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

May 7, 2025

Presented by Paul Hartman
Dairy Farmer, Scattered Acres, Inc.

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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 chair PFB's Dairy and Farm Policy Committee. I'm an eighth-generation dairy farmer from Berks County. My family farm, Scattered Acres, Inc., is a ninth-generation farm in Berks County 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 delving into 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 that it's now been over three years since PFB and other stakeholders first called for meaningful over-order premium reform. Unfortunately, each passing over-order premium hearing thus signifies a six-month benchmark of sorts where many Pennsylvania dairy farmers continue to question whether premium reform will materialize. So, while adoption of Petitioner's recommendation will benefit a class of dairy farmers in the State, for others, today's hearing will simply be another 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. In Berks County, we're categorized as being under "severe drought" conditions[1] and are expecting lower yields from forage crops planted at our farm last fall. Further, the drought conditions for South-Central Pennsylvania are particularly notable given that the

[1] Pennsylvania | Drought.gov

region represents a substantial portion of the total number of dairy farms in Pennsylvania.[2] Additionally, echoing Petitioner, our electricity costs have risen approximately 10% in the past year.

In terms of broad overall trends for our farm operation, milk income and prices have trended downward, with a net mailbox price of $24.24 cwt in January, $23.88 in February, and $21.86 in March. Each of these prices includes an over-order premium of approximately 25 cents, which has been consistent for the past several months. The general downward trend also tracks with Class III milk futures, which dropped from slightly above $20 in January to current prices at just below $18.[3] Notably, the downward trend is amplified by the fact that volume and quality premiums historically offered to producers have largely eroded over the past few years, which means expense increases take on added significance for a dairy farmer's bottom line. Regarding expenses, while they've trended downward in the aggregate, I think it's important to highlight a few specific expenses that have trended higher currently.

As many farmers know, especially dairy farms which cannot utilize the H-2A foreign labor system, labor continues to be an increasingly high expense. Our farm employs around 30 employees, with labor costs again up from last year. As

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[2] *See* What Dairy Brings to Your Community | Center for Dairy Excellence. Of note, Berks, Lancaster, and Lebanon Counties by themselves represent over 1,200 of the estimated 4,027 dairy farms in Pennsylvania.
[3] Class III Milk Futures, May-2025 (DC=F) Stock Historical Prices & Data - Yahoo Finance

noted in previous testimony, our farm chooses to prioritize retaining our current workforce through regular pay increases, and while fortunate to be able to shoulder such costs, it does carry an increased expense. Relatedly, in the instances where we do need to hire personnel, simply finding experienced individuals has also proved to be a challenge. As an example, for our farm, we've been attempting to secure a farm mechanic for nearly two months.

Other expenses that I think worth highlighting are those which farms have little control in managing such as animal care and fertilizer expenses. With respect to animal care, two footcare products for our cows have risen markedly in the past year. Cooper sulfate has gone up from $60 a bag to $88, and formaldehyde has gone up from $349 per unit to $398. Similarly, a mastitis protection product for dry cows, ToMORROW, has gone up from $539 to $740 primarily because it is no longer available over the counter and must be ordered through a veterinarian. Additionally, Triangle 10, a vaccine product has increased by nearly 10%.

Relatedly, fertilizer prices have also risen and are expected to continue that trend. Since December, potash fertilizer has risen roughly 10% from $292 to $336 a ton. This rise is particularly notable with the backdrop of tariffs since Canada supplies a majority of the product, and although recently lowered from a 25% tariff level still remains subject to a 10% tariff.[4] Nitrogen purchased by our farm has

[4] Trump Lowers Tariffs on Potash While Suspending Canadian and Mexico Tariffs

also increased rising from around $397 a ton in February to $423 in March. This is in line with overall fertilizer trends which have steadily increased in recent months.[5] Thus, actual and projected trends for expenses are impacting our farm's bottom line.

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 downward and many non-feed expenses continue to rise. We thank the Board for providing the opportunity to testify on these issues, and I'm happy to answer any questions you may have.

[5] Three Fertilizers Lead Prices Higher: UAN32, UAN28 and Potash