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Officials explain dairy-aid funding

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MONTPELIER -- The Douglas administration and legislative leaders agreed to squeeze \$3.2 million in one-time aid for Vermont's struggling dairy farmers from seven accounts -- including a projected surplus in the low-income heating assistance program and a year's worth of funding for a new computer-based case management system for the judiciary.

The money is less than the \$3.7 million the House Agriculture Committee had recommended last week, but Senate Appropriations Chairwoman Susan Bartlett, D-Lamoille, said Wednesday, "It's all we could find."

The House committee had proposed making slightly larger, one-time payments to dairy farmers in March by increasing the tax on commercial property transfers for 12 months. Gov. Jim Douglas opposed the tax increase, but later he and legislative leaders agreed to work together to find money within existing revenues.

"This is an example of how good things happen in this building," said Senate President Pro Tempore Peter Shumlin, D-Windham. "It is a success story."

"It's the right way to go," said House Republican Leader Steve Adams of Hartland. "It was never right to raise a tax for a one-time expenditure."

Lawmakers see the \$3 million for dairy farmers as an extension of an \$8.6 million emergency-assistance program set up last summer. Farmers continue to struggle to pay bills after heavy rains destroyed feed crops, milk prices dropped and fuel prices increased. The \$3 million aid plan is timed to put checks in farmers' mailboxes when they are making decisions about whether to buy seed and fertilizer to stay in farming, or give up.

The size of the checks that farmers would receive depends on their milk production during January and February, but Deputy Secretary of Agriculture Anson Tebbetts estimated the payments would be based on 69 cents per hundredweight. That would mean a 50-cow farm might receive about \$1,000; a 100-cow farm, about \$2,100; and a 500-cow farm, about \$10,000.

House Agriculture Committee Vice Chairman Al Perry, D-Richford, acknowledged the modest size of the payments, but said, "It is a message that we care."
Who feels the squeeze?

The cuts that free up the \$3.2 million make legislative leaders uncomfortable, they said Wednesday. "It is very nerve-racking," House Speaker Gaye Symington said, but added, "This was the best way we could do it."

One of the big hits would be the elimination of \$700,000 that had been in the governor's budget as a first payment toward the estimated \$4 million cost of a new case management system for the courts. Lee Suskin, court administrator, said the judiciary is soliciting proposals to replace its 17-year-old system.

"We need enough money so we can sign a contract," Suskin said. "If they are eliminating it, I will be fighting hard to get it back."

The dairy deal also calls for using \$400,000 that state officials don't expect to need this winter to help low-income Vermonters pay their heating bills. Finance Commissioner Jim Reardon promised the program would not be affected.

The administration and legislative leaders agreed:

To take \$600,000 from a consumer protection fund in the Office of the Attorney General.

Tap \$650,000 in anticipated surplus revenues at the Department of Banking, Insurance, Securities and Health Care Administration.

Reduce funding by \$400,000 to regional marketing organizations.

Reap the benefit of \$100,000 in lower interest payments on state debt because of the state's higher credit rating.

Make use of \$500,000 from a vendor incentive payment.

The House Appropriations Committee gave its blessing to the deal late Wednesday.
More help coming

Lawmakers promised they will do more this session to help farmers.

Already the Senate Economic Development Committee has voted unanimously to recommend a change that would have a much bigger impact on farm wallets than the \$3 million in one-time aid.

The bill would eliminate the charges dairy farmers pay to have their milk hauled to market.

Sen. Harold Girard, D-Addison, a former dairy farmer turned politician who is leading the charge for this change, said moving the cost of hauling to milk purchasers could save dairy farmers about \$14.4 million a year.

Leaders of the House and Senate agriculture committees have promised to study the dairy-hauling bill.

Roger Rainville, an Alburgh farmer visiting the Statehouse on Wednesday, predicted farmers would back the change, although he worried there could be unexpected consequences. "We've got to try it."

Leon Berthiaume, general manager of the St. Albans Cooperative Creamery, urged the Legislature to be cautious about making a change that might make Vermont milk less competitive in the market.

"Vermont can't work in an isolated environment," Berthiaume said.

Girard counters that changing who pays to haul milk from farms will create a revolution. "Once Vermont passes this, it is going to grow wings."