

Past Year

(Continued from Page A26)

Act 57, the drought relief package, is the largest in Pennsylvania history, according to state Sen. Noah Wenger (R-36).

In mid-November, the Ridge Administration announced that donated hay was available for drought-stricken farmers. More than 350 tons of donated hay became available to farmers most severely affected by the drought.

Pennsylvania farmers suffered more than \$500 million in crop loss because of the drought. Farmers incurred an additional \$200 million in dairy, livestock-production, and specialty crop losses.

Gov. Ridge's drought-assistance plan also includes a rebate program to partially reimburse eligible Pennsylvania farmers for hay purchases and long-distance hay transportation costs incurred during the fall and winter months. A \$60 rebate will be provided for each ton of hay purchased in the state. A \$50 rebate will be provided for each ton of hay purchased out of state. A \$25 rebate will be provided for each ton of hay to help defray long-distance transportation costs.

To be eligible, farmers must have realized a minimum 30 percent loss on crops intended for livestock feed, including pasture, because of the drought. Also, about \$300,000 in user fees that farmers pay have been waived by the departments of agriculture and labor and industry. The fees include veterinary laboratory diagnostic, pesticide license, seed certification, and seasonal farm labor registration fees.

Grain producers, hay producers, produce farmers, Christmas tree growers, and others who market farm commodities reported to *Lancaster Farming* that, easily, 1999's drought was by far the worst they had ever seen.

What will 2000 bring?

The continuation of the La Nina event, which normally brings precipitation to the East and West coasts, normally causes drought in the Midwest. Areas of the Midwest are dry — and forecasters are keeping a wary eye.

Will Dairies Survive?

The state's dairy industry, long dependent on government price support and controls, continued to move toward the unpredictability and chaotic up-and-down prices of a

a free-market based system. Late in August, the USDA announced that farmers voted in a national referendum early in August to consolidate the current 31 federal milk marketing orders into 11. Other reforms were supported, including the minimum pricing of Class I (drinking) milk.

The milking marketing order program ensures the fair marketing and pricing of milk. The reforms take effect today.

While leaders of the state's dairy industry were undecided and divided about joining the Northeast Dairy Compact in mid-

February this year, by late April, the Senate approved Dairy Compact legislation, authorizing Pennsylvania to join the Northeast Interstate Dairy Compact.

A supply management program was necessary. A hearing was set in early May to gather testimony on a proposal to establish a supply management program.

In mid-June, the Pennsylvania House of Representatives approved the Northeast Dairy Compact legislation on the S.B. 365.

In July, a group of dairy farmers met in Lancaster at the Farm and Home Center as part of a series of

meetings to launch the USDA Risk Management Agency's Dairy Options Pilot Program. The nationwide program was designed to help dairy farmers transition completely away from federal government price support programs. Pennsylvania was selected as the first state to participate.

And they needed to get serious about the new pricing philosophies, too. By early December, the basic formula price of milk reached the lowest price in 21 years. In an editorial, *Lancaster Farming* noted: "At 9.79 per hundredweight, we say this is a terribly sad day for dairy farmers. Not only is

the shock of a 30 to 40 percent reduction in the dairymen's milk check from one month to the next unbelievable, but the increase in production costs from the need to purchase hay because of the drought this summer adds a double blow to the ability to make a living, or even pay production costs."

Those production costs can vary from \$10 to \$14 per hundredweight (according to the ag statistics service, about \$13.17 per hundredweight), depending on the overall feed system and other factors.

"Goodbye, dairy farmers, we're

(Turn to Page A29)

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