

**Dennis Milhoan, President, Lancaster Dairy Farm Automation**  
**Testimony before the PA House Appropriations Committee—May 22, 2009**

Good morning Chairmen and Members of the Appropriations Committee. Thank you for this opportunity to testify about the importance of the dairy industry to our state's economy and the role of the Center for Dairy Excellence in securing its future.

My name is Dennis Milhoan. I am president of Lancaster Dairy Farm Automation based in Lititz, Lancaster County, Pennsylvania with divisions in Belleville, Rebersburg, Martinsburg and Oxford. Our company provides equipment, supplies and services to over 2,000 dairy farms milking over 200,000 cows.

I started my company in 1985 and before that was employed as a high school agriculture teacher. For the past five years I have served on the Economic Development Committee of Pennsylvania's Dairy Task Force. My company and its employees are an example of the many allied industries that are dependent on a good, strong dairy economy. Five years ago when the Dairy Task Force was first formed, Pennsylvania was losing at an alarming rate not only dairy farms, but also cow numbers and pounds of milk production. And we were losing infrastructure and the jobs and revenue that are provided by allied industries.

In the past five years, our state's dairy industry has been able to turn around that decline and stabilize milk production. The Center for Dairy Excellence has a key role in this turn around because it sets the groundwork to have a sustained dairy industry in Pennsylvania: A dairy industry that is stable and growing instead of declining. Never has it been more important for dairy producers to have this resource than today with low milk prices and high cost of production. Farm milk income has fallen nearly 50% and the nation is at risk of losing one-fourth of its dairy farms. If Pennsylvania were to lose 25% of its dairy farms, the cost to the state would be 16,000 jobs and \$1.9 billion in economic revenue.

Our company, alone, has worked with over 12 dairy farms that have directly benefited from the Center's Profit Team and Target Team programs. An example dairy of 500 cows was having high milk bacteria counts and they were losing their bonuses and losing milk production. A Center for Dairy Excellence Target Team Program provided seed funding to pull professional resources together and turn this around and bring \$52,000 in additional income to their business.

The Center measures the dairy industry's performance, productivity, and profitability on a monthly scorecard. The most recent report indicates we have improved the quality of Pennsylvania milk by 6% over last year. This comes, in part, from a high level of emphasis placed on milk quality by the Dairy Task Force and the Center for Dairy Excellence. A 6% increase in milk quality, in this case, means over 2 million additional dollars in farmer's pockets that will be spent locally.

You have before you many facts and figures about the work of the Center and how critical dairy is to our state's economy. What I want to focus on goes beyond the numbers, and goes to the heart of the matter.

When dairy producers have the resources and confidence to remain in this business, and to grow, the many dairy support industries in our Commonwealth are sustained and will grow also. This means jobs for Pennsylvanians and revenue for our rural and statewide economies. As dairy production stabilizes and grows, this also sends a message to processors. They can be confident in the sustained fluid milk production they need to keep or build their dairy food processing plants here. This means keeping jobs or adding jobs for Pennsylvanians.

Before the recent decline in milk prices, our small dairy service and supply business, alone, had grown 32% from 25 to 33 employees in the past five years. This is partly due to the confidence the Center for Dairy Excellence has instilled in the dairy industry by serving as a resource with tools that help dairy farm families improve their economic position and plan for the future.

A fully-funded Center gives the constant message to dairy farmers and allied industries that Pennsylvania is very committed to maintaining dairy as a large contributor to our state's economy.

The \$600,000 in state funding for ag excellence is seed money for a short and more importantly, a long term harvest. It pays back annually to the state's economy, revenue that is 7,000 times greater than this annual investment.

I leave you with this thought: The single most important contribution of the Center for Dairy Excellence to our state's economy is to bring a level of confidence to our young people who want to take over the family farm and dairy in Pennsylvania, instead of leaving to dairy in another state. The Center provides the support for young people to have more confidence that the dairy industry here in Pennsylvania is sustainable.

Probably more than anything else, this function is crucial to the future of dairy in Pennsylvania. The Center shows young people graduating from college or buying the family farm that there is an opportunity for dairy here and that a network of support that has been funded over the past five years is still available to them.

This is where the chain-reaction of jobs—all the way from the dairy farm to the supermarket shelf—really begins. It begins with confidence on the farm. That is our very future, and the future of the jobs and dollars the dairy industry brings to our Commonwealth. When dairy producers have confidence in the sustainability of their farms, this brings more confidence to allied industries. Confidence on the farm breeds confidence among processors who need to see that we are very committed to keeping a strong and sustainable dairy industry.

Again, thank you for this opportunity to testify before you today about the importance of the dairy industry to our state's economy and the role of the Center for Dairy Excellence in securing its future.