

## PA STATE GRANGE Press Release

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RE: PA State Grange Dairyman Testifies Before Pennsylvania Milk Marketing Board

Harrisburg - Matt Espenshade, a seventh generation dairy farmer from Lancaster County, testified before the Pennsylvania Milk Marketing Board (PMMB) on behalf of the PA State Grange this morning. Matt and his father have no hired help on their farm which has been in their family since 1867. They raise their own forages and heifers.

Matt is the President of the Elizabethtown Area Grange #2076 and as a Grange member and a dairyman, he requested the PMMB extend their \$2.65 over-order premium payment.

Mr. Espenshade first thanked the PMMB for the opportunity to address the Board regarding the "plight of many Pennsylvania dairy farm families." But even with the steps the PMMB has taken to help ease the situation of the state's dairy farmers, dairymen "continue to suffer from depressed milk prices," he said. "The arrival of the month of June marks the twentieth consecutive month that we have received a price for our milk that is below the cost of production," he continued.

Espenshade explained that their cost to produce a hundredweight of milk is approximately \$17.00. "The last time the milk price we received was above that level was October of 2008," he told the Board. He also told them that, "In the past, the MILC payments have boosted farm income, however, no payments have been received in 2010 thus far."

He explained that he and his father have applied cost saving measures on their farm, curtailing or eliminating many basic practices. But he went on to say that, "the repercussions of these measures are becoming evident." One cost saving measure that they took was to try to maintain their cows' feet without the additional cost of a hoof trimmer. Unfortunately, this has led to increased laminitis and other hoof problems which also led to more culling, which in turn has had a negative impact on their herd size. These problems have reduced their herd size by 10% in the past 11 months.

Matt also explained that by saving money through cheaper feed ingredients, their rolling herd average dropped from 21, 200 lbs. in March 2009 to 20,400 lbs. in May 2010. He

said that, "Coupled with the decreased herd size, this has left our farm in a very dire situation."

His farm was very successful with their corn crop last year to they chose to plant the same corn seed variety again this year. As Matt put it, "But just because they were last year's varieties didn't keep the prices down.." The same seed this year cost about 10% more than last year.

Espenshade explained that his farm faces a new, external challenge now as well...deregulation of electric utilities. He stated that, "Our farm's electric bill in March 2009 was \$479. However, with deregulation, our March 2010 electric bill increased to \$682." He made a point by stating that "In the past, we would not think twice about turning on the fans to keep the cows comfortable. Now, every flick of the switch comes with a moment of hesitation..." He also said that "unlike other industries, a dairyman does not have the ability to pass on this expense."

In referring to Penn State University's Jim Dunn's "May 2010 Dairy Outlook," it appears that dairy prices may finally be moving near the cost of production. Espenshade said that, "For the first time in many months, Pennsylvania dairymen could potentially break even." But, he continued, "breaking even is simply not enough." His farm, like many others, has taken on a massive debt load during this period of depressed milk prices. "Our debt per cow took on an additional \$1000 per head in 2009 alone," he said. "Plans for potential improvements in efficiency have been shelved due to lack of funds."

Matt told the PMMB of the National Grange's efforts to advocate for changes in the current milk pricing system. He also notified everyone that Elizabethtown Area Grange has partnered with the Center for Dairy Excellence in order to give dairy producers in the area a unique opportunity. "On Tuesday, July 27, 2010 we will be hosting a listening session of the USDA's Dairy Industry Advisory Committee," he said. USDA's Dairy Industry Advisory Committee brings the concerned public into a productive, information-gathering process to assist in the developing recommendations for the development of national dairy industry and trade policies.

Espenshade said, "The money you choose to invest in the over-order premium is not just supporting the local farmer, but the businesses they depend on as well...the premium you approve today will not spend much time in the pockets of the average farmer. This premium will help dairy producers to maintain farm equity and pay down the debt that has accumulated."

He closed by saying, "I sincerely hope that you will maintain, if not increase, the over-order premium for milk sold in Pennsylvania. Thank you for your assistance to dairy farmers in the past and your consideration of the matter before you today."

The Grange is the oldest farm, family and rural advocacy organization in the United States. It represents about 12,000 members in Pennsylvania among 260 local community Granges.

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