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[Editor's note: MPR has taken a particular interest in the activities of Maine's key regulatory agencies, such as the Public Utilities Commission and the Board of Environmental Protection. Maine also has a number of regulatory agencies with jurisdictions over relatively narrow interests or industries. Because of their narrow mission, these agencies often do not attract regular media attention. Beginning in this issue with the Maine Milk Commission, MPR will highlight one of these "other" regulatory boards, providing readers with general and contextual information about these bodies.]

Maine is one of only four states that continue to regulate farm, wholesale, and retail milk prices. The statutory objectives of the Maine Milk Commission are to provide adequate supplies of milk to consumers at prices that are fair to consumers, farmers, processors and retailers. Historically, the Maine Milk Commission pursued policies that increased farm income and that protected Maine processors from competition.

The Milk Commission has five members. Four are public members appointed by the Governor for four-year terms. The fifth seat is reserved for the Commissioner of Agriculture, Food, and Rural Resources, or his or her designee. The five current members of the Milk Commission are Richard Lamb (chair), Charles Davis, Catherine Musgrave, Michael Wiers, and Peter Curra (Commissioner Shaw's designee). The Milk Commission has an executive director (currently Robert Plummer) and a small staff to implement its rules.

Rules of the Milk Commission interact with federal milk regulation to raise Maine dairy farm gross revenues by about three percent, which translates into an increase of roughly ten percent in net dairy farm income. This occurs because fluid milk is sold for a higher price than milk used for processing (e.g., for cheese or ice cream) and because much less milk is used for processing in Maine than in the rest of New England. Maine milk earns about one dollar more per hundredweight, which is distributed among all Maine dairy farmers via the "Maine Milk Pool." In theory, this "blend" differential does not raise the price of fluid milk to Maine consumers. The recent creation of the Maine Dairy Stabilization Fund did, however, create a tax on the retail price of milk that does increase milk prices for the direct benefit of farmers. The Maine Milk Commission has also raised the farm-level price above the federal price by small amounts in the past few years to reflect "higher production costs" and "prevailing market premia."

Because the Commission basically rubber-stamps the federal farm prices, the Commission actually concentrates most of its regulatory effort on the wholesale and retail prices of milk. Historically, its decisions provided very comfortable margins for the larger, more efficient, urban dairies, while it protected the smaller, rural dairies from price competition. Maine's relatively isolated location kept this strategy viable longer than in most other states. However, statutory changes, court decisions invalidating some of its policies, and threats of competition from out-of-state milk have all constrained the ability of the Milk Commission to raise wholesale and retail prices significantly above competitive levels.

With economic pressures that increasingly narrow the real authority of the Milk Commission over wholesale and retail prices, a case could be made for restricting or eliminating its authority over retail and wholesale prices. However, because Maine voters rejected a referendum during Governor Brennan's administration to repeal wholesale and retail minima, the Milk Commission is unlikely to lose that pricing authority unless its rules cause some sort of catastrophic market disruption.

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