



RHODE ISLAND
DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

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July 2, 2001

Senator Olympia J. Snowe
250 Russell Senate Building
Washington, D.C. 20510

Dear Senator Snowe:

I am responding to your recent letter requesting information regarding the positive effects of the Northeast Dairy Compact on protecting and maintaining dairy farms.

Rhode Island has a healthy, though limited dairy industry, and is considered a consumer state. While the number of dairy farms in Rhode Island is small in comparison to other Compact states, their viability is important to our agricultural economy, and they additionally have important benefits for open space protection, wildlife habitat etc.

In terms of pure numbers, there are currently 23 active dairy farms in Rhode Island, down from 32 at the initiation of the Compact in 1997. In 1983 there were 123 dairy farms, which reveals that 6.5 farms were lost per year on average prior to the Compact, and that rate has declined to 2.3 farms lost per year since inception of the Compact.

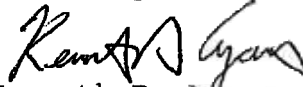
It was not anticipated or expected that the Dairy Compact would end the loss of dairy farms. Significant other factors contribute to farm losses (in general) which put pressure on the viability of the farm (ie. death of the operator, tax and estate issues, development pressure, loss of tillable land etc).

What the Dairy Compact has clearly done, from our perspective and the specific testimony of Rhode Island dairy farmers, is to improve the business climate of the farm, enabling farmers to better withstand pressures which before often brought about the downfall of the farm. This is evidenced by the decline in farm losses after initiation of

the Compact. It is our observation that the dairy farms which remain are more viable, more stable, and a better business risk for lenders, which has allowed operations to modernize and other improvements to occur which improve the farm's chances for survival in coming years.

I hope this information and perspective is useful. Please contact me if I can further assist.

Sincerely,



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cc: Jan H. Reitsma, Director
Dan Smith, NE Dairy Compact
Mal Grant
Bob Ballou
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