

Senate Agriculture and Rural Affairs Committee

Over Order Premium Review Hearing

Testimony of Andrew Bollinger, Vice President, on behalf of the Professional Dairy Managers of Pennsylvania

April 25, 2023

Honorable Chairman Vogel, Minority Chair Schwank, and members of the Senate Agriculture and Rural Affairs Committee:

My name is Andy Bollinger and with my wife and parents, I own and operate Meadow Spring Farms in Lancaster County. I am also the Vice President of the Professional Dairy Managers of Pennsylvania (PDMP) and on behalf of that organization and its members, I want to express our appreciation to this Committee for taking the time to gather information on the Over Order Premium on milk exclusively produced, processed and sold within the Commonwealth. PDMP is a member organization comprised of and lead by dairy farmers who strive to manage our farms professionally, through continuous learning and improvement and with a commitment to ensuring the industry's, and our own family's economic viability with continued stewardship of our animals, environment and community. Our membership is therefore reflective of the diverse size and scale of Pennsylvania's dairy farms. While our members are like-minded in their pro-growth and professional attitude, PDMP members include some of the largest dairies in the state and some of the very small.

This diversity within our membership, again representative of the general dairy farm population in the state, also includes opinions on the pros and cons of the Over Order Premium. Some of us benefit from it, and some of us don't. We do not have a consensus within our membership on the issue and our Board of Directors, past and present, has been reticent to take a position that may not reflect the majority of our members. We do not believe we have enough substantiated facts upon which to take an informed position on the issue.

But what we do agree on is that the issue has become more and more divisive, and distracting the industry and the state from things that can really move the dial on the economic viability of Pennsylvania's dairy such as on-farm improvements to increase profitability and in-state processing capacity. We also agree that discussions of the OOP, including the pros and cons of the program, cannot move past conjecture due to a dearth of substantiated and impartial facts. We each come at this with our own individual perspective on how it does or does not impact our own bottom line, but none of us has a complete understanding of the economic impact on every link in the dairy chain. Sound policy positions or decisions should not be made based on the personal opinions expressed by a few individuals who have the time and resources to write op-ed pieces in farm publications or barrage your district offices with complaints about their milk checks or contracts.

It is not realistic to ask lawmakers to choose one perspective over another because the support and information often comes from different constituencies with limited data. PDMP strongly believes that before any more policy proposals are made on milk or dairy product pricing, we should all be operating from the same foundation of credible facts. Otherwise, any action, or inaction, regardless of the outcome, will be based on an incomplete understanding of the impacts of existing policy. Sound policy simply cannot be based upon conjecture and emotion. Until everyone across the dairy chain fully understands

the truths beyond their own perspective, we cannot come to agreement on if the OOP is helping or hindering the overall success and potential of PA's dairy industry.

Because PDMP believes so strongly that fact finding must begin within the industry collectively, and not by any one link in the chain with a natural bias, we have begun to work with the other stakeholder in the industry to collaboratively generate the data and facts required to move past conjecture, and reliably inform any further discussion and/or policy changes of the over-order premium. Matt Gould of Dairy & Food Market Analyst, Inc. has been engaged as a third party, without bias or interest in the outcome, to bring a comprehensive representation of the entire dairy value chain, including farmers, cooperatives, processors, and retailers to agree to the process in which the data is being gathered, to prevent bias from being introduced into the fact-gathering. Not only must the Stakeholders collaboratively agree to the scope of work, they are all being asked to participate in the funding of the collection and analysis effort, to not only ensure each link in the chain is committed, but also that industrywide "ownership" in the analysis is demonstrated, to prevent the final report from being perceived as the product of one dairy interest or segment of the industry. We have seen how easily one side of the issue discounts the credibility of some of the 'studies' conducted or proposed from the very start, just because they were sponsored by one entity with a particular bias or agenda. That is precisely what we are trying to avoid by bringing a fair representation of all the diverse interests into the ownership of this fact-finding mission.

This collaborative work has already begun, and a fair representation of the stakeholders will be meeting in the next few weeks to agree on the itemized scope of the data collection that Dairy & Food Market Analyst Inc, will collect, anonymize and aggregate when appropriate, and will analyze the findings in a report for all the stakeholders, including policy makers. Until everyone across the dairy chain fully understands the truths beyond their own perspective, we cannot come to agreement on if the OOP is helping or hindering the overall success and potential of PA's dairy industry. That agreement/consensus is essential for any policy to be accepted and effective throughout the industry. And while we have initiated this attempt with the hope that it will arm the Legislature with the factual data you all need to better inform your policy making moving forward, we think the responsibility lies with the dairy stakeholders to get that for you.

We hope that with this data and a clearer understanding of the economic impact of the OOP beyond our individual farms, PDMP can also find a consensus within our membership to take a position on a solution. I think it is safe to say that a majority of our members recognize that the OOP has not evolved with the dairy industry and that it is time to modernize milk pricing, and not just here in Pennsylvania. As we speak this same type of heated debate is occurring nationally on the Federal Milk Marketing Orders. And just like here in our little microcosm of PA, the national perspective is varied and diverse.

The dairy industry, like all industries and our entire society has evolved and changed so much in the more than 30 years since the Over Order Premium was introduced in Pennsylvania. We really and truly are in a global market today, with more people in the U.S. choosing water and soda instead of milk, with more technological advancements that help us increase productivity, and huge migrations of population across the country and the world necessitating increased and different transportation of our product. And the dairy industry, like most others, has consolidated, and will continue to do so. Every business started like a farm; one small independent business at a time. And as our families grow, and the next generation commits to continue to produce food for communities near and far, we must grow our business to support multiple generations and branches of our family. So, personally, I have no doubt that there is room for modernization of the dairy pricing system, including PA's Over Order Premium.

I am the 3rd generation of Bollingers milking cows. My grandfather started with 20 cows, before there was a PMMB and an Over Order Premium. At that time his milk was sold in cans. Today we milk over

450 cows and ship a tanker load of milk every day and a half. We have 3 full-time employees and as many as 20 part-time employees, including family members. And today we are seeing about .33 of the current Premium, so at this point I know our farm benefits from it. But I also know that my neighbor and friend, who works just as hard as we do and has to support as many or more branches of his family, is only getting about 4 cents, and that doesn't seem fair to me. We have been fortunate to have had a contract with Clover Farms, an independent bottling plant in Reading for the past 17 years. However, they were recently sold to New Jersey-based Cream-O-Land Dairy. I am not sure yet if their business model will continue to sell as much of our milk in Pennsylvania qualifying us to receive as much of the OOP. There are "haves and have nots" and with the global evolution of the food industry, where you come out in this is well out of dairy farmer's control because it all depends on what your shipper does with your milk once it leaves your farm.

One thing I am certain about is that we can't continue to feed the world if we don't continuously modernize how we do it. We should be looking forward, together, on positive ways to improve all Pennsylvania dairy farms' position in the market and not let distractions like this Over Order Premium debate take our eye off that ball. This requires taking time to come up with a well thought out game plan that is based on unbiased and verified information and we are looking forward to supplying you with the facts necessary to consider a sound policy strategy that benefits the whole of this industry which generates so much of Pennsylvania's economy.

With that, I would like to thank you again for the opportunity to speak to you today and am happy to answer any questions.