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It is no secret that dairy producers have been dealt a devastating blow during the last year. I would like to thank you for taking a keen interest in helping remedy the situation as well as giving me the opportunity to testify here today. For the past thirty six years I have owned and operated what is now a 360 acre, 120 cow dairy in Milford and Jefferson Townships in Somerset County. During those thirty six years I have experienced a wide range of economic situations and disasters and have served the dairy industry in a wide range of capacities. I have chaired PA Farm Bureau's State Dairy Committee for eight years, served on the Dairy Advisory Committee to American Farm Bureau Federation for eight years, served twenty years on the PA Dairy Promotion Program, currently serving as vice chairman, and have served numerous times as a delegate to Genex Cooperative, Dairy Farmers of America, and United Dairy Industry Associates. My experience and knowledge bases are significantly different from the average dairy producer, giving me a different, and I believe, more complete perspective of how the dairy industry in total functions. Anything that happens to any one segment of the industry has a ripple effect on the entire industry as well. My most serious concern is that we will do something in a knee jerk reaction to this disastrous year that will cause far more harm to the dairy industry on a long term basis.

Numerous legislators in Harrisburg have expressed their frustration to me as at what they can do to immediately increase dairy prices, since dairy pricing is indeed a function of the Federal Government; the answer is not much. There are, however, numerous things that can be done to very positively impact the bottom line of Pennsylvania's dairy farm families. Several of these would be in cooperation and coordination with the Pennsylvania Milk Marketing Board(PMMB). They are as follows:

1. Currently the PMMB can audit only the books of processors and milk handlers in PA. Authorizing PMMB to conduct actual random audits of the milk utilization would ensure that milk is going where the books indicated it went, and that dairy farm families are receiving the correct price for their milk.
2. Milk regulated by PMMB is limited to fluid milk produced, processed, and sold within PA boundaries. By requiring PA processors/handlers who import milk into PA to utilize their PA produced milk towards PA fluid sales, rather than sell imported milk as fluid product in PA and sending PA produced milk to other class sales or out of state fluid sales, we could positively affect farm prices.
3. Requiring dairy cooperatives to list monthly on milk checks to producers, how much that cooperative had received per hundredweight through PMMB Over Order Premiums(OOP), would clear up a great deal of confusion that is creating animosity between producers of the different cooperatives. Currently cooperatives do not have to list the OOP received separately and choose to pay the premiums to their producers as quality or other types of premiums, and the producers have no accurate information of what the coop is actually collecting as an OOP.

4. During a time period when Class III prices exceed Class I prices, PA processors/handlers that also have out of state processing facilities and producers, may currently depool only their out of state milk supply, and keep all of the extra money reaped by depooling. They should be required instead to depool their PA produced milk based on a twelve month rolling average of class III sales, and return those monies to their PA producers. Current regulations require processors/handlers having a milk supply produced solely in PA to return all the profits from depooling that Class III milk to their producers.

5. Last, and most important, do not eliminate PMMB minimum retail pricing. Based on per capita consumption in states with no minimum retail pricing structure, people in states where milk is sold as a loss leader do not, I repeat, do not consume more fluid milk than consumers in PA. The Mega Retail Stores using loss leaders in their stores most often sell at a reduced price by "negotiating" reduced prices from their wholesalers. The Mega Wholesalers then go back their supply chain and "negotiate" price reductions as well. Even with minimum farm and wholesale prices, there is a very wide range of scenarios, including but not limited to, importing milk for fluid sales and the reduction of order premiums, which could occur. Additionally, PMMB controls prices only on fluid milk sales, but all the other items sold by the Mega Wholesalers are pretty much unregulated and will most likely enter the "negotiations" should retail minimums be eliminated. The bottom line equals a lower bottom line for our dairy farm families.

Adequate funding for the PA Department of Agriculture, and especially the Center for Dairy Excellence, are crucial to the survival of the Dairy Industry in the state. Secretaries Wolf and Redding have done an outstanding job leading the Department, both in policy and fiscally. They have been most supportive in their commitment to expanding dairy in PA, not only because it is good for agriculture, but because it is good for all of Pennsylvania. Somerset County moaned the loss of Gilmour's and cutbacks in some other basic manufacturing jobs while the dairy farm families in Somerset County suffered over fifteen million dollars in cash losses, and the county suffered a fifty million dollar loss in economic impact in 2009, just from dairy. Budgets for the various departments of state government should be based on actual needs, the efficiency of operation, their importance towards fulfilling the needs of the people and economy of our state, and their job performance, not merely what they got in the previous fiscal year. The Center for Dairy Excellence should be the poster child for how bureaucracies are supposed to work. Their Discover Dairy Program, Dairy Advocacy and Response Teams (DART Teams), Profit Teams, and other initiatives have filled much needed weaknesses in the PA dairy industry. More importantly they have achieved this with a very small dedicated staff and secured a huge part of the necessary funding from outside sources.

Addressing problems within the regulatory side of state government would be my final area that seriously needs to be addressed, since regulation and regulators cause an over abundance of pain and anguish for our dairy farm families each year. The laws that you as legislators pass, and the final regulations that are written to carry out that legislation, are all too often not similar. Laws, with their accompanying regulations should be well thought out, as simple as humanly possible, and be loaded with common sense. For example: Clean and Green legislation, Farmland should be taxed according to what it is worth as a farm, rather than what it is worth as a parcel of land that could be developed in some way instead. That sounds simple enough. But in order to allow for mass assessments rather than doing each farm individually, a team of experts developed a formula based on corn production that would establish the profitability of each acre of farmland in PA. That sounds simple enough. Problem one was that ground not capable of growing corn was still assigned a value, even if it was all solid rock on a fifty percent slope next to a stream. My personal efforts in cooperation with PA Farm Bureau got a Wasteland category added by PDA. Other problems occur because growing seasons vary from 85 days to 120 days across the state, soil types change dramatically and very often in much of the state, assessments are adjusted annually by the state while nonfarm properties around us are adjusted only at a time of total reassessment, or if you improve your property, unless you are able to pressure your county commissioners to freeze the rate. Repair the Clean and Green legislation to make it fair and equitable. Many other examples are available, but you have probably experienced an abundance of calls from constituents with similar bureaucratic problems.

Make decisions based on sound science and common sense, and take a serious look at the economic impact of decisions being made. For example, animal agriculture lost rendering plants as a disposal point for dead animals because of BSE, more commonly known as Mad Cow Disease. Now those carcasses are buried or composted. The BSE prions do not die, but merely become inactive until consumed by another animal. The number of Americans exposed to or contracting BSE in the last ten years is ZERO. This has had a huge economic impact on animal agriculture and the rendering and associated industries. Each year thousands of people die or are paralyzed by bathtub accidents, hundreds die from lightning strikes on golf courses, and tens of thousands die or are seriously injured because of cell phones and texting while driving, but we do not need to worry about getting Mad Cow Disease. Does anyone seriously wonder why people react the way they do to the statement "I am from the government and I am here to help you" ?

Thank you again for allowing me to have some input on this important topic and please contact me should you have any questions or need support in any initiatives you undertake to correct the problems I have discussed here today.