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Statement of John Manske, Director of Government Relations
on Dairy Fee portion of Clearinghouse Rule 97-038
to Assembly Committee on Agriculture
November 13, 1997

Thank you Mr. Chairman and members of the Assembly Committee on Agriculture for this opportunity to speak on Clearinghouse Rule 97-038. My remarks only pertain to the dairy portion of the fee rule package. They represent the position arrived at on September 5, 1997, during a meeting of WFC's Dairy Legislative and Regulatory Committee. That is our advisory group on state dairy issues, which is composed of representatives of all WFC member cooperatives.

WFC believes that the revised rule package reflects DATCP's good faith efforts to temper adverse impact on the dairy industry that any fee package might otherwise deliver. While the timing of any fee increase on the dairy industry never seems "appropriate," we appreciate the fact that the department has eliminated dairy plant, Grade B procurement, and milk producer license fee increases that were included in previous drafts. That reflects the willingness of the DATCP staff and board to limit the impact on Wisconsin's most visible agricultural sector, which continues to struggle in the face of stiff national and international competition and significant dairy farm exits. It appears that the "interim" rule package before you is as lean as it can be on the revenue side, in light of statutory requirements for balanced budgets and 50% GPR / 50% Program Revenue funding for dairy and food safety programs. We support the clearinghouse rule's provisions on dairy fees as far better than previous draft rule versions. The increase in the Grade A procurement fee is projected to raise about \$360,000 from the dairy industry.

WFC supports the department's Food Safety Task Force as the appropriate next step to methodically look at all Food and Dairy Safety programs, for possible streamlining or other change. We have member representation on this task force, and we believe that the inclusion of legislators is necessary and wise. Some recommendations of the task force may require state legislative changes. Others may require action at a

federal policy making level. The timeline of the task force will require speedy yet quality work.

If the outcome of the task force recommendations do not produce savings that help stem the rise in fees in the dairy sector, while continuing the inspection services necessary to provide assurance to the public and meet interstate milk shipping requirements, then the Legislature will very likely face renewed requests for more state resources to assist industry fees in paying for program services. We look forward to working with members of the task force and with the Legislature as we move through the critical work ahead of us.

Thank you for your attention to my remarks.

USDA
needs Economic facts
to back Status Quo
(option 1A)

Sub Glickman's Reform
options

Stall

(of the
ruling)

Stay Pending on Appeal
could take
years