

Producers Seek Dairy Compact Legislation

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But he changed his mind once he began studying what compacts could do the dairy producers and has since become one of the region's most vocal advocates for their passage.

"Dairy Farmers of America, at its meeting last week in Kansas City, unanimously passed support for the concept of dairy compacts," notes Gardner. "We are working cooperatively with Land O'Lakes, Maryland and Virginia Milk Producers, Dairy Lea and the Pennsylvania Farm Bureau toward getting legislation passed to support Pennsylvania's dairy producers joining a compact. And DFA's Northeast Council is working to support all the compact proposals within our council area.

"Legislators need to hear from their dairy farmer constituents or they will think we don't believe compacts are important," Gardner said, urging producers to get in touch with their state senators and representatives on the issue.

"The establishment of a dairy compact in Pennsylvania would in no way interfere with the operations of the Pennsylvania Milk Marketing Board," he said. "It would, in fact, complement PMMB's pricing program, as well as work well with the existing federal orders. And it would allow Pennsylvania to work closely with other northeastern states in setting a fair price for Class I milk."

Garner further noted that farm prices for milk have

declined some 5 percent in real dollars since 1985, before additional adjustments for inflation are figured. The goal of a compact to help stabilize price and thus the dairy industry itself, as increasing numbers of Northeast farmers exit the dairy business due to cash flow squeeze.

Beverly Minor, Washington County dairy producer and chairman of the Pennsylvania Milk Marketing Board, indicates that the PMMB, too, has been doing its homework on compact concepts and issues.

"We have been very involved in ongoing discussions about compacts, especially with what has been happening in New Jersey and New York; in fact, we probably initiated some of those discussions," she said.

Compacts provide for regional milk pricing systems, reflecting local milk market conditions, and work with existing federal milk marketing orders to price the farm value of Class I fluid, or drinking, milk only. They have no pricing impact on milk used for manufacturing any other dairy product, such as ice cream, butter of cheese.

Dairy compacts first won Congressional approval in the 1996 Farm Bill and generated formation of the Northeast Dairy Compact, which became operational in July, 1997. States can only join if they are contiguous to those already in a compact; each state's legislation must be compatible with the law of others in the compact.

Compacts set a uniform Class I price to dairy companies which process and package fluid milk within the boundaries of the compact.

Such companies with fluid milk sales outside the compact area receive credits on the volume not marked within its boundaries, so they can remain competitive on those outside sales.

Processors located outside the compact boundaries are affected by the pricing regulation on only the volume of Class I they sell into the compact area.

Gardner also serves as vice-chairman of the New York Producers' Bargaining Agency, which has been instrumental in helping to move a dairy compact bill working its way through New York's legislative body.

Compact legislation was recently signed by New Jersey's governor. A compact bill was in the making in the West Virginia's legislature last week, while Maryland and Kentucky producers continue to pursue compact legislation within their states.

According to Gardner, the New York Dairy Compact task force has gone on record to support that state's joining of the Northeast Compact, if legislation in the Empire State clears all hurdles.

The Northeast Dairy Compact covers the six New England states and has generated an additional \$30 million in income to the compact area's

dairy producers since its inception in July.

The Compact's pricing mechanism has been upheld thus far through three increasingly higher court challenges by opponents.

"A compact can help stabilize milk prices to benefit consumers as well as farmers," said Gardner, a Potter County producer who milks 90 cows on the family's dairy and crops operation.

It helps to adjust sudden, wide fluctuations in milk price, such as we have experienced under the federal pricing structure. That helps maintain farm stability and discourages sudden increases in milk price at the retail level."

Dairy producers, like Gardner, have grown increasingly frustrated that increases

in on-farm milk prices are quickly translated to the retail market, while decreasing in farm milk prices are not correspondingly passed on to consumer.

"It is critical that dairy producers be in touch with their legislative representatives," Garner said. "If legislators do not hear from their farmer constituents, they will think we don't care that a compact doesn't matter."

Dairy producers interested in more information on the Dairy Compact proposals are encouraged to contact Lewis Gardner at (814) 435-2109, Dennis Schadd, Land O'Lakes dairy cooperative at (215)322-0200, Robert Shore, Maryland and Virginia Milk Producers, at (703) 742-6800, Ed Gallagher, Dairy Lea, (315) 433-0100, or Joel Rotz, Pennsylvania Farm Bureau, at (717) 761-2740.

The Dairy Compact: A Broad Look At What People Are Saying

VERNON ACHENBACH JR.
Lancaster Farming Staff
HARRISBURG (Dauphin Co.) — There has been much activity in the nation's dairy industry recently.

Within the past two weeks, the nation's largest dairy cooperative — Dairy Farmers of America (DFA) — announced a pact with New Zealand to make

cheese together in a Midwestern facility, while at the same time lobbying hard in several state governments to open up the Northeast Dairy Compact.

In the meantime, the industry awaits a final ruling on an appeal of the November decision by federal Judge Doty that struck down the Class I differentials set by the

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Jay currently serves as chair of both the Agricultural Law Committee of the Pennsylvania Bar Association and the Estate Planning Section of the Lancaster Bar Association. He is a frequent speaker on estate planning and agricultural issues to the public and to lawyers.

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