# Congressional Inaction Leaves Dairy Farms' Fate To Market Forces

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ers Federation. The federation, which represents many of the nation's cooperatives in Washington, was at the forefront of lobbying efforts for new legislation.

Those efforts ended when the Senate, in a close vote in late November, declined to approve a proposal that would have raised the federal government's milk support price a dollar and established a voluntary supply management program. A similar bill already had been shot down in the House of Representatives.

The inaction leaves the support price at its current $10.10 a hundredweight level (for milk containing 3.67-percent butterfat) and plenty of leeway for the M-W price to decline.

It was the unprecedented M-W declines of last fall and winter that drove area milk prices to their lowest levels in more than a decade and prompted calls for action from Washington. The federation came out in support of a package of changes that included the support price boost, an increase in the amount of non-fat solids the government requires in fluid milk and provision for a voluntary diversion program in which a producer assessment would provide funds to pay those dairymen who elected to cut back their milk production.

By contrast, current dairy policy, approved as part of the 1991 farm bill, essentially freezes the support price at the $10.10 level. It also has set up a producer assessment to cap the government's cost of buying surplus dairy products.

Keller said the federation's proposals drew strong opposition from various groups, including the National Cattlemen's Association and the Milk Industry Foundation, a trade organization for processors. It also was opposed by officials of the Bush administration, who favor a continuation of current policy.

Despite the defeat, federation officials remain hopeful that something can be done in 1992, Keller said. If, as feared, seasonal price declines prove worse than usual, then, as was the case last year, "there could be a real crisis for dairy farmers by spring," she said. That would once again stir calls for new legislation by sympathetic congressmen.

Fraher's numbers, which reflect the over-order premium paid to most Mid-Atlantic area farmers, are somewhat more optimistic. Overall, he said, the average Order 4 producer can expect to realize about 25 cents more per hundredweight in 1992 than he did in 1991, when the average price was about $12.95 for 3.5-percent-fat milk.

"A lot is going to depend on how low we go in the spring in terms of outlook for the industry," he said.

Currently, economists are assuming no major change in federal dairy policy in 1992 and a continuation of the over-order pricing structure that has been created in the area, although neither situation is totally locked in concrete.

The $1.05 premium imposed on Class I milk sales by the Pennsylvania Milk Marketing Board — which is the foundation for the same premium charged by the Middle Atlantic Cooperative Milk Marketing Agency — remains in place through June, according to PMMB spokesman Tom Kugel. The board has considered talk of extending or raising the premium because of the impact of the past summer's drought, but has yet to take any action, Kugel said.

The same $1.05 premium is also solidly in place in New Jersey as a result of action by the New Jersey Department of Agriculture. Although still under legal challenge from several milk dealers in that state, the department is collecting the premium and distributing payments of about 80 cents a hundredweight to New Jersey dairymen, said Carol Shipp, a spokesman for the department.

The only gap in this pricing structure exists in New York, where the failure to uphold a state-imposed premium under the Rogers-Allen Act has left individual dairymen and cooperatives to bargain directly with handlers for more money.

# *Lean Budget Adopted*

The operating and capital budgets for fiscal year 1992, which began on October 1, 1991, were adopted by the Pennsylvania DHIA Board at the July 1991 Board meeting. Both budgets are conservative and reflect a strong concern by both the Board and management for the welfare of members, many of whom are experiencing cash problems caused by low mil prices in 1991.

The operating budget calls for no increases in staffing in 1992 and assumes an average enrollment of 335,000 cows each month. Current enrollment stands at about 339,000 cows, up from a low of 334,000 cows in August. Overall income is projected to be $4.659 million and expenses are expected to total $4.855 million yielding a negative margin of -$196,000. Cash reserves will be used to cover the shortfall.

Previously planned capital expenditures for '92 were eliminated in all possible areas resulting in a budget of $168,000 allocated as follows: $134,000 for installment payments for the new data processing system, $16,000 for a replacement sample pickup truck, $8,000 for new milk meters and a contingency of $10,000 for emergency needs.

## Prepare For 1992 Art Show

YORK (York Co.) — It's not too early for amatuer and professional artists, photographers, woodcarvers and sculpterers to start thinking about the fifth annual "Nature and Wildlife Art Festival" set for June 21, at Indian Steps Museum, Airville.

The festival is designed to proved artists with the opportunity to exhibit and sell work. Only items personally created may be displayed and offered for sale and all work should pertain to the program's theme of nature and wildlife.

The event is cosponsored by the Conservation Society of York County and the Pennsylvania Power & Light Co., at Holtwood. For more information, or applications for space, call (717)764-4318, or write to June Moyer, 2366 Maple Road, York, 17404.