

**BEFORE THE PENNSYLVANIA MILK BOARD**

**OVER-ORDER PREMIUM  
All Milk Marketing Areas**

**May 7, 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 eighth time in over three years that the Department has presented testimony in support of the Over Order Premium and reform of it. As in many of the past hearings, we are not opposing the proposal by the Pennsylvania State Grange to maintain the current \$1.00 per hundredweight Over-Order Premium for another six months.

However, our position statement here must be underscored with a clear message that reform is needed, and, in fact, it's overdue. We have an opportunity to make systemic changes that modernize how the government- mandated premiums are assessed and collected in Pennsylvania so we can reinvest in our farms and processors.

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.

It is becoming clear that support for the current system continues to erode, and we must act collaboratively and quickly to find a path forward to collect the premium, already paid by consumers, who believe in good faith that those funds are returned to the farmers – and that those farmers and processors are here in Pennsylvania, not out of state. With Pennsylvania ranking number two nationally in direct-to-consumer sales, we know that our consumers are deeply invested in supporting local farms and ag businesses and their long-term vitality.

In Pennsylvania, the average size dairy farm is 90 cows, which provides nearly 10 jobs and more than \$2 million in annual economic revenue. Dairy farms also provide productive open spaces, ground water recharge and recycling of our resources, proving to be valuable assets in conservation and land stewardship. These farms not only shorten supply chains and reduce carbon footprints, but they

also increase the availability to local foods for those who live in that community and increase resiliency in the food system.

Farms aren't the only places where we see the rewards of this industry—our dairy processors play an equally vital role in Pennsylvania's food system and overall economic success. With a number of large dairy plants, as well as several independent processors and dozens of smaller operations, including raw milk bottlers and cheesemakers, we have a strong infrastructure in place to create high quality fluid milk and value-added products.

However, many of these processors are eager to upgrade and modernize, as demonstrated by the high number of dairy-related applications submitted for programs like the Dairy Investment Program, Ag Innovation Grant and the Resilient Food Systems Infrastructure Grant, as well as the widespread support for amending the EDGE Tax Credit to benefit existing Pennsylvania businesses.

With support and leadership from Governor Shapiro, the legislature, and industry, the Commonwealth is poised to not only be a historic pillar, but to lead the future of this industry. We see innovative companies delivering outstanding dairy products, farmers whose conservation work is improving the quality of life in a community, veterinarians and industry stakeholders who are consistently

improving cow comfort and care, students who are inspired to work with cows, and will grow up to be our next generation of farmers, processors, and innovators.

Given that lawmakers are working on legislation to achieve these goals through modernization, we are not opposed to continuing the current premium. However, it is crucial that all parties maintain the sense of urgency needed to drive this change forward.

The Department pledges to stay at the table to accomplish these goals. We look forward to working with the General Assembly, farmers, policymakers, consumers, and advocates to move this legislation forward and reinvigorate the dairy sector in Pennsylvania through reinvestment.

In closing, we want to emphasize the urgent need to modernize 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 the premium, 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.