



NEW YORK STATE SENATOR

Catharine Young

Senate Budget Provides \$60 Million in Relief to Dairy Farmers

CATHARINE YOUNG March 12, 2007

The State Senate Majority Conference today voted to approve a new budget proposal that would provide \$60 million in immediate financial assistance to dairy farmers across the State. In contrast, the budget proposals advanced by Governor Eliot Spitzer and the State Assembly Majority include no financial assistance package for the beleaguered dairy industry.

"Dairy farmers throughout Upstate New York are facing tremendous financial challenges right now, and I'm proud that the Senate Majority is stepping up to provide this critical relief," said Senate Agriculture Committee Chair Cathy Young, who was the prime sponsor of legislation that was the basis for this funding increase. "We need to invest in our dairy farms. A strong and vibrant dairy farm industry is vital to the health of our State's economy, and it's time for the Assembly Majority and our Governor to join with us in supporting our dairy farmers."

"The dairy industry serves as the backbone of the upstate economy and the economic impacts of our \$3 billion industry ripples through a large number of local economies across New York," said John W. Lincoln, President, New York Farm Bureau. "This considerable

investment in the dairy industry will go a long way in helping to financially strengthen dairy farms in a time of extremely low commodity prices and very high energy and livestock feed prices. Moreover, this major investment in the dairy industry will also be felt by the many businesses in our rural communities that support the farm industry. Quite simply, this investment is a win-win for upstate New York. We thank Senate Majority Leader Bruno, Senator Young and the entire Senate Majority for their support of agriculture."

The State Budget proposal approved by the Senate would establish a new Dairy Assistance Program within the New York State Department of Agriculture. The program, which is similar to an initiative used in the State of Vermont, will pay eligible farmers the difference between target prices established by the Agriculture Commissioner and the combined Northeast Federal Order Statistical Uniform Price, plus the amount of the Milk Income Loss Contract X payment rate on a per-hundredweight basis.

Dairy Producers will receive payments from the State in the form of a separate check based on pounds of milk produced during the 2006 calendar year. These payments will be made within thirty days of the proposal's enactment.

Dairy farming is a vital part of the fabric of the state's rural communities, generating tens of thousands of jobs both on and off farms, and productively employing millions of acres of farmland. Unfortunately, high fuel and feed costs, labor shortages and flooding have created a "perfect storm" scenario that has had a devastating economic impact on many milk producers. In addition, low milk prices, an outdated price control system administered by the United States Department of Agriculture (USDA), and the escalating cost of running a family farm have resulted in unprecedented losses for dairy farms across the State.