BEFORE THE PENNSYLVANIA MILK BOARD

OVER-ORDER PREMIUM
All Milk Marketing Areas

December 3, 2025

Rebuttal Testimony of Secretary Russell C. Redding

Presented on Behalf of the Commonwealth of Pennsylvania

Department of Agriculture

Chairman Barley and Members of the Board:

Thank you for the opportunity to offer testimony today. My name is Russell C. Redding, and I serve as Pennsylvania's Secretary of Agriculture. I am testifying on behalf of the Pennsylvania Department of Agriculture (Department) regarding the level and duration of the Class I Over Order Premium.

Today's hearing marks the ninth time in over three years that the Department has presented testimony in support of reform of the Over Order Premium. We are not opposing the proposal presented by the Pennsylvania State Grange to maintain the current $1.00 per hundredweight Over-Order Premium for another six months, but this position should not be misinterpreted to suggest that the Department is accepting the status quo.

Replacement of the Board's current Over-Order Premium structure is overdue. We support fundamental reform of the way premium dollars paid by consumers are imposed, collected and distributed to ensure that premium dollars benefit the whole of the dairy industry. This change must modernize the premium system to reflect the changes in the Pennsylvania dairy industry since 1988. It must also provide greater transparency, and honor the belief of Pennsylvania consumers that when they buy a gallon of milk in the store, their dollars are directly benefiting the Pennsylvania dairy industry. It is, after all, Pennsylvania consumers, not the Pennsylvania Milk Board, who “choose to invest” their money in the Over-Order Premium.

The Department continues to support the concept of a premium price above the federal minimum price to be paid to Pennsylvania dairy farms, as long as it meets the following three criteria:

1. Premium dollars must be uniformly distributed among all Pennsylvania dairy producers.
2. The amount charged to Pennsylvania consumers must not be substantially more than what is distributed back to Pennsylvania dairy farmers.
3. The distribution system must not provide incentives for mechanisms by which payment of the premium to Pennsylvania dairy farmers can be avoided by purchasing or selling milk across state lines.

We appreciate the work that Senators Elder Vogel and Judy Schwank have done with Senate Bill 689 and their leadership at advancing modernization to the dairy premium structure. Finding consensus on these issues is difficult, and the Department appreciates their steadfast work at advancing these solutions.

Reforming the way that premiums are assessed, collected and returned to the dairy industry must be able to provide a full picture and accounting of the dollars paid by consumers. With the current Over Order Premium structure, we know that not every dollar paid by consumers ultimately ends up benefiting a Pennsylvania dairy farmer. We also lack a definitive way of knowing how much "stranded premiums" are in the marketplace at any given time. The changes sought by the Department and other partners in the dairy industry should provide a full accounting of all of the dollars paid by Pennsylvania consumers. That will then allow the dairy industry, in partnership with the Pennsylvania Milk Board, the opportunity to have an informed conversation on how to best invest those dollars for the benefit of the industry.

As fewer Pennsylvania farmers benefit from the Over-Order Premium, we are concerned that support for the current system will further erode. Swift action to find a new path forward is critical and will honor the commitment that consumers make every time they purchase Pennsylvania milk.

We know the market forces that are putting downward pressure on our dairy farmers. This was a difficult year to grow crops with rising input costs and, in many cases, less than ideal growing conditions. We know that trade uncertainty further complicates the prices that farmers receive for their milk.

The Department continues to advocate for the needs of the dairy processing industry in Pennsylvania as they play a vital role in our food system and overall economic success. Pennsylvania has a diverse dairy industry that creates a wide variety of products. We know that Pennsylvania dairy processors are eager to modernize and update their facilities. Programs like the Agriculture Innovation Grant Program and amendments to the EDGE Tax Credit can provide opportunity for farmers and processors to grow and reinvest in their businesses.

We are thankful for the leadership of Governor Josh Shapiro in placing agriculture as a key pillar of the state's economic development strategy, along with the partnership from the General Assembly and dairy industry that have been leading partners in efforts to bring new investment and support to the dairy industry.

The Department will continue to work with the General Assembly, dairy leaders and advocates on the efforts to modernize our state's dairy premium structure, along with additional ways to provide economic support for dairy infrastructure upgrades and reinvestments.

We cannot lose the sense of urgency that is needed to change how dairy premiums are assessed and collected. We can no longer afford to delay these critical reforms—postponing action every six months only allows farms to decline, infrastructure to age, and our dairy industry to continue struggling under an outdated and inequitable system. By updating the way we collect and distribute premiums, we not only ensure fairness and efficiency, but also open the door to reimagining how these funds are reinvested—strengthening Pennsylvania's dairy industry and building a more resilient, sustainable food system for the future.

Thank you for considering our position, and we look forward to working together to address this urgent and essential issue.