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STATE OF MAINE

ONE HUNDRED AND TWENTY-FIFTH LEGISLATURE

COMMITTEE ON AGRICULTURE, CONSERVATION AND FORESTRY

To: Richard W. Rosen, Senate Chair  
Patrick S. Flood, House Chair  
Joint Standing Committee on Appropriations and Financial Affairs

From: Roger L. Sherman, Senate Chair  
Peter E. Edgecomb, House Chair  
Joint Standing Committee on Agriculture, Conservation and Forestry

Re: Funding for the Dairy Stabilization Program

Date: April 2, 2012

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**We are writing to advise you that the Joint Standing Committee on Agriculture, Conservation and Forestry is unanimous in its support of Maine dairy farmers and the Maine dairy stabilization program, also known as “the Tier Program.” Funding for this program is our number 1 priority for consideration by the Appropriations and Financial Affairs Committee.**

In 2010, a cost of production study was conducted by the Maine Cooperative Extension under contract with the Maine Milk Commission. This study confirms that the target prices currently used to calculate payments under the stabilization program are below the farmers’ short-run breakeven costs and need to be adjusted to provide a very basic safety net for Maine dairy farmers in each of the 4 tiers.

We are respectfully requesting that as you deliberate and finalize the committee work on LD 1903, the Second Supplemental Budget Bill, you include a total of \$8 million to fund the tier program at the revised target prices. As you know, projected expenditures for the dairy stabilization program as well as projected revenue from the milk handling fee vary each month as federal milk prices are established. We recommend that \$8 million is adequate to maintain the integrity of this program and the viability of Maine’s dairy industry until much anticipated changes in the federal milk pricing system.

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