



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, Pennsylvania 17120-0018

JACK WAGNER
AUDITOR GENERAL

April 20, 2010

Mr. Clifford Hawbaker
Chairman
Dairy Policy Action Coalition
890 North Reading Road
Ephrata, PA 17522

Dear Mr. Hawbaker,

I am writing to respond to your recent inquiry to Auditor General Wagner expressing concerns about the lack of transparency in the distribution of the Pennsylvania Milk Marketing Board's Over-Order Premium (premium).

The General is mindful that falling milk prices and the current economic climate have had an adverse impact on Pennsylvania's dairy farmers. Consequently, in order to alleviate the severity of the aforementioned conditions, agencies should be able to ensure, in accordance with applicable laws and regulations, that Pennsylvania's dairy producers receive a sufficient premium. Accordingly, Pennsylvania dairy farmers, consumers, as well as taxpayers in general, should be entitled to a proper explanation when suspected discrepancies exist in the disbursement of these premiums.

Additionally, a subsequent letter submitted to the Department of the Auditor General by the treasurer of the DPAC, Bernard C. Morrissey further emphasizes the economic and personal hardships that many dairy farmers and their families must endure. The article accompanying Mr. Morrissey's letter was heartrending. Moreover, it demonstrates an urgent need for the implementation of forward-thinking agricultural policies that adequately sustain and encourage the continuation of family farming. Such policies must buttress dairy farmers and their families against potentially inconsistent milk price policies and any unexpected price fluctuations.

Also, it is my understanding that the Pennsylvania Milk Marketing Board held a public hearing on this matter on February 16, 2010. The Milk Marketing Board is expected to render a ruling on this matter on or about May 5, 2010.

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Because the Department of the Auditor General is restricted to performing financial and performance audits of state agencies and local agencies that receive state funds, it cannot initiate investigations into specific individual complaints. Nevertheless, we will most certainly take into advisement your comments as we consider any potential special performance audit of the Pennsylvania Milk Marketing Board. The performance of such an audit would include an assessment of all information provided by the audited agency, as well as the degree to which it pertains to your comments, where applicable.

Mr. Hawbaker, again, I thank you for writing and providing such insightful input into this very important topic. Also, on behalf of the Auditor General, please extend my sincere gratitude to your membership for the selfless service they provide to our local communities, as well as for their invaluable contribution to the overall economy of the Commonwealth of Pennsylvania.

Very truly yours,



Thomas E. Marks, CPA
Deputy Auditor General for Audits

TEM/RM:caz

cc: Mr. Bernard C. Morrissey, Treasurer, Dairy Policy Action Coalition