



NEW YORK STATE SENATOR

Catharine Young

## Sen. Young Calls on Gov. Paterson to Use Stimulus to Aid Dairy Farms

CATHARINE YOUNG July 31, 2009

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### **Letter to Gov. Paterson attached below**

**ALBANY** – “An emergency of epic proportions” is driving dairy farms out of business, and Albany should take swift action to save a cornerstone of the upstate economy, said state Senator Catharine Young (R,I,C-Olean).

Sen. Young called the United States Department of Agriculture’s (USDA) increase of the dairy product price support “a good first step,” but urged Governor Paterson to

immediately release \$60 million of federal stimulus money to help offset record low milk prices and prevent the potential closure of hundreds, if not thousands of dairy farms.

“I commend the USDA and Agriculture Secretary Vilsack, and hope their efforts relieve some of the financial strain experienced by our New York dairy farmers,” said Sen. Young. “However, because milk prices have been horribly low since they crashed in November of 2008, and costs for feed, fertilizer, fuel and utilities continue to escalate, immediate state action is needed in order to fully pull out of this unprecedented crisis,” she said.

Sen. Young said farming always is tough, with ups and downs in the milk prices and unpredictable weather patterns, but she has never seen dairy farmers so discouraged.

“Earlier this week, I met with a group of about 60 dairy farmers in Clymer, Chautauqua County, and I’ve been listening to my farmers at the county fairs. They are desperate for help. They don’t see how they can survive much longer,” Sen. Young said.

“Farmers won’t see the effects of raising the federal dairy product price support for at least a couple of months, and when they do, it still won’t be enough to keep farms from going out of business. Right now, we are losing our dairies right and left. We need to stop the bleeding and put our farms on the road to economic health,” she said.

“The federal stimulus funds should be used by the state to boost our economy. When you have a healthy economy and grow jobs, you also grow revenues for the state budget that can be used for tax relief, schools, and health care. Upstate continues to lag in recovering from the national recession, and our communities need help,” Sen. Young said.

“Regrettably, so far, much of the federal stimulus money has been used by Albany for social programs, instead of job growth. That is one of the reasons why we have a yawning state budget deficit -- it’s a question of priorities. Rebuilding the economy has to be job one,” she said.

Dairy farmers in New York received an average of \$11.50 per hundredweight of milk sold during June, down 40 cents from May and \$7.40 below June a year ago. A study by Cornell University estimated that farmers need to be paid at least \$17.00 per hundredweight in order to meet their production costs.

Sen. Young said an appropriation of \$60 million from New York's stimulus funds could provide additional direct payments to producers of approximately 50 cents per hundredweight for 12.4 billion pounds of milk production, based on 2008 levels.

"When farmers faced low milk prices in 2006, we put into place the Dairy Assistance Program to give them \$30 million in immediate emergency state relief," said Sen. Young. "I urge Gov. Paterson to invest \$60 million of federal dollars into our farms to save the upstate economy."

According to Sen. Young, between pasteurizing, manufacturing, and transfer stations, there are approximately 107 dairy operations across the state which employ approximately 25,000 people.

"Countless agriculture-related small businesses depend on a thriving dairy farm industry, said Sen. Young. "Without our farms, these businesses and jobs will cease to exist in New York State. Small towns and cities across the state will suffer, and out-migration of our citizens will be escalated."

Sen. Young said that resources should be available for farmer relief.

"Our State received at least \$25 billion in federal stimulus funding and it is likely that more is on the way," said Sen. Young. "It is critical that we invest those dollars into our state's top industry."

"Our farms generate billions of dollars for our economy and letting them go under will cripple the state so badly that we may never recover," she said.

New York is the nation's third-largest dairy state, generating \$2.4 billion annually, over half of the state's total agricultural receipts. New York's 6,200 dairy farmers produce 1.4 billion gallons of milk annually. The average dairy farm in New York state is family owned

and consists of 100 cows, producing an average of 19,303 pounds of milk per cow per year.

USDA's increase in the dairy product support price will raise the price paid for nonfat dry milk from 80 cents per pound to 92 cents per pound, the price paid for cheddar blocks from \$1.13 per pound to \$1.31 per pound, and the price of cheddar barrels from \$1.10 per pound to \$1.28 per pound. These changes will temporarily be in effect from August 2009 through October 2009, and will spread \$243 million to dairy farmers across the entire country.

Sen. Young is the Ranking Member of the Senate Agriculture Committee. She grew up on a dairy farm in Livingston County and has been a leading advocate for strengthening New York's agricultural industry.

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