



**CONNECTICUT'S DAIRY CRISIS**  
**A Working Lands Alliance Position Paper**

December 23, 2002

The Working Lands Alliance, in response to growing public awareness about the dairy crisis in Connecticut, has formulated the following position.

WLA feels that failure to address the crisis facing Connecticut's dairy farmers will have severe repercussions on the future of Connecticut's agricultural sector, including the viability of dairy farming, and the preservation of Connecticut farmland. Dairy farming in Connecticut has long been associated with the distinct agricultural heritage of New England. It is in Connecticut's interest to protect this identity against economic pressures that might lead to the development of farmland for non-agricultural use.

WLA feels that the State of Connecticut and the Federal Government should take significant steps to protect the viability of Connecticut's dairy sector because of agriculture's contribution to:

- Protecting historical and cultural resources
- food and homeland security (as a local source of nutritious food),
- Connecticut's economy (through job creation, generation of local and state revenue, small business opportunities and tourism)
- stabilizing local tax bases (requiring fewer municipal services)
- quality of life and the environment (as a buffer against sprawl, a provider of scenic vistas, through the protection of watersheds and preservation of wildlife habitats).

**WLA MAINTAINS:**

- Connecticut dairy farmers utilize between 85,000 - 100,000 acres for feed crops, pasture and grazing. This does not include additional land under dairy farmer management that is forested. As such, dairy farms represent a significant share (over 25%) of the total agricultural land base in Connecticut that is already under intense development pressure.
- The impact on Connecticut's agricultural endowment would be severe if a significant number of the existing 220 dairy farms in Connecticut were to close operations. Given the large size of dairy acreage, it is not likely that an alternative agricultural use could be found for failing dairy farms in such a short time frame.

- In 1999, the Department of Agriculture and Resource Economics at the University of Connecticut found that 80% of Connecticut's dairy farms surveyed depend on milk sales for 90% or more of their farm receipts. Only a third of the dairy farms indicated some other nondairy alternative source of income, with both larger and smaller farms reporting a high likelihood of closing between 1999 – 2004.
- The current dairy crisis highlights the mutuality of needs between farmers and consumers. While low prices paid for liquid milk hurts farmers, the high price of milk in supermarkets also hurts consumers. In a recent study conducted at the Food Marketing Policy Center at the University of Connecticut, the average price for milk in supermarkets was found to be \$3.05 per gallon. Yet dairy farmers were paid only \$1.06 per gallon, even though their production costs are close to \$1.25 per gallon. Even accounting for the costs of processing, packaging and retailing milk—approximately \$1 per gallon—it is clear that processors and retailers are making a hefty profit at the expense of both consumers and farmers.

#### **RECOMMENDED STEPS:**

- **In support of a long-term solution to the viability of dairy farming in Connecticut, WLA recommends that the State of Connecticut consider a number of solutions to the dairy crisis, including:**
  - Restoration of the Northeast Dairy Compact.
  - Consideration of other price support and price control models.
  - Increase state institution purchase of liquid milk at a special premium for Connecticut dairy farmers.
  - Support for the diversification of Connecticut dairy farming and development of niche markets for Connecticut dairy producers (e.g. yogurt, ice cream, cheese, on-site bottling).
  - Labeling of milk sources to allow consumer to identify Connecticut-produced dairy products.
- **In support of all Connecticut agricultural enterprises, WLA recommends that the State of Connecticut and the Federal government take decisive action to:**
  - Increase State funds available for the Connecticut State Department of Agriculture's Purchase of Development Rights Program to match funds available through the Federal Farmland Protection Program. This program functions as a critical safety net to Connecticut's agricultural landbase.
  - Minimize the cost share provided by the farmer to participate in the Connecticut State Department of Agriculture Environmental Awareness Program. This will allow cash poor farmers to meet environmental needs and regulations.
  - Support continued State funding of the Connecticut State Department of Agriculture's Farm Enhancement Program. This program helps Connecticut farms diversify and expand through cost-sharing grants.
  - Ensure that all 2002 Farm Bill programs are funded at the levels authorized.
  - Ensure the 2002 Farm Bill allocates federal funding equitably between regions within the United States.