Testimony Offered for
Pennsylvania Farm Bureau
Before the Pennsylvania Milk Board
Regarding the Level and Duration of the Over-Order Premium

December 3, 2025

Presented by Paul Hartman
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Submitted November 14, 2025

Introduction

Chairman Barley and members of the Board:

Good afternoon, my name is Paul Hartman, and I offer this testimony on behalf of Pennsylvania Farm Bureau (PFB)—the largest general farm organization in Pennsylvania. Farm Bureau thanks the Board for providing the opportunity to offer testimony regarding the level and duration of the Class I over-order premium. We agree with Petitioner's recommendation that the Board maintain the over-order premium at $1.00 per hundredweight for the next six months, along with the fuel-adjuster premium.

I'm an eighth-generation dairy farmer from Berks County and am privileged to chair PFB's Dairy and Farm Policy Committee. My family farm, Scattered Acres, Inc., is a ninth-generation farm with around 2,000 Holsteins, spread across two milking locations and four heifer facilities. Our farm also grows forages and grain on approximately 1,200 acres. Our farm ships milk to both Clover Farms Dairy in Reading and Swiss Premium Dairy in Lebanon. We receive over-order premium from both shipments. In my daily duties, I'm employed as a herdsman where I help manage our milking facility in Reading where we milk around 340 cows three times per day.

Before discussing the reasoning for our recommendation for this hearing, we again thank the Board for their efforts regarding over-order premium reform, but we cannot help but note it’s now been four years since our organization first called for meaningful over-order premium reform. And yet, while we thank our agricultural legislative leaders for their efforts and openness to discussion, we respectfully assert that meaningful legislative progress has not materialized in those four years. Unfortunately, each passing over-order premium hearing therefore signifies a six-month benchmark of sorts where many Pennsylvania dairy farmers continue to question whether premium reform will come to fruition. The glacial pace of legislative progress combined with the fact that a segment of Pennsylvania dairy farmers simply do not benefit from the existing premium structure, make the situation virtually untenable. So, again, while adoption of Petitioner’s recommendation will benefit a class of dairy farmers in the State, for others, today’s hearing is yet another regretful reminder of the fact that they receive little or no part of a premium that was intended to benefit them.

And to that end, in the absence of premium reform that meets the three elements often outlined by the Pennsylvania Department of Agriculture, we must note PFB’s support of the over-order premium is not everlasting. Therefore, while we continue to press for premium reform, and reiterate our willingness to work with all stakeholders on a solution, we feel compelled to stress the urgency of the situation at hand for the benefit of all Pennsylvania dairy farmers.

As to today's hearing, we agree with many of the points made by Petitioner to support continuation of the premium level and duration. Sporadic weather conditions in the spring and summer caused many farmers to either significantly delay planting or forego planting altogether to utilize prevented planting insurance. Anecdotally, our members have similarly relayed that seed companies have taken back more seed than usual due to these last-minutes decisions. In turn, the likely consequence of these actions will be that many dairy farms will need to buy forage for next year, which obviously carries a higher expense than home-grown forage—a practice most dairy farms utilize, as noted by Petitioner. As feed is typically the single-largest expense for dairy farms, we think that the uncertainty regarding increased costs for alternative sources of forage for next year is a critical factor for this Board to consider in establishing the level of premium. Coupled with the steady downward trend of milk prices, this means that two significant financial factors—income and feed—do not appear to be trending in farmers' favor. Thus, although many expenses for our farm have remained stable or decreased slightly, the continued negative milk income trajectory and uncertainty of forage purchasing next year have, in our view, outweighed minimal relief for some expenses.

Regarding milk prices, I testified in May that our farm's milk prices were trending downward at the start of the year, from around $24.24 cwt to $21.86, and that the futures market showed a continued downward movement. The forecasts have largely borne out and the downward movement has continued. Our most recent milk price for September was $21.12 cwt, which includes an over-order premium of 20 cents. Similarly, the Class III milk futures are indicating continued downward trends from around $18.50 at the time of my last testimony to around $17 presently.[1] Likewise, futures for the first six months of next year are all well under $17, with January 2026 reaching a low of $16 exactly.[2] Unfortunately, this movement is tracking with the farm economy in general, with costs of production reaching record highs for many row crops including soybeans, wheat, and cotton.[3]

For dairy farmers, the general negative state of the farm economy has been regretfully reinforced by recent changes to the Federal Milk Marketing Order, particularly increased make allowances. Analysis by the American Farm Bureau Federation indicates that increased make allowances that went into effect in June have resulted in a drop of 4-5% among all milk classes from June to August, with Class I prices having an average drop of 89 cents over the same period.[4] Particularly notable for Pennsylvania, the Northeast Milk Marketing region sustained a total dollar decrease of $61.63 million due to the recent make allowance changes, which was just shy of the highest regional loss in the nation.[5]

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[1] https://finance.yahoo.com/quote/DC%3DF/history/

[2] Class III Milk Futures Quotes - CME Group (last accessed Nov. 12, 2025)

[3] Declining Farm Economy Continues to Pressure Profitability | Market Intel | American Farm Bureau Federation (Chart titled "Cost of Production for Major Row Crops")

[4] Three Months In: Early Impacts of FMMO Amendments | Market Intel | American Farm Bureau Federation (Figure titled "Make Allowance Impact to Class Prices")

[5] *Id.* (Chart titled "Three-Month Pool Value Impact of Make Allowance Increase")

While the recent federal pricing reforms are generally beyond the purview of this Board, I mention it to show that multiple factors, including such recent federal changes, appear likely to continue contributing to downward milk price trends.

Conclusion

In conclusion, Pennsylvania Farm Bureau supports Petitioner's recommendation to maintain the existing over-order premium of $1.00 for the next six months, along with the fuel adjuster. Overall, milk income metrics are trending meaningfully downward, with forecasts showing little relief. We thank the Board for providing the opportunity to testify on these issues, and I'm happy to answer any questions you may have.