



Agriculture & Rural Affairs Committee

Senator Mike Brubaker, Chairman

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Kristin J. Crawford, Executive Director

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Memorandum

Subject: Informational Hearing on the "Stranded Premium" in Milk Pricing

To: Members

From: Mike Brubaker, Chairman
Senate Agriculture and Rural Affairs Committee

Many of you are aware of the continuing crisis in the dairy industry; you may have been contacted by dairy farmers in your district or from across the state who have expressed the need for relief from extremely low prices received for their product over the past year and a half. Last December, the Committee convened an informational hearing to discuss milk pricing transparency in an effort to better understand opportunities to improve the situation in Pennsylvania. At that hearing we learned about the 'stranded premium' – the premium paid by Pennsylvania consumers on fluid milk that is intended for the dairy farmer, but which does not actually reach the Pennsylvania dairy farmer. Although the exact amount is unknown, there are estimates that the amount of this 'stranded premium' is as high as \$26 million, annually. The over-order premium is required to be paid to the dairy farmer by the Milk Marketing Law; this could provide an avenue to address this issue. In an attempt to gather more information and better understand the issue, I have scheduled an informational hearing to discuss the 'stranded premium' on **June 29, 2010, 9:30 – 11:00 a.m. in 8E-A of the East Wing.**

Please plan to attend this important hearing; agriculture is our state's leading economic driver and dairy farming makes up the largest portion of that industry. If you have any questions or concerns, please feel free to contact Kristin Crawford, Executive Director of the committee, at 787-4420.

MWB/kjc

cc: Interested Parties