



# PMMB Information Gathering Strategies

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*To solve a problem one must see it through the eyes of others.*



# Two Main Strategies

- ▶ Listening Sessions
  - ▶ “Focus Groups”

- ▶ Purposes
  - ▶ Listen
  - ▶ Learn
  - ▶ Respond

- ▶ Survey

- ▶ Purposes
  - ▶ Inform education and outreach
  - ▶ Seek suggestions
    - ▶ Listen, Learn, Respond



# Listening Sessions

# Locations and Dates

- ▶ Butler, PA
  - ▶ September 26, 2018
- ▶ Troy, PA
  - ▶ October 16, 2018
- ▶ Lebanon, PA
  - ▶ December 6, 2018
- ▶ Lancaster, PA (PA Dairy Summit)
  - ▶ February 6, 2019





## THEME 1

### Milk in Schools

#### What People Said

- ▶ Changes allowing 1% and flavored milk will help
  - ▶ Nothing substantial until whole milk is allowed in schools
- ▶ Schools may need help to purchase higher priced, higher fat content milk
- ▶ Greater flexibility with fundraisers needed



## THEME 2

### Closing the Border

### What People Said

- ▶ Troy and Butler sessions reflected frustration with lower prices in neighboring states
  - ▶ Northern Tier – “Eliminate PMMB”
- ▶ Out-of-state milk coming in
  - ▶ Blame placed on processors and minimum pricing system, in general
- ▶ Frustration and anger that State/Board cannot prevent movement of milk across state lines
- ▶ “Why is Texas milk sold in my store?”





THEME 3

Minimum Pricing

What People Said

- ▶ Elimination will increase milk sales at retail level
- ▶ System works to benefit processors and retailers, not farmers
  - ▶ Processors and retailers are making a lot of money at expense of farmers
  - ▶ Retail minimum too high; producer minimum too low
- ▶ Can't compete with other states





## THEME 4

### Over Order Premium

### What People Said

- ▶ PA Over Order Premium going to out-of-state producers
- ▶ Disparity between independent producers and cooperative members
- ▶ Cooperatives don't have to tell members how much OOP they receive
  - ▶ Suspicion
- ▶ Processors "pocketing OOP"



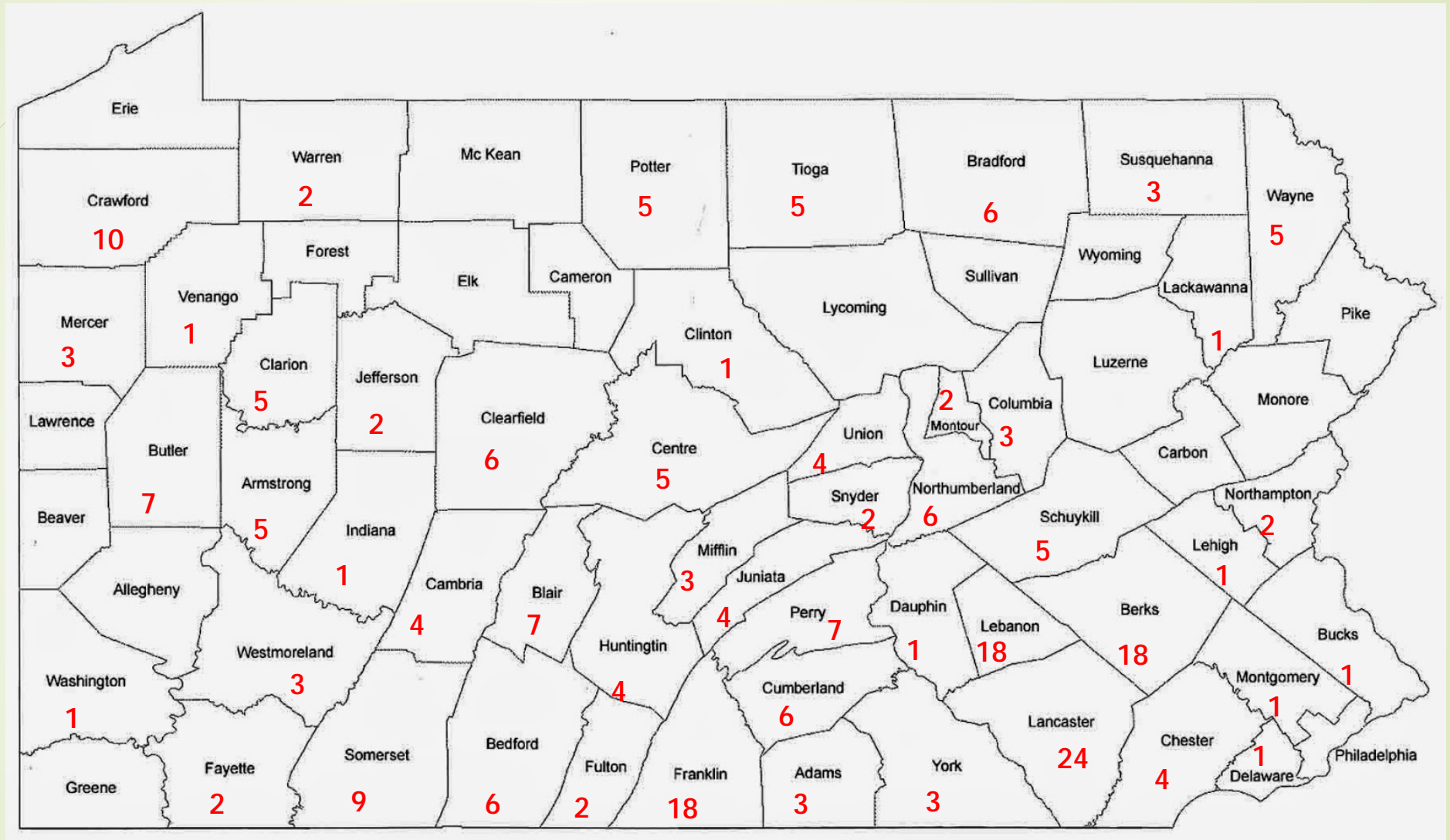
# The Survey



# Objectives of Study

1. Determine level of understanding of PA farmers of the milk pricing system in the Commonwealth.
  - a) Relationships between Federal Orders and PA's Milk Marketing Areas
  - b) Personal experiences
  - c) Recommendations for change
2. Determine level of understanding of PA farmers of the Over Order Premium and how it is distributed.
  - a) Personal experiences
  - b) Recommendations
3. Determine relationships between demographic factors of respondents and survey responses.

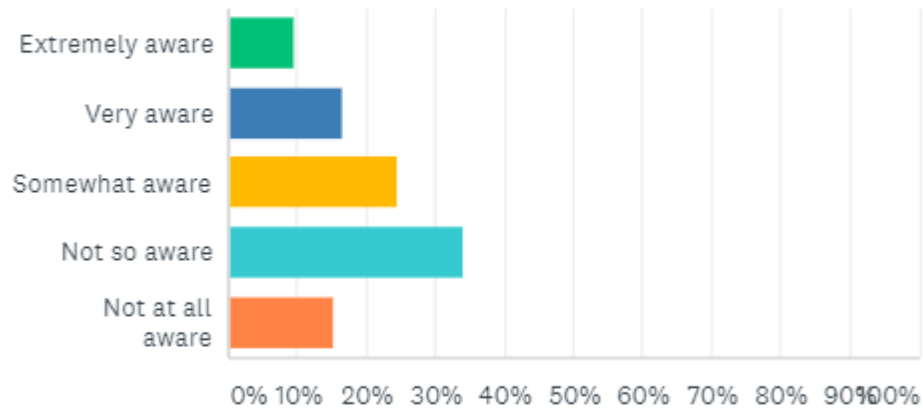
# Respondents by County (N=248)



# To Meet Objectives: Two Types of Direct Response + Open Ended Questions

## When producers' milk is not pooled within a ...

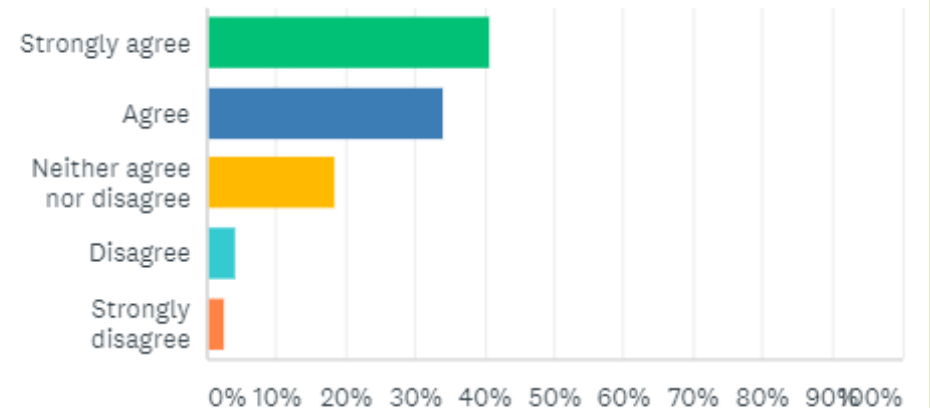
Answered: 298 Skipped: 4



Dairy Producer Opinion Survey

## I believe the PA Milk Marketing Board should ...

Answered: 270 Skipped: 32



Dairy Producer Opinion Survey



# Who Responded

- ▶ 59% - Age 45 or older
  - ▶ 16% under age 35
- ▶ 63% - Members of cooperatives
- ▶ 7 out of 78 (responding non co-op) ship to NJ (6) or OH (1) = 9%
- ▶ 22 respondents indicated they produce either organic (15% of 22), grass-fed (35% of 22) or A2 (50% of 22) milk

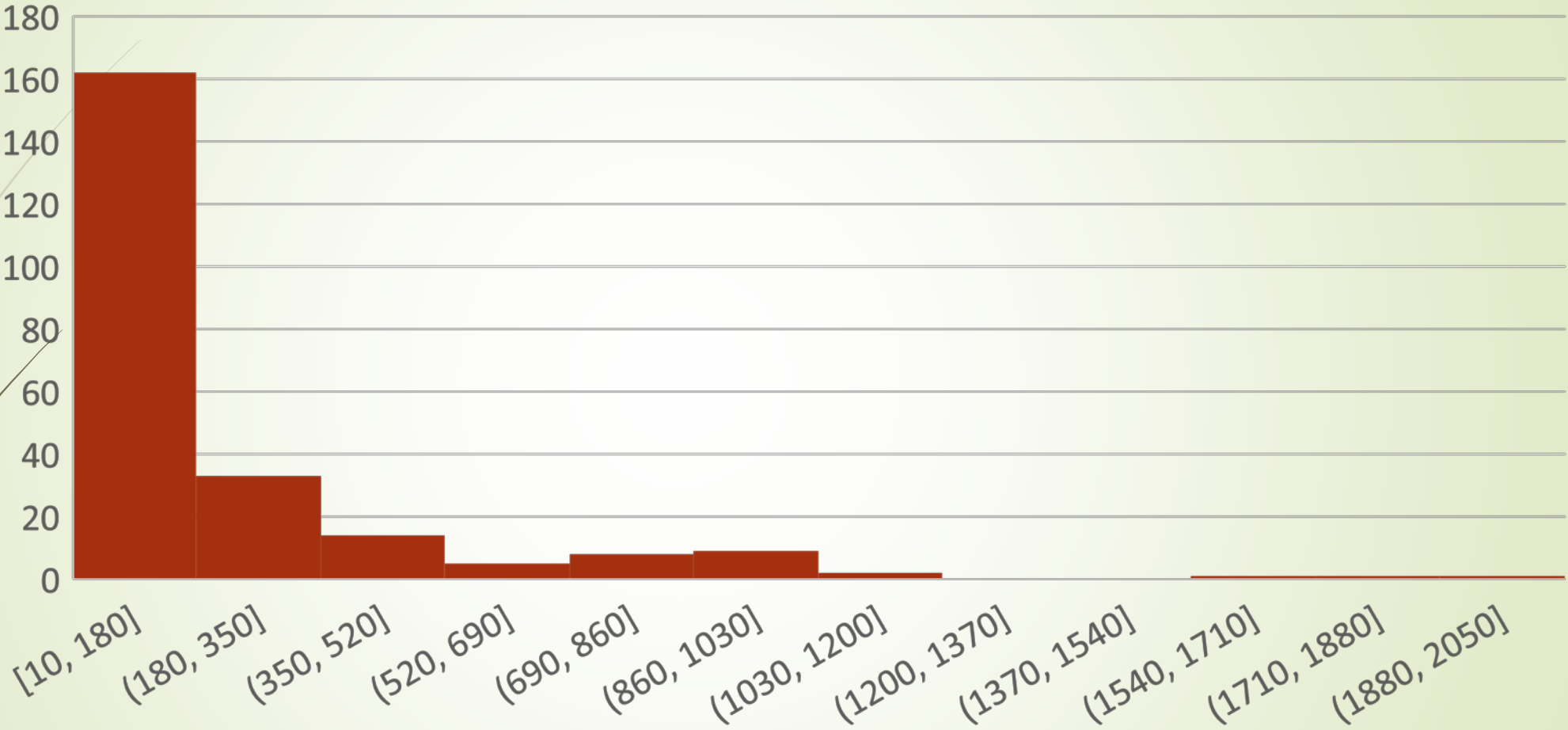


Herd Size:


Average = 229

Median = 80

# # Producers by Herd Size







# Results

Informing Our Education and Outreach Efforts



# PA Milk Pricing System



# Farmer Knowledge about PA Milk Pricing

## ➤ **Most awareness of**

- Component pricing
- Federal Order establishes minimum producer prices
- Pooling is used to equalize producer prices
- End use determines minimum producer prices

## ➤ **Least awareness of**

- Class II pricing basics
- Pricing specifics for PA and its six Milk Marketing Areas
- Pricing differences due to shipping destinations
- What info PMMB uses and how it establishes prices



**Dissatisfaction  
with System**

# What PA Dairy Farmers Believe

- ▶ Knowing prices they will receive helps maintain cash flow.
- ▶ They are **less** competitive in the market with other states because of PA's minimum pricing system.
- ▶ Minimum pricing has **NOT** been factor in decision to stay in business.
  - ▶ **SIG Diff:** Independent producers more likely to state that it has
- ▶ PMMB does **NOT** perform important functions for dairy industry.
- ▶ Revenues are **NOT** higher because of minimum pricing.
- ▶ PMMB should **review and revise** minimum pricing system.
  - ▶ **SIG Diff:** Coop members more likely to believe this.

TWO research studies dispute this: 2017 Center for Excellence Dairy Study & 2018 study of ME system



# Over Order Premium



# Farmer Knowledge about Over Order Premium

- Majority aware that the OOP applies to milk produced, processed and sold in PA
- Only slightly aware that the Board holds hearings and hears testimony on the OOP about every six months
- Only slightly aware that OOP hearing dates are published ahead of time and that they can provide testimony.
- Of 269 who responded to "Do you receive an Over Order Premium??"
  - 120 receive OOP
  - 71 do NOT receive OOP
  - 78 are not sure if they receive OOP



# What Farmers Believe about OOP

- ▶ The OOP is only somewhat important in decisions to stay in business.
- ▶ The OOP is not distributed fairly.
- ▶ PMMB should revise its system for determining and distributing the OOP.



Some  
suggestions to  
equalize  
distribution






# Pricing System – Reasons/Suggestions for Change

## ► **Revise the System!**

- Price/cwt well below costs of production
  - SUGGESTION: Guarantee a break-even price
- Imbalance between producer and consumer prices
  - SUGGESTION: Raise minimum producer price
- System discourages processors from locating to PA
  - SUGGESTION: Establish producer-owned processing facilities
- Increased costs of transportation
- Out-of-state milk coming in
- Inability to compete with larger dairies



# Over Order Premium – Reasons/Suggestions for Change

## ► **Revise OOP System**

- Simplicity and transparency are needed.
- Coops are collecting the money and not passing it back to the farmer.
- Premium should only go to PA farmers and no incentive to process milk in PA
- System doesn't benefit PA farmers.
  - SUGGESTION: Show amounts on milk checks
  - SUGGESTION: Let PMMB collect and distribute the OOP
  - SUGGESTION: Should apply to all classes of milk



# OOP System Suggestions, cont

- ▶ Revise OOP System, continued
  - ▶ Amount needs to be increased
    - ▶ SUGGESTION: Put a tax on consumer
    - ▶ SUGGESTION: Make OOP more flexible with the market
    - ▶ SUGGESTION: Entire amount should go to producer



## What We're Doing

### Results of Listening Sessions

- Sessions used as “focus groups” to frame development of survey.

- Increased newsletter distribution
- Increased social media distribution
- Developed online form for anonymous feedback.
- Increased communications with Ag & Rural Affairs Committees
  - Enhances communication about PMMB with constituents
- Added one conference site to interact with constituents

## What We're Doing, continued

- ▶ Increased Board attendance at local events
  - ▶ Developed PowerPoint for use in presentations to local groups
- ▶ Investigated school fundraiser guidelines and communicated results
- ▶ Communicated with federal and state legislators regarding milk in school issues
- ▶ Milk Chugging Challenge for PR







## What We're Planning

## Results of Survey Data Analysis

- ▶ Regular educational information sent to producers
  - ▶ Partnership with Farm Bureau
- ▶ Increased outreach through attending events and providing presentations
- ▶ System "Diagnosis"
  - ▶ Over Order Premium issues
  - ▶ Examining pricing systems in other states (ME already started)



*Thank You!*

