

House and Senate Agriculture Committee Dairy Information Meeting
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Thank you for the opportunity to speak today. I am a third generation Pennsylvania dairy farmer and I am the east coast Director of Marketing for Select Sires, North America's largest genetics and reproduction services provider. Select Sires has 144 employees in Pennsylvania, houses 300 sires at a facility in Northeastern Pennsylvania, has an office in Tunkhannock, Pennsylvania, and serves over 5000 dairy and beef cattle producers across the commonwealth. We have recently purchased additional acreage in Northeastern Pennsylvania to continue expanding the offerings we can provide for our customers. Please pardon the pun but we are "very bullish" on Pennsylvania agriculture.

The ability to be close to the Pennsylvania dairy producer gives us a unique position to gauge the strength of the PA dairy industry. We all know the current national dairy economic environment is challenging, yet the customers we serve are some of the best dairy managers you will find in the country. Producers dedicated to providing a healthy, wholesome product that have the advantage of being close to their consumer. When the consumer understands the process of how their dairy products end up in the case, they develop a strong appreciation for the hard work and capital investment that a dairy farmer puts into their business. This investment helps dairy businesses like Select Sires to prosper and we continue to invest in our future. In the last year we have added eight brand new jobs in Pennsylvania and since we are close to the Penn State campus, I will mention that four of those new hires were Penn State graduates in Animal Science.

The enthusiasm that these young people have for our industry mirrors the enthusiasm I see in young producers trying to build their dairy business. The Pennsylvania Center for Dairy Excellence provides many resources for these producers that they can use to develop their business plans. One of the most successful are dairy Profit Teams and Transformation teams that allows producers of all ages and sizes to call in outside help for their businesses. These teams serve a similar role as a board of directors would for any other business, analyzing strengths and weakness, opportunities and threats. I am fortunate to participate on quite a few of these teams and seeing the passion that we have for dairy in Pennsylvania reinforces my belief that we are very fortunate to live in a great dairy state. Non-farm neighbors at school, church, and in the community see it too and tell me that they love the opportunity to live in an area knowing their food is produced right next door.

As I participate in these team meetings, I notice an increasing frustration with the regulation that our dairy producers must deal with when it comes time to grow their business. The modern dairy producer in Pennsylvania generally knows that milk prices will be volatile, productive land in Pennsylvania is expensive, and dairy infrastructure is strong but changing from when we had a more rural state. The modern dairy producer has learned to deal with these challenges but they do have a tough time understanding why regulations for growing a dairy business in Pennsylvania put them at a disadvantage to dairy producers in surrounding states.

I recently sat around the farm table of a young dairy couple in Southeastern Pennsylvania excited to build on the dairy business established by the previous generation. They placed a 300-page environmental study on the table and told all of us participating in the meeting to “look at our \$70,000 book”. This young couple, prepared to invest over \$1,000,000 in their dairy business and the community, were increasingly frustrated that they would potentially have to invest \$150,000 in studies and permitting processes before the first shovel could go into the ground. Additional frustration occurs when they receive an indefinite timeline for response from the government agency and they have to make additional decisions for animal housing, animal care, and employee management. No decisions are made in a bubble and the impact that the dollars and time that an expanding dairy business has to invest affect many different parties. The state of Michigan has a much simpler business approval process that has fostered tremendous growth for their dairy economy. When our dairy producers see that growth and hear of the simplicity for a Michigan dairy producer to grow their business, they ask “why not us”? Recently Michigan passed Pennsylvania to enter the top 5 milk producing states in the US, dropping Pennsylvania from that distinction for the first time in our history.

Another challenge that I hear quite often from our producers is the concern for a stable milk market. I don't know if there is anything more demoralizing to a producer than being told that the product she worked so hard to produce is not needed. I believe all producers understand the concept of supply and demand and will work under that principle. The challenge arises with the timing and reasoning of the decision. Dairy production is unique in the needs of capital investment and preplanning to ensure a quality supply of milk. The most recent case of market

loss that I heard of last month in Southcentral Pennsylvania allowed the producer 14 days to find a new market. As consumers, we appreciate the steady flow of healthy, local milk production, the men and women working hard to build their businesses deserve more communication on their future prospects.

I respect the time allotment given to me today and will conclude by sharing that permitting and stable markets are two of the main issues that I see restricting the growth of dairy farm businesses in Pennsylvania. Other challenges include pricing risk management, continued business training for our producers, and farm transitions including estate tax and farmland value considerations. The Pennsylvania dairy industry is a tremendous asset for our commonwealth. My career takes me to many different states and countries. When people hear I am from Pennsylvania, it is common for their next statement to be how they love the beauty of our farmland. We can protect this natural resource by allowing another excellent natural resource, the Pennsylvania dairy producer, to prosper. I work with enough professional dairy managers in Pennsylvania to know that their concern for the environment, their animals, and their employees on the farm is of utmost importance. Allowing these producers to grow their business by simplifying the permitting process and stabilizing milk markets will ensure that our industry can remain a cash cow for Pennsylvania's economy.