeah; yeah.

16 MAJORITY CHAIRMAN CAUSER: Thank you.

17 DR. HARDBARGER: And we're going to talk about
18 the survey.

19 The survey, our original intent was to send the
20 survey to every dairy farmer in Pennsylvania. We did have
21 cooperation with the Center for Dairy Excellence to use
22 their mailing database, but we really couldn't afford to do
23 a mailing survey considering the cost of the copying and
24 the postage, return envelopes with postage, and then do
25 follow-ups. We just don't have that in our budget.

1 So we did do an email survey using 591 emails
2 through the Center for Dairy Excellence. The cooperatives
3 distributed hard copies to their Amish farmers as did some
4 of the dairy producers. Dairy producers also partnered
5 with us to send surveys to their members and to hand
6 distribute them.

7 BOARD CHAIRMAN BARLEY: The processors.

8 DR. HARDBARGER: Processors. I'm sorry. What
9 did I say?

10 BOARD CHAIRMAN BARLEY: Producers.

11 DR. HARDBARGER: Producers. Oh, I'm sorry.

12 And we also had some Legislators that asked for
13 copies, hard copies, to distribute.

14 So we think that it probably reached about
15 600 people, and we had three main objectives for the
16 survey. We wanted to determine what level of knowledge and
17 awareness that the producers had about the milk pricing
18 system in Pennsylvania. How aware were they of some of the
19 basic principles that are involved in that. And did they
20 know that there was a relationship between the Federal
21 marketing orders and also the Pennsylvania milk marketing
22 areas. And we wanted to see if they could provide us with
23 their thoughts and suggestions for some change.

24 We also wanted to know what they understood about
25 the over-order premium, and we wanted to know if there were

1 any relationships between where people lived in the State,
2 age grouping, and whether they were co-op members or
3 non-co-op members and some of the responses that were
4 provided, and we thought that that type of information
5 would help us.

6 I'm sorry that you all can't see this. You might
7 want to look. We were really happy. Now, this only shows
8 248 respondents. We did have more than that come in, but
9 248 people at the time that this presentation was prepared
10 provided us with information about what county they lived
11 in. Why they didn't otherwise, I don't know.

12 But you can see that the responses are fairly
13 well distributed across the State, and there are only a few
14 counties where we didn't receive any information. So we
15 were really pleased with this, because we felt that it
16 would give us a little bit better opportunity to say that
17 the responses did in fact represent people in all areas of
18 the State.

19 We had two types of questions, one asking them
20 how aware they were of certain concepts involved with
21 pricing in the OOP, and also a question that would ask them
22 levels of agreement or levels of importance they placed on
23 certain things within the system. So did they agree that
24 the Milk Marketing Board was performing a quality function
25 for the dairy industry or not.

1 And we also provided a lot of opportunities for
2 comments and suggestions and to ask us questions. And if
3 they provided us with contact information, because the
4 survey was totally anonymous, we will, the Board Members
5 and the staff, we're going to divide all the surveys up and
6 we're going to respond to them personally and give them
7 some feedback about what they have questioned us on.

8 Looking at who responded, just about 65 percent
9 of the respondents, or 60 percent of the respondents were
10 age 45 and older, which we would expect here in
11 Pennsylvania. But I did think it was interesting that
12 16 percent are under age 35. That's roughly a sixth of the
13 people. The next age grouping was 25. And I think we have
14 somewhere around a fifth of the respondents are at least
15 age 35 -- excuse me, 45 and under.

16 Sixty-three percent are members of cooperatives,
17 which pretty much parallels what we have in the State. And
18 there were only 78 people who indicated that they were or
19 were not a member -- they were not a member of a
20 cooperative. We didn't have full participation on this
21 question as well, which I thought was interesting. But
22 only seven of those indicated that they shipped out of
23 State, most of them to New Jersey, one of them to Ohio.

24 And we did ask them whether they produced
25 organic, grass-fed, or A2 milk, and we had a very small

1 number respond to that. But half of the 22 that responded
2 to that said that they produce A2 milk.

3 The herd size, it's 229 average, but the median
4 is 80, which reflects that half of those responding had a
5 herd size less than 80 and half that responded had a herd
6 size greater than 80, which we would expect here in
7 Pennsylvania.

8 And I prepared a graph that I think shows the
9 fallacy of looking at average numbers. You can see that a
10 little over 160 of 321 respondents have herd sizes of
11 180 or less, and the smallest herd size was 10. So we do
12 have some of that information.

13 And looking at the results, we're going to first
14 talk about the Pennsylvania pricing system.

15 BOARD CHAIRMAN BARLEY: Yeah.

16 The farmers seem to have some awareness of the
17 Federal pricing, much more so than, you know, which that
18 includes the component. And there's probably a reason for
19 that, because the majority of the milk check is coming from
20 that.

21 But they really don't have as much of an
22 understanding of, you know, PA specific pricing and how it
23 affects them, especially in the different marketing areas
24 and, you know, what information is specifically used to,
25 you know, establish those specific prices in Pennsylvania.

1 So that's definitely an area of work for us, to
2 get some information out there to explain that. We
3 continually encourage folks to be part of the hearings, but
4 rarely do we get a lot of involvement. So, you know, we're
5 going to continue that.

6 We do have a newsletter that was established, and
7 I think we mentioned that, but also Facebook, Twitter, and
8 so on. And we continue to try to get that information out
9 there and let the folks know that if they don't understand,
10 you know, here's some information, and if you still don't
11 understand, you know, let us know and we'll try to help.

12 The second point is, you know, what PA dairy
13 farmers actually believe. They do believe that knowing
14 prices helps them, you know, with their farm management,
15 but they don't feel that the system impacts the decision,
16 you know, and really helps them to stay in business.

17 Independents, which means those folks that are
18 not shipping to a co-op but shipping directly to a milk
19 dealer or a milk processor, are more likely to say that the
20 State pricing has some influence, because they're going to
21 see that -- that's mandated that they'll see that directly
22 on their milk check.

23 And like I mentioned earlier, we're pushing that
24 the co-ops do that as well, you know, but that's not --
25 there is going to be a hearing on that coming up. There

1 was, you know, actually Representative Lawrence sent a
2 petition to us to make that change, that rule change, or to
3 emphasize that rule change. So that is under -- we will
4 begin to have hearings on that, I think May 1st. So that is
5 definitely happening. So the co-op members will know
6 actually how much they're getting out of the -- now, we
7 aren't here to tell you that we are for that or against
8 that because we're not allowed, but, you know, we are going
9 to be entertaining that.

10 So the independents are more likely to say, you
11 know, that the pricing system in PA is helpful to them, but
12 many still think they are less competitive to other States.
13 And I don't know that they have any real reasoning for that
14 because, you know, the numbers don't necessarily bear that
15 out.

16 And unfortunately, they feel that, a lot of them
17 feel that the Milk Marketing Board is not important for the
18 industry. So that's, once again, our job. You know, sort
19 of as Jim mentioned, I was kind of in the same boat as him
20 when I showed up here. You know, I wasn't one to say,
21 here, it's time to get rid of it, but hey, you know, what
22 value do we have? What changes can be made? And as you
23 learn and understand the whole process, there's a lot more
24 involved to the way the Pennsylvania Milk Marketing Board
25 functions than just, you know, what you think you know from

1 the outside.

2 So, you know, the research disputes the fact
3 that, you know, what all these farmers are saying, that,
4 you know, they're saying it's not helping them and that
5 other States are doing better. That's not happening. You
6 know, across the country, the dairy industry is in trouble.
7 It's not just Pennsylvania, so.

8 DR. HARDBARGER: All right. We're going to look
9 at the over-order premium.

10 MR. VAN BLARCOM: That was one of the main topics
11 all the way across the State, the over-order premium, how
12 it's being distributed, whether it's fair, whether it's
13 getting to where it's supposed to get, and whether, you
14 know, because the co-ops don't have it on their milk check,
15 that was also an issue.

16 But us as a Board, we have learned to understand
17 that we need to do better, that the law is old. The State
18 of Pennsylvania has changed a lot in the last 75 years,
19 whatever it is, since the initial law was passed and then
20 since '85, I think it is, when the over-order premium came
21 into effect. It has changed a lot since then.

22 So with your help, the Legislature of
23 Pennsylvania, and us and Penn State and whoever else we can
24 get on board, we would like to try to bend things, adjust
25 things, so that we are more effective.

1 DR. HARDBARGER: One of the things that I picked
2 up on was that all of the survey respondents seemed to know
3 a lot about the over-order premium, what it was for and
4 that it's there. But they really didn't know that now we
5 are partnering with the Farm Bureau where we're going to
6 have something every month in their newsletter that goes
7 out that takes one of these areas of education that needs
8 to be addressed, and once we get something written that
9 explains it well, we can get it out there, plus our hearing
10 dates, plus encouraging them to come. So we are working on
11 that.

12 BOARD CHAIRMAN BARLEY: You know, certainly one
13 of the results was that the pricing system needs to be
14 changed. That's their feeling. And specifically they felt
15 that, you know, they were not getting, the farmers were not
16 getting credit for, you know, not getting paid a fair price
17 for their milk. And I'm not here to dispute that. And
18 they want guarantees on a break-even price, you know; raise
19 the minimum, you know, producer price; and, you know,
20 establish, also establishing producer-owned facilities.
21 And I'll kind of address those.

22 In the past, the over-order premium has actually
23 been higher than it is now, and one of the main reasons
24 that that has been brought down was that it encouraged
25 out-of-State milk to come in to Pennsylvania because of

1 that, quote, unquote, "stranded premium," taking advantage
2 of that. And so there's a delicate balance there because
3 of the interstate commerce laws, of how we handle that.
4 There is some potential maybe for some other ways to handle
5 that, but at this point, they're not within our, per se,
6 toolbox, you know.

7 So there's not a whole lot we can do, you know.
8 There has to be a balance there, because we still have to
9 be competitive. You know, if we could all say, let's pay
10 our dairy farmers, you know, \$24 a hundredweight, well,
11 then you got a whole nother list of problems, because then,
12 you know, everybody is going to be bringing milk. The
13 retailers are going to say, well, I don't want to pay that
14 much for milk; I'll buy it from farmers in Ohio. And then
15 additionally, you know, every dairy farmer in the country
16 is going to say, well, I'm going to move to Pennsylvania
17 and put up a 10,000-cow dairy because I know that I can get
18 \$24.

19 So you have all those. You have a lot of things.
20 There's always, you know, a scenario for those things. But
21 I think one of the most important things we have heard out
22 of this maybe is that, you know, their complaint about
23 regulations, transportation. And thank you for, you know,
24 the bill earlier that addressed, you know, that issue. But
25 we do have a challenge here in Pennsylvania because of our

1 roads and so on, that hauling milk can be very expensive,
2 but also from a regulatory standpoint.

3 We hear time and time again, you know, certainly
4 for the farmers and environmental issues and the fact that
5 they don't necessarily get a lot of help to take care of
6 that. But even from the processors' standpoint, you know,
7 the cost of the regulations for them or even the cost of,
8 you know, getting started is so much more. It's so -- it's
9 so much out of line with other States, and we just can't
10 really be competitive.

11 And I know that stuff, that it's not new to you
12 guys and probably not something you can do a whole lot
13 about in this Committee, but certainly pass that on to the
14 folks that can, because it has certainly been a challenge
15 for the dairy industry.

16 MAJORITY CHAIRMAN CAUSER: Representative
17 DeLissio.

18 REPRESENTATIVE DeLISSIO: Thank you, Chairman
19 Causer.

20 I'm assuming, and you may not offer them today,
21 but I'm assuming we can get specifics about those
22 regulations and those costs and those transportation issues
23 that you just mentioned more broadly.

24 BOARD CHAIRMAN BARLEY: Sure; sure. We can get
25 specifics for you. Sure.

1 REPRESENTATIVE DeLISSIO: Because the specifics
2 help, so.

3 BOARD CHAIRMAN BARLEY: Yeah; yeah; yeah.

4 REPRESENTATIVE DeLISSIO: And then when you say
5 that one of the suggestions was producer-owned processing
6 -- that was on that slide -- like a co-op model?

7 BOARD CHAIRMAN BARLEY: I think, no, more of a
8 smaller level. And I think that some of that, the money
9 that was allocated, the 5 million, the additional 5 million
10 for the grants, addressed those issues. And I know there
11 was grants given to on-farm processing, and that was
12 definitely front and center in the survey, that folks are
13 interested in doing that.

14 Now, you know, it's like anything else.

15 REPRESENTATIVE DeLISSIO: So you're talking about
16 more of a vertical business model, so the dairy farmer then
17 would be also a processor---

18 BOARD CHAIRMAN BARLEY: Yes.

19 REPRESENTATIVE DeLISSIO: ---and needs help being
20 that processor? So a vertical---

21 BOARD CHAIRMAN BARLEY: Yes. But I think a lot
22 of it was from the smaller sized dairies who were trying to
23 look at it specifically for their small dairy and just
24 processing it on farm and, you know, selling either on farm
25 or local retail.

1 REPRESENTATIVE DeLISSIO: So my business
2 background tells me there has got to be sort of, you know,
3 a point of critical mass where that is productive, you
4 know, and profitable versus, you know, unless it's sort of
5 an artisanal type of event. I have never really
6 necessarily seen that for milk, but that goes to your,
7 let's be innovative about it.

8 BOARD CHAIRMAN BARLEY: Right; right.

9 REPRESENTATIVE DeLISSIO: So I would imagine
10 there is a point of which that would make sense and another
11 point where that wouldn't make sense.

12 BOARD CHAIRMAN BARLEY: Oh, I agree a hundred
13 percent. And this was just, we were just presenting to you
14 what the folks said in the survey. You know, I guess I'm
15 not here to judge whether it will work or not.

16 I'm sure that for every farmer that would
17 establish on-farm processing and on-farm sales, that not
18 everyone is going to be successful. Some will do it well
19 and some won't. So I'm not here to say that that's
20 something that is going to solve it. I'm just giving you
21 the results of the survey and, you know, sharing that.

22 I think there have been some success stories in
23 that, and I think that continues to be a bright spot for
24 some folks. But it's certainly not the answer for
25 everybody, because everybody is not qualified to do that.

1 I mean, some folks, just because you're good at milking
2 cows doesn't mean you're good at making cheese or making
3 butter.

4 REPRESENTATIVE DeLISSIO: Right.

5 BOARD CHAIRMAN BARLEY: And the hardest part is,
6 you may not be good at selling it, you know. You may not
7 be good at, you know, getting it out there and selling it.
8 But some folks are.

9 REPRESENTATIVE DeLISSIO: So it wasn't -- well,
10 that's very helpful that it wasn't, it's more of a vertical
11 model as opposed to a co-op.

12 BOARD CHAIRMAN BARLEY: Yeah.

13 REPRESENTATIVE DeLISSIO: I had visited a dairy
14 farm a couple years back in the northeast, and they had
15 just done a creamery that they had started, very
16 successfully at that point.

17 BOARD CHAIRMAN BARLEY: Yeah.

18 REPRESENTATIVE DeLISSIO: But I believe the
19 farmer's daughter had come back from college: Hey, Dad,
20 you know, why don't we do this, and they did, and it
21 was---

22 BOARD CHAIRMAN BARLEY: Yeah.

23 REPRESENTATIVE DeLISSIO: ---it was a good model.

24 DR. HARDBARGER: I haven't analyzed where the
25 people live that responded in that way. My guess would be

1 that they are farmers who may be forced into selling to a
2 co-op because they don't have a local processor or a small
3 processor that they can do business with, and so I'm going
4 to go back and investigate that, because we do have,
5 particularly in the northern tier, people who are co-op
6 members not by choice. I'm not saying that it's bad to be
7 a co-op member---

8 REPRESENTATIVE DeLISSIO: Right.

9 DR. HARDBARGER: ---but they don't have a choice
10 that people who live in other parts of the State have.

11 So it would sort of be my guess that maybe that's
12 where those responses came from, because there were quite a
13 few people who vocalized that.

14 REPRESENTATIVE DeLISSIO: Thank you.

15 DR. HARDBARGER: Mm-hmm.

16 REPRESENTATIVE DeLISSIO: Thank you,
17 Mr. Chairman.

18 MR. VAN BLARCOM: Okay.

19 On the screen now is some of the suggestions that
20 we got from across the State, and we would like to have
21 some more transparency, but it's difficult under our
22 current program.

23 And as far as co-ops collecting money and not
24 passing it back, we would like to possibly correct that.
25 We're looking at it.

1 And then, premiums should only go to Pennsylvania
2 farmers.

3 And then there's no incentive to process milk in
4 Pennsylvania, and our Legislators are looking at that right
5 now.

6 And some of the others:

7 The system doesn't benefit Pennsylvania farmers
8 like it should, but we're looking at those things, such as
9 showing the amount on the milk checks.

10 And let PMMB collect and distribute, and that
11 would be a major change, because with the staff that we
12 have, we couldn't do that under the current situation.

13 And another thought we get from others is, should
14 our premiums and, yeah, our costs come from all classes of
15 milk instead of just Class I? I mean, that might be a
16 possibility in the future, to have a small tax of some sort
17 on all classes of milk and cheeses and butter to help keep
18 our dairy in Pennsylvania.

19 And under that, we added a tax paid by the
20 consumer, which they pay now in the minimum price, but I'm
21 not sure they're aware of it.

22 And another suggestion was make the OOP more
23 flexible with the market, and we have had to change that.
24 And we have had times in the past probably that our
25 over-order premium was too high. But the Board at the time

1 had to use the information it had at the time and the
2 testimony it had at the time, so that's why it was set
3 where it was in the past.

4 And, of course, another suggestion was the entire
5 amount should go to the producer, which we always have felt
6 that way, too.

7 DR. HARDBARGER: We want to share with you some
8 of the things that we're doing and then some of our longer
9 range plans.

10 With the results of the listening session, we
11 have tried to increase the newsletter distribution. We had
12 printed up business cards with colorful cows on them and a
13 farm scene that had information about how people could
14 access our newsletter and subscribe to it. Also, social
15 media distribution we tried to ramp up.

16 Again, what we're finding is, there are a lot of
17 farmers out there who do not have email and computers. We
18 didn't realize that. Of course, we know our Amish
19 community doesn't. But we do not have a budget that allows
20 us to have a snail-mail newsletter. So we can partner with
21 people such as the Farm Bureau and hopefully the Center for
22 Dairy Excellence and get some information out to them.

23 We have developed an online form for anonymous
24 feedback to us. If anyone wants to get on it and tell us
25 they hate us and want us to go away, they can do that. Of

1 course, we did hear that in the listening sessions.

2 We've also really tried hard---

3 BOARD CHAIRMAN BARLEY: Honestly, though, not as
4 much as I expected, though.

5 DR. HARDBARGER: We have tried hard to
6 communicate with all of you, getting bulleted emails out to
7 let you know what we're doing and some of the things that
8 are on our agenda, and we hope that those things do help
9 you communicate with your constituents. And we also added
10 one conference site this year so that we could interact
11 with people.

12 On the next slide, I couldn't resist this,
13 Representative Keller. I have a picture of me giving a
14 presentation at his breakfast. But the good thing about
15 that, I think there were about 200 people there, and that
16 gave me the opportunity to share with them what we can do,
17 what we can't do, who's on the Board, a little bit about
18 our staff, to talk about some of our initiatives. And
19 we're trying to encourage, and we would encourage all of
20 you to have us invited to give presentations to groups of
21 people that might be interested in learning about the
22 Milk Marketing Board. And we have a PowerPoint, a short
23 one, that we can make available that has information on it.

24 We also have investigated things such as the
25 school fundraiser and also some legislation that permits

1 day-care centers in which children receive free snacks,
2 that those snacks can be milk products, and they will
3 receive reimbursement for those, and we have communicated
4 that through our newsletter and other channels.

5 We have also actively communicated with Federal
6 Legislators about issues and what we're doing with the
7 Milk Marketing Board.

8 And I had to put this on here: We had a
9 milk-chugging contest. I won. And it is on tape and will
10 very soon be on our Facebook page. And it's---

11 BOARD CHAIRMAN BARLEY: It was Jim's idea.

12 DR. HARDBARGER: They didn't think I would win,
13 but I did. And I was chugging chocolate peanut butter
14 milk, though. That may have had something to do with it.

15 And we're going to have something where we're
16 going to challenge the staff at the Department of
17 Agriculture to have their own milk-chugging competition.
18 These guys didn't want me to put that on the PowerPoint,
19 but I felt I needed to.

20 MR. VAN BLARCOM: The credit should go to
21 Clint Owlett for starting that chugging.

22 DR. HARDBARGER: And we want to wrap our part
23 of the presentation up by telling you some of the things
24 that we are planning specifically from the survey data
25 analysis.

1 BOARD CHAIRMAN BARLEY: And, you know, I think
2 most of this has already been mentioned, but, you know, we
3 are, like Carol mentioned, we are partnering with the
4 Farm Bureau. We are, you know, having monthly education
5 with them. We are specifically saying how milk is priced
6 so that, you know, as mentioned earlier, we get that out
7 there. We are continuing doing outreach.

8 You know, all those things that Carol mentioned
9 we're going to be doing, and please engage us. If we can
10 help you in those ways and be a part of any meetings you
11 are having. And certainly if there is ever any questions,
12 feel free to give us a call. You know, we'll get back to
13 you as soon as possible and help you with any information.

14 That was one thing that we had certainly heard
15 loud and clear, that, you know, specifically, the Senate
16 approved us, but, you know, the Senate and the House were
17 not hearing from the Pennsylvania Milk Marketing Board and
18 they weren't understanding what's going on. So we thank
19 you for this opportunity to tell you guys what's going on,
20 but if you ever hear something that doesn't sound quite
21 right and you want to check with us, please don't hesitate.
22 Don't hesitate at all, so.

23 MAJORITY CHAIRMAN CAUSER: Well, thank you very
24 much for the presentation, and we'll turn to questions from
25 the Members now with the time that we have left.

1 Representative DeLissio.

2 REPRESENTATIVE DeLISSIO: I just wanted to
3 comment that I am trying to do my part. I just "Liked" you
4 on Facebook.

5 DR. HARDBARGER: Thank you.

6 REPRESENTATIVE DeLISSIO: You're welcome.

7 BOARD CHAIRMAN BARLEY: Thank you.

8 DR. HARDBARGER: We post every day but Sunday --
9 and Twitter.

10 MAJORITY CHAIRMAN CAUSER: Representative
11 Lawrence.

12 REPRESENTATIVE LAWRENCE: Thank you,
13 Mr. Chairman.

14 And thank you. I would like to thank each of you
15 for being here today.

16 I would like to commend you, frankly. I see the
17 camaraderie amongst the three of you. I think it's
18 refreshing, and I tremendously appreciate the outreach---

19 BOARD CHAIRMAN BARLEY: And it is legitimate. We
20 actually do like each other; yeah.

21 REPRESENTATIVE LAWRENCE: Well, I commend you
22 also for the outreach you have done, the proactive approach
23 you have taken. I think it's refreshing and something I
24 would like to see more of, frankly, in some of the other
25 boards and agencies we have in the Commonwealth.

1 Your presentation today I think was very
2 interesting, and you talked about some of the things that
3 you're doing, and you also spoke to kind of the need for
4 maybe some legislation. I just wanted to ask your
5 thoughts.

6 Some legislation has been introduced that would
7 give the Board more discretion to coordinate the collection
8 and distribution of milk premiums, if they wanted to, by
9 bringing in the Department of Revenue to help with that.
10 Also, some legislation has been introduced that would help
11 provide some incentive for additional dairy processing
12 facilities in the Commonwealth by providing tax credits to
13 incentivize folks to increase dairy processing capacity and
14 use more Pennsylvania milk.

15 So I'm not looking for you to take a position on
16 that legislation but maybe talk about, would that be
17 something the Board would entertain or things the Board
18 might, tools that the Board might welcome in the tool
19 chest?

20 BOARD CHAIRMAN BARLEY: Oh, I certainly think
21 that they would be tools that we would welcome. I mean, I
22 think, you know, it would answer some of the questions that
23 were proposed, you know, at the listening sessions and
24 through the survey the things that we can't do that we
25 would like to do, you know, ways to be maybe a little more

1 fair.

2 And additionally, as I mentioned earlier,
3 anything that is going to help processing in Pennsylvania,
4 specifically that helps Pennsylvania farmers, I think it's
5 going to be vital to our future. And I think that's going
6 to include and importantly needs to include helping our
7 existing processing to, you know, modernize and come up
8 with new products, as I mentioned earlier, but also
9 bringing in possibly new processing that would kind of fall
10 in the same line and anything that can help with that.

11 Because our competition is other States that are
12 doing that and having a much easier road to allow that to
13 happen than Pennsylvania. And, you know, it's not too hard
14 to, you know, we don't have to go too far. New York has
15 done an excellent job of bringing processing in. Michigan
16 has done the same thing. Maryland to a lesser degree, but
17 if you talk to processors, they say it's much easier to
18 locate in practically any State than Pennsylvania.

19 DR. HARDBARGER: I think the -- I'm very
20 supportive of MMB being involved in anything we can do,
21 really, to help the industry, particularly the producers.

22 The main model involves their commission, their
23 regulatory commission collecting moneys going to their
24 Legislature and then those moneys being distributed through
25 the commission. So of course it would be a drastic change

1 from what we have now, but my thoughts are that it may be
2 the only way we can prevent that 25 to 30 percent of moneys
3 that aren't going back to farmers from, you know. It might
4 prevent that from happening.

5 I also am very much in favor of having additional
6 processing in the State, and my concern with a government
7 body involved in that process would be, who is making the
8 decisions? You know, what does the application look like?
9 Is it something that anyone can fill out other than
10 somebody that has a Ph.D. from Harvard and has to hire an
11 expensive lawyer, because we---

12 BOARD CHAIRMAN BARLEY: You know, Carol would be
13 the only one qualified.

14 DR. HARDBARGER: Oh, stop.

15 BOARD CHAIRMAN BARLEY: She has a Ph.D., but---

16 DR. HARDBARGER: Not from Harvard.

17 BOARD CHAIRMAN BARLEY: From Cornell, isn't it?

18 DR. HARDBARGER: I worked at Cornell.

19 BOARD CHAIRMAN BARLEY: Oh; okay.

20 DR. HARDBARGER: Penn State.

21 BOARD CHAIRMAN BARLEY: Penn State. Okay.

22 That's better.

23 DR. HARDBARGER: I worry about the application
24 process because of some things that I have heard about with
25 the Dairy Innovation Program application process and how

1 complex the application has appeared to some and whether
2 the people who should be filling out the application can do
3 so without a lot of time, without having to hire somebody
4 to help them, without a lot of frustration, and that the
5 process would be streamlined in that way.

6 And also, people making decisions. People making
7 decisions about these businesses need to be people involved
8 in the businesses, people that understand what the
9 businesses are like and what it takes to operate them, not
10 necessarily -- please forgive me -- some bureaucrats
11 sitting in an office in Harrisburg who don't know a whole
12 lot about "the business." They may know regulations and
13 they may understand the intent of what the legislation is
14 supposed to do, but in terms of being able to distinguish
15 between a worthwhile business that might really contribute
16 to its community and something that's a savvy application
17 is what I have concern about with that.

18 MR. VAN BLARCOM: I would just like to say that I
19 would support some legislation that would make it easier
20 for companies to locate in Pennsylvania, and if they did
21 locate in Pennsylvania, it might even save some of the
22 highway travel in the winter.

23 REPRESENTATIVE LAWRENCE: Thank you, and thank
24 you, Mr. Chairman.

25 I will just make one brief comment.

1 I thought it was remarkable when you said a
2 quarter to a third of the over-order premium is essentially
3 unaccounted for or going out of State. That's a tremendous
4 amount of money that we should be looking at to benefit our
5 Pennsylvania dairy farmers.

6 Thank you, Mr. Chairman.

7 DR. HARDBARGER: Well, I think it's either going
8 around the State or it's being held with a producer -- or a
9 processor; excuse me. Not a producer; I keep saying that.
10 It's not getting back to the farmer. It's either going to
11 an out-of-State farmer or it's being kept by a processor.

12 REPRESENTATIVE LAWRENCE: And would it be fair to
13 say that's well over, I mean, tens of millions of dollars
14 we're talking about? I mean, it's a substantial amount of
15 money we're talking about.

16 DR. HARDBARGER: Yeah.

17 BOARD CHAIRMAN BARLEY: Yes.

18 REPRESENTATIVE LAWRENCE: Thank you.

19 Thank you, Mr. Chairman.

20 MAJORITY CHAIRMAN CAUSER: Thank you,
21 Representative.

22 Representative Keller.

23 REPRESENTATIVE KELLER: Thank you, Mr. Chairman.

24 I think in the many years that I have sat on the
25 Ag Committee, it's the first time I have ever had the

1 Milk Marketing Board in front of us, and I think that that
2 speaks very highly of you.

3 I certainly appreciate the fact that you have
4 taken the initiative now to actually make the
5 Milk Marketing Board public and are trying to educate the
6 community, the dairy farmers, what your purpose is. And,
7 you know, it's a breath of fresh air to me to see that. I
8 think you're doing a tremendous job in getting the word out
9 and having the listening sessions, as you have indicated in
10 your PowerPoint today.

11 It is absolutely encouraging to see all three of
12 you working together as you do, and I can't thank you
13 enough for what you are doing and trying to do what's right
14 for, you know, the consumer, the producer, here in
15 Pennsylvania in the dairy industry.

16 So again, thank you so much for being here. I
17 appreciate it.

18 DR. HARDBARGER: Thank you.

19 MAJORITY CHAIRMAN CAUSER: Thank you,
20 Representative Keller.

21 Representative Zimmerman.

22 REPRESENTATIVE ZIMMERMAN: Thank you,
23 Mr. Chairman.

24 So milk marketing is very complex, as we all
25 know, and not understood all that well. So I just want to

1 commend you guys for the work you're doing in trying to
2 educate, and hopefully that continues and that will help
3 the industry, your Board, get a little better reputation
4 through it all as well.

5 A question I do have is, how many, and you said
6 it, but how many surveys actually came back?

7 DR. HARDBARGER: Oh---

8 REPRESENTATIVE ZIMMERMAN: Is it 300 and some?

9 DR. HARDBARGER: There are 321 represented in the
10 data analysis. I probably have an additional 150.

11 REPRESENTATIVE ZIMMERMAN: Okay. Because I---

12 DR. HARDBARGER: That came in later.

13 REPRESENTATIVE ZIMMERMAN: Oh, that came in
14 afterward.

15 So, I mean, there's what? We're down to what,
16 5700 dairies or so in the State at the moment---

17 DR. HARDBARGER: Mm-hmm.

18 REPRESENTATIVE ZIMMERMAN: ---from 6500. So we
19 have been losing, but that is still a small number when
20 you're talking 300.

21 And I did hear some farms that received several,
22 so were there several entities that were actually sending
23 out the survey itself?

24 DR. HARDBARGER: The Center for Dairy Excellence,
25 we used their mail database that had 591 people in.

1 REPRESENTATIVE ZIMMERMAN: Okay.

2 DR. HARDBARGER: Let me clarify one thing. To do
3 a random sample with a 5-percent margin of error only
4 requires 320---

5 REPRESENTATIVE ZIMMERMAN: Okay. Sure.

6 DR. HARDBARGER: ---in the sample. The problem
7 is that we---

8 BOARD CHAIRMAN BARLEY: That comes from her
9 expertise in statistics. I mean -- no, that's not a joke.
10 She is -- that's what she has done in the past. So that's
11 not coming from -- that's something Jim and I have no idea
12 what she's talking about, is what I'm saying. That's her
13 expertise.

14 DR. HARDBARGER: But anyway, you only need 321,
15 which seems like a small number for 6,000. The problem
16 with our number or our sample is that it's not a random
17 sample. It's what you would call just a sample of
18 convenience. It's what -- it's the group that we could
19 access.

20 So when you have a situation like that, you try
21 to oversample. So we do have more respondents than we
22 necessarily need to have enough to analyze. What we cannot
23 do is say that these results truly represent the entire
24 population of dairy farmers in Pennsylvania, because it's
25 not a random sample.

1 REPRESENTATIVE ZIMMERMAN: Okay.

2 DR. HARDBARGER: What we can say is that these
3 responses represent not only the groups of people that we
4 met with, you know, and the survey respondents. The
5 results are consistent among all of those individuals.

6 But we had the Pennsylvania Association of
7 Milk Dealers.

8 REPRESENTATIVE ZIMMERMAN: Okay.

9 DR. HARDBARGER: We had the dairy cooperatives,
10 the Pennsylvania Association of Dairy Cooperatives. We
11 had the Center for Dairy Excellence. We had the
12 Farm Bureau. All of those groups distributed surveys. And
13 we also had some Legislators who asked for copies to
14 distribute.

15 REPRESENTATIVE ZIMMERMAN: Okay; okay. Good.

16 Well, it was a good approach, but thank you for
17 qualifying that.

18 So just to wrap it up, I just want to commend you
19 guys for working together, because somebody said that
20 before, but we need more of that, not less of it, so thank
21 you, guys.

22 Thanks, Mr. Chairman.

23 MAJORITY CHAIRMAN CAUSER: Thank you,
24 Representative Zimmerman.

25 Chairman Pashinski.

1 MINORITY CHAIRMAN PASHINSKI: Thank you very
2 much, Chairman Causer.

3 And thank you very much for your testimony. It
4 was very, very helpful. It's a complicated process, and
5 these kinds of discussions are really imperative, you know,
6 that we certainly understand.

7 I know that along with Chairman Causer, we can
8 work together on whatever those legislative changes you're
9 talking about or the considerations that we need to discuss
10 and certainly to continue the conversation with our Federal
11 representatives. We have had that throughout this past
12 year, actually, with Congressman Thompson, Congressman
13 Evans, Senator Casey.

14 So the conversation has to continue, but I really
15 think your charts of demonstrating to us where the money
16 goes is critical, how that money is split up, because it's
17 hard for us to understand when, you know, all the hard work
18 is being done at the farm, and nothing against the
19 processors, they're doing great work, too, but it should be
20 distributed to a point where our farmers are able to
21 produce quality milk without the threat of going bankrupt
22 or having to go out of business.

23 And, you know, we have also put a lot of work
24 into preserving our lands. We believe that, you know, the
25 independent farmer is really critical, and it's part of our

1 heritage and part of what makes us Pennsylvania. So
2 PA Preferred is very important.

3 I think the outreach and the marketing is
4 critical, and I'm glad to see that you are partnering with
5 the Farm Bureau and the other groups that you had
6 mentioned.

7 So the doors are open. I'm looking forward to
8 continued conversation and also that information that I
9 requested.

10 All right. Thank you very much.

11 Thank you, Mr. Chairman. I appreciate it.

12 MAJORITY CHAIRMAN CAUSER: Thank you, Chairman
13 Pashinski.

14 And thank you, folks, for being here today. We
15 appreciate the information that has been provided. We
16 appreciate the open dialogue and look forward to working
17 with you, because, you know, what's evident is we're all in
18 it together. We're all interested in supporting
19 Pennsylvania dairy farmers and helping them succeed.

20 So we're looking forward to working with you on
21 the things that we've discussed here today. And I think
22 the open dialogue that we have had here today and having
23 that open dialogue going forward will be very beneficial.
24 So I look forward to working with you, and once again,
25 thank you for coming.

1 BOARD CHAIRMAN BARLEY: Thank you.

2 DR. HARDBARGER: Thank you.

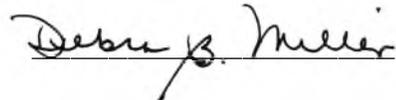
3 MR. VAN BLARCOM: Thank you.

4 MAJORITY CHAIRMAN CAUSER: This meeting is
5 adjourned. Thank you.

6

7 (At 10:53 a.m., the public hearing adjourned.)

1 I hereby certify that the foregoing proceedings
2 are a true and accurate transcription produced from audio
3 on the said proceedings and that this is a correct
4 transcript of the same.

5
6
7 

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