

# Milk Component Pricing

BY ROBERT E. LEIBY  
AND DAVID L. DUNBAR  
Lehigh Co. Agents

Component pricing of milk is not a new concept. Dr. Robert Yonkers, Penn State Ag. Economist, says it has been widely discussed in the dairy industry for much of the past 30 years. Today, several factors have once again focused attention on the subject, including the consumer shift away from higher-fat dairy products, successful implementation two years ago of a milkfat-protein pricing scheme in Federal Order 136 (The Great Basin Market in Utah), and USDA's ranking of sires based on animal model economic indexes which include protein.

Under the current butterfat differential-volume milk pricing system, the value of milkfat is determined directly, while the remainder, or residual value of raw milk is allocated to the skim portion. Some handlers and coops in the Northeast and Middle Atlantic states do pay premiums to producers based on protein percent according to Yonkers. However, this is not a true multiple component pricing scheme, since

buyers of raw milk are not always charged based on protein content of the milk. Rather, this is a milk procurement incentive used by those handlers manufacturing dairy products (primarily cheese) whose yields are sensitive to the protein content of raw milk.

Class I milk, which is used for fluid dairy products, is usually exempt from pricing based on protein or solids-not-fat content. The yield of fluid products is not sensitive to these components; 100 pounds of raw milk yields 11 5/8 gallons of fluid milk product regardless of protein or solids-not-fat content. Yonkers reminds us that's not true for other classes of dairy products. For example, the yield of non-fat dry milk is dependent entirely on the solids-not-fat content of raw milk. Therefore, only handlers manufacturing Class II (and Class III, where applicable) dairy products are charged for milk based on protein or solids-not-fat under a multiple component pricing scheme.

So, what does all this mean to Pennsylvania Dairy producers? A group of dairy cooperatives in the Federal Order 4 marketing area (which includes 15 counties in

southeastern Pennsylvania) has petitioned USDA requesting a hearing on the issue of pricing milk for both milkfat and solids-not-fat. In addition, it is expected that within a year or two a similar petition will be filed covering Federal Order 36 (including 14 western Pennsylvania counties), except protein may replace solids-not-fat as a priced component. Regardless of the type of pricing scheme, the average price per hundredweight paid to producers for milk in any Federal Order is expected to remain the same. However, the milk check of any individual producer may change based on the value of milk components.

Dairy producers should remain informed about such pricing schemes because, if USDA recommends that a referendum be held, all producers in a Federal Order could vote on replacing butterfat differential-volume milk pricing with a multiple component milk pricing system. In addition, dairy producers may wish to evaluate current nutrition and breeding programs in order to be prepared to make changes should a new, multiple component milk pricing scheme be introduced.

Lancaster Farming Saturday, January 13, 1990-D1

## Protect Drainage System By Checking Outlet Flow

LEESPORT (Berks Co.)— A subsurface (tile) drainage system is only as good as its outlet. The investment of a little time, paint, and a steel post can help farmers protect substantial investments in subsurface drainage systems, according to Duane Pysher, District Conservationist, USDA Soil Conservation Service.

"The key to a good subsurface drainage system is a free-flowing outlet," said Pysher. "However, with the passing years following original installation, many outlets become 'lost' or damaged." Heavy vegetative growth, siltation from flooding, livestock trampling, and snow plow damage combine to clog or obliterate the outlet's location. The result is a drainage system that is less efficient or ceases to function altogether.

Evidence of a malfunctioning drainage system includes a stream of water that pops up in the field where there was none before or an area that remains wet long after the rest of the field has dried out.

To correct or prevent this problem, the outlet must be returned to a free-flowing condition. But how do you find a 'lost' outlet without spending a lot of time and effort digging in a hit-or-miss fashion?

"Simple," said Pysher. "Just paint fluorescent orange on a standard 6-foot steel fence post and place one post beside each drainage outlet on the farm."

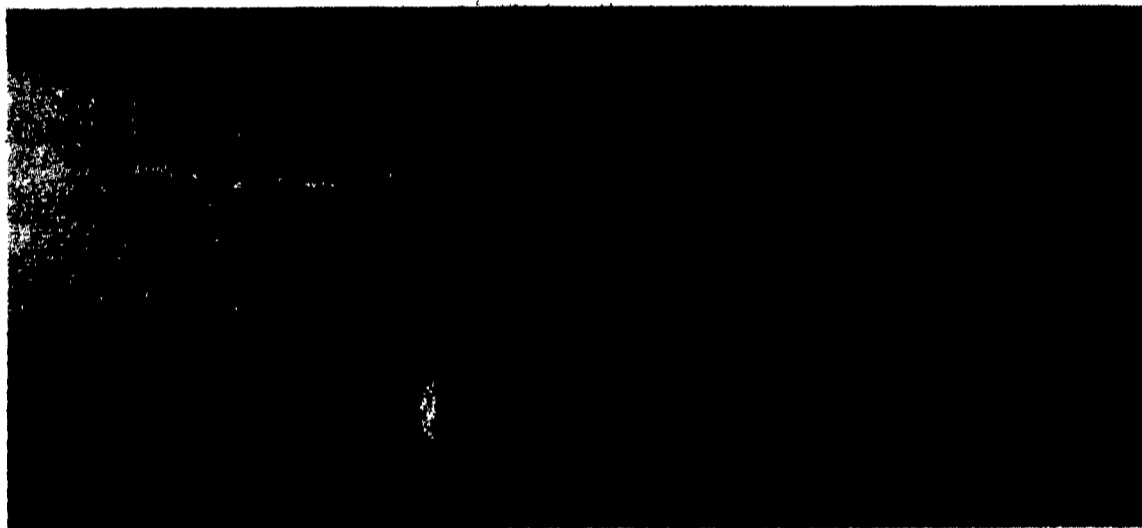
Pysher indicated the posts are readily available at reasonable cost. The posts serve as permanent markers to quickly locate outlets during semi-annual maintenance checks, they alert equipment operators to be more careful in the post areas, and they are particularly helpful in pointing out drainage outlets to new landowners or tenants when farms change hands or management.

A small investment in time and materials now can pay big dividends in preventing future drainage system damage and location problems.

"All subsurface drainage systems should be checked after every major storm for damage or at least semi-annually in the spring and fall," said Pysher. "Remember, your drainage systems will only serve you as well as you maintain their outlets."

Land use planning assistance is available from the U.S. Soil Conservation Service located in the Agricultural Center in Bern Township.

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## Corn And Crops Day Scheduled

NEW BLOOMFIELD (Perry Co.)— Farmers are invited to attend the Perry County Corn Day Program scheduled for Friday, January 26, 1990, at Messiah Lutheran Church in Elliotsburg.

The program will feature topics on new tillage equipment, corn silage, grain storage safety and fumigation, and an update on Pennsylvania's pesticide laws. The meeting, beginning at 9:30 a.m., has been approved for four credits of update training for restricted-use pesticide license holders.

For more information or to reserve lunch at \$3.50 per person, call the Perry County Extension office at 582-2131 ext. 243.

## 'Animal Rights' Focus Of Meeting

OCTORARA (Lancaster Co.)— The Octorara Young Farmers Association will hold a meeting to discuss the controversy surrounding animal rights on January 15, 1990, at 7:30 p.m. in the Ag Ed Room of Octorara High School.

The speaker will be Carl Brown of the Pennsylvania Farmers Association.

