

PA Milk Marketing Board Extends Farm Milk Premium Again

KARL BERGER
Special Correspondent

The Pennsylvania Milk Marketing Board has extended its \$1.05 premium on Class I milk sales throughout the commonwealth until June 30, 1991, smoothing the way for the continuation of over-order pricing efforts by dairy farmers throughout the Mid-Atlantic region.

In a decision announced April 12, the three-member board, which regulates minimum farm and retail milk pricing in Pennsylvania, voted two to one to extend the premium handlers are required to pay producers above the minimum price established by formula, according to PMMB spokesman Tom Kugel.

The premium had been due to expire May 31. Kugel said the "crop assistance" order was issued in response to testimony provided by spokesmen for the farm community at a recent hearing before the board. Witnesses discussed the poor forage quality resulting from last year's wet weather, continu-

ing increases in the cost of various farm inputs and the significant decline in federal order prices since last fall. "It was determined that (the farmers) still needed help," Kugel said of the decision.

Board members Leon Wilkinson of Chester County and Don Lamius of York County, both dairy farmers, voted in favor of continuation. J. Robert Derry of Indiana, Pa., a former executive in the dairy processing industry, opposed the extension. The premium is tacked onto the minimum prices PMMB sets for farm milk used for fluid purposes in each of its six regions statewide. However, the increase does not affect milk used in manufacturing and PMMB's authority does not extend to milk that crosses state lines. Nevertheless, the premium is a key element in efforts to insulate local farmers from price declines dictated by national policy, according to Jim Fraher, an economist for Atlantic Dairy Cooperative.

For instance, the Middle Atlan-

tic Cooperative Milk Marketing Agency, the over-order bargaining agency for cooperatives in Federal Order 4, has charged area handlers the same \$1.05 premium on Class I milk since PMMB first issued its order. This MACMMA premium remains in effect indefinitely, Fraher said, and likely will continue for at least as long as the PMMB premium does.

The PMMB order also affects the various individual over-order premiums being paid elsewhere in the region, particularly among producers and handlers regulated by Federal Order 2. Because they affect only a portion of the milk supply, the MACMMA and PMMB premiums do not translate into farm milk prices \$1.05 higher than they otherwise would be. The gains farmers realize in their milk checks depends on the Class I percentage of their markets. For Federal Order 4 producers, for instance, the premium has been worth an extra 42 to 60 cents a hundredweight.

Fraher, representing MACM-

MA and several other farm organizations, was one of several witnesses to present testimony at a recent hearing on the possible extension of the PMMB premium. He argued that several factors, including a tight supply-demand situation locally and some increases in cost of production, argue for the need of local dairy men for higher prices than those provided by the federal order system. Through last fall and winter, regional milk production has lagged behind output from the previous year. In Pennsylvania, for instance, February milk production of 785 million pounds was eight percent less than the total produced in February 1989, according to U.S. Department of Agriculture figures. In Maryland, production was down slightly in January and level with year-ago totals in February. The shortfall has created a kind of consensus on the need for higher prices between producer and processing interests.

Milk dealers did not oppose the extension of the PMMB order and

have by and large accepted the regional MACMMA premium, according to industry officials. In that regard, it probably helped that the PMMB extension came up at a time when farm milk prices are in decline. After climbing to record heights earlier this year in the wake of the skyrocketing Minnesota-Wisconsin price, prices in the various federal orders have settled back to earth recently. The May Class I price in Federal Order 4 is just \$15.05 a hundredweight, down \$2.91 from its February peak. Similarly, the May Class I price in Federal Order 2 is \$14.57, down from the February peak, but still \$.104 above the Class I price a year ago. Moreover, the precipitous decline in the M-W price in January and February slowed to 20 cents in March and may have bottomed out, Fraher said. One good sign: in recent weeks, cheese prices in the upper Midwest have risen, he said. The extension is the third since the marketing board originally okayed the premium in September 1988. At that time, concerns were focused on the impact of a prolonged drought on crop production and dairy men's incomes, Kugel said. The rationale for the most recent extension, in September 1989, was the negative impact of overly wet weather.

Allied Milk Producers Meet

RANDY WELLS

Indiana Co. Correspondent
JOHNSTOWN (Cambria Co.)
— The Allied Milk Producers, one of the oldest dairy promotion agencies on the East Coast, held its 40th annual meeting April 3 at the Masonic Temple.

The organization, formed in 1950, represents more than 200 members in nine counties.

Dorothy Naugle of Hooversville RD 1, Somerset County, dairy marketing specialist for the organization, said the highlight of the evening was the unveiling of a new promotional billboard designed by fourth-grader Brienne Duffner of the Third Ward Elementary School in Blairsville, Indiana County.

Brienne's design was chosen in a contest from 289 entries submitted by students in 91 fourth grade classes in a four-county area. Her billboard will be rotated with 12 others designed by an ad agency for the organization's southwestern Pennsylvania campaign.

At the meeting to present their dairy promotional skits were dairy princesses Tracy Blair of Somerset County and Jenifer Veach of Bedford County.

Longtime board member William Blough was recognized for approximately 20 years of service to the Allied Milk Producers.

In her slide presentation and report, Naugle reviewed the year's marketing activities, which included mall promotions, school assemblies, and other special events.

According to Naugle, 342 people attended the meeting.

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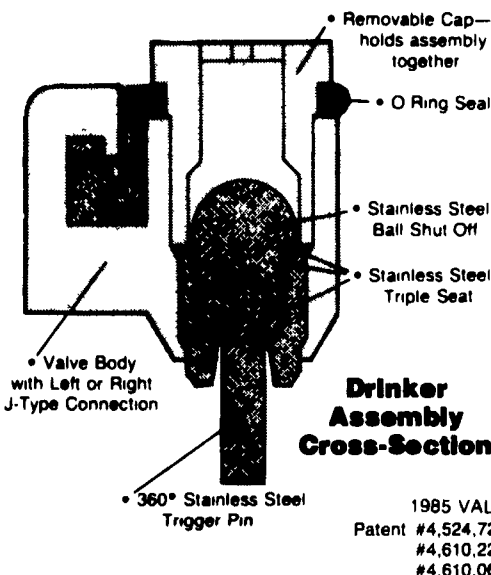
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