

## **Farm Bill Resurrects Dairy Subsidy Program; Good News for Vermont**

(Associated Press)

By Wilson Ring

MONTPELIER, Vt. -- Dairy farmers across the country will be guaranteed a minimum price for their milk under a provision of the Farm Bill that was finalized Friday by congressional negotiators.

The new dairy program would replace Northeast Interstate Dairy Compact, which expired last fall, but it will help dairy farmers in all 50 states.

The new program will be retroactive to Dec. 1, 2001, which means Vermont dairy farmers will share about \$9 million in payments for compact payments lost over the winter.

"This is huge," said Vermont's independent Rep. Bernard Sanders who first proposed the idea in Congress last October. "You should not underestimate this."

The Northeast Interstate Dairy Compact expired last October after being in place for four years. During that time the compact paid about \$146 million to New England dairy farmers. It was funded through a surcharge on dairy processors.

Farm advocates in the Northeast felt the compact helped dairy farmers weather wide fluctuations in the free-market price for milk.

"This plan will ensure that Vermont farmers are not held hostage by the wild fluctuations of milk pricing," said independent Sen. James Jeffords. "This plan will provide our farmers with the security they need so they can focus on what they do best." The new system, like the compact, will help farmers, but it won't make them rich.

"I think for Vermont farmers, it's just sort of catching up from when the prices" collapsed, said Middlebury dairy farmer Bob Foster.

The new program was a victory for Vermont's three-member congressional delegation, which shepherded the legislation through Congress, who had to overcome fierce opposition from politicians from midwestern dairy states.

"It took just about every waking moment we have had for months, but we got what Vermonters needed from this farm bill," said Sen. Patrick Leahy, D-Vt., who was one of the Senate negotiators who made sure the dairy provision was in the Farm Bill that was finalized on Friday.

The new national dairy program guarantees dairy farmers across the country a minimum price for their milk. The program will kick in when the market price of class I, or milk intended to be sold as a beverage, falls below \$16.94 per hundred pounds of milk sold in Boston. A hundredweight of milk is about 12 gallons.

Through last fall the price of milk was well above the minimum price. But prices collapsed and they have yet to recover.

Currently the price of milk is about \$13.50 per hundred pounds. Under the new system a farmer milking about 80 cows would receive about \$1,100 extra a month.

Vermont Farm Bureau President Clark Hinsdale hailed the agreement. "It means virtually identical price stability for our dairy farmers to what we had under the compact," he said.

The Farm Bureau's "very, very clear preference" was for continuation of the compact, under which downward price fluctuation were absorbed through extra premiums paid by dairy processors. But Hinsdale said a program of government subsidies would have to do, because the compact had become "a political impossibility."

The new program is limited to the first 2.4 million pounds of milk produced on a farm every year, or the approximate production of a farm milking 140 animals.

About 80 percent of Vermont's 1,600 dairy farms milk 140 or fewer cows. But on farms operated by one or more producers, such as a husband and wife or siblings, each partner would qualify for the 2.4-million pound cap.

Larger farms would not receive payments for production above the cap.

The program will run through Sept. 30, 2005. The first checks should reach farmers this fall.

A key to the legislative success of the new program was making it nationwide.

"Last September, no one would have thought that the Northeast, Midwest and South would have come together over dairy policy," Sanders said.

Sanders first suggested the new system in an amendment to an early version of the Farm Bill last October. What was significant about that amendment was it won support of many midwestern politicians who had opposed the compact.

"Now dairy farmers in the rest of the country will find out why the compact worked so well and why we have valued it so much," Leahy said.

The first of the monthly payments are expected this fall.

Foster and South Royalton dairy farmer David Ainsworth both said they were grateful the new system had won approval, but they preferred the compact because it was funded by dairy producers rather than the federal government.

"I guess I like the mechanism it's paying out like the compact," said Ainsworth, who milks 46 cows on his farm. "I do wish we had the compact rather than being at the government's feed trough."