



December 2001
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NEWSNOTES

15th Annual NYS Dairy Foods & PAMD Convention Set for June 2-4 at the Nemaconlin Woodlands Resort, Farmington, PA Mark your Calendars, plan to attend!



You will not want to miss our convention we are planning for 2002! The location of next year's convention will be spectacular. Nemaconlin Woodlands Resort is located in Farmington, PA, and is truly one of the most elegant and top notch facilities in all of the state.

Owned and operated by Joe Hardy, founder of the 84 Lumber Company, Nemaconlin boasts some of the best attractions and amenities for both members, spouses and guests.

Plan to attend and you will have the opportunity to meet with our supplier Booster members. They'll have displays to view new products and services. We are planning on some very interesting speaker sessions with great educational topics. Most of all interact with other professionals like yourself, and have a little fun and relaxation to boot!

Exciting attractions and events available at Nemaconlin for your enjoyment include golf, fishing, equestrian center, shooting range, full day spa, billiard hall, night club with fantastic entertainment. We are even planning a talent contest for great prizes.

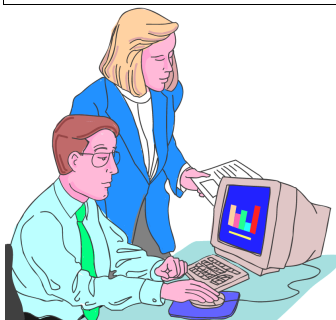
Please plan to attend and meet other professionals in our business from all across the Northeast, including NY, NJ, MA, CT, & PA.

Registration forms and detailed information will be mailed to you in late February 2002. Visit our website and click conventions to find out more about Nemaconlin Resort or visit: www.nemaconlin.com

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www.nysdfi.org Is Now On-Line



New York State Dairy Foods, Inc. is very proud to announce the creation of a web site (advertising free) for members and guests. If you use the internet to gather dairy or business related information, you will want to log on to our new web site. The site has something for everyone including processors, retailers, distributors, farmers and manufacturers.

Lets say you want to find out the latest dairy industry news, from dairy pricing, production, politics to mergers, we've got it updated daily on our site, click "In the News" index.

Are you interested in finding out about legislation we are lobbying on, simply click "Legislative Update." Do you have something for sale, looking to hire a

new employee or need a good used piece of equipment

for the plant or store? Then click our "Classified Ads" section.

Are you trying to find someone in the dairy industry? Would you like to view government or academia (such as Cornell University's web sites? Then we make it simple for you, click our "Contacts and Links" index.

Most importantly, are you looking for a supplier of a product or service? Then click Boosters and you can review a list of companies who are loyal suppliers and even link to their own web sites if they have one.

Are you interested in attending our convention, then check out Nemaconlin Woodlands Resort, speaker topics and events by clicking our Convention link.

No matter what the need, our new web site has it all. If you have a suggestion for our web site, then contact our office by email at: info@nysdfi.org

Also, if you would like to receive this newsletter by email each month instead of snail (US mail), then send us a quick note by email.

Some useful website links found at our website at www.nysdfi.org/links.htm

- Chicago Mercantile Exchange Daily price reports
- got milk? (dairy promotion info)
- NYS Dept. of Ag. & Markets
- Cornell Univ. Program on Dairy Markets and Policy
- The Cheese Reporter

Bruce W. Krupke
Executive V P
Report



Happy New Year everyone. What a year it was, 2001. It will long be remembered for many reasons. First and foremost for the national tragedy of September 11, 2001. Since part of the terrorist attack happened in our own backyard, (NY City) it affected us all in some way.

In the future, anyone reading this column should know that we as a nation, as a united people, are still in shock over the incident. Although we have come to terms with what we must do and continue to support our troops in Afghanistan. The incident is far from over. Who knows what the future holds for us. I hope next year at this time I'll be writing about the solution and peace that has come to our nation and the world. Who knows?

The incident affected us as producers, processors and distributors of dairy products. We have seen a slowdown in sales and consumption since September 11. In general people, our consumers, have become more conservative with their purchases. Egg nog sales appear to be slow this year. Other products such as cheese and butter are well stocked, but retailers nationally have slowed their orders.

It was a very good year for dairy farm prices, overall it looks to be the second best year on average for dairy farm milk prices. Feed and forage at least in our state look to be plentiful and affordable. If consumption can keep pace with production, prices should be stable and attractive for dairy farmers in 2002.

From a legislation standpoint, it looks as though the New England Dairy Compact is finally dead. Although we are in the midst of negotiations in Washington on a Farm Bill which just might resurrect a national compact of sorts.

Our national legislators are arguing over how to best support our agricultural producers of all kinds including dairy farmers. The question can be boiled down to this: Should our government subsidize farmers so they can have some affordable standard of living while attempting to keep food products affordable for consumers? Or should the marketplace and laws of supply and demand be allowed a chance which will let the consumer decide the ultimate price which should be paid? In the end, I think government bureaucracy will win because there appears to be no real leadership, plan or vision for agriculture. Votes are more important than sound Ag. policy.

Two final notes. We didn't mail out holiday cards this year. We decided to donate the money (plus a little extra) we would have spent, and instead give it to the NY Police and Fire Widow's & Children Benefit Fund. I wish you and your families and company employees the best the new year has to offer.

Finally it is important to note that we all worked hard this year. Many of us were successful and we all have much to be thankful for. We are still here to pursue a living and continue to produce, process, manufacture and distribute our dairy products. Once again Happy New Year everyone!

Marketing- *Making a difference ...*

Do it with Dairy - Searching for better ideas? Take just one hour to find them online January 30th

A free one hour on line interactive discussion with expert dairy formulators, researchers and nutritionists will discuss the topic, "Better Ingredients for Better Health: Fortify with Dairy" on January 30, 2002 at 11:30am EST. The only way to take part in this workshop is online with your computer. Panelists include Joe O'Donnell, Ph.D., Exec. Dir. California Dairy Research Foundation; K.J. Burrington, whey applications program coordinator, Wisconsin Center for Dairy Research; Sharon Miller, Ph.D., Director, Nutrition Research, National Dairy Council.

The sponsors include Dairy Management Inc./Do it with dairy and WorldFoodNet. For more information and to take part you must register online at www.doitwithdairy.com by January 28, 2002. The only cost is your time, the benefit, priceless.

Promote Dairy Products, it is Easy!

If you are a milk distributor or retailer looking to promote dairy products where do you go for help? There are a number of resources that are available at little or no cost.

Depending on what type of promotion help you might be looking for, many of today's resources can be found on the internet. For both milk distributors and retailers, one of the best sources is the whymilk.com website. Funded by the National Milk Processor Education Program, (Milk PEP) and dairy farmers (DMI), the website located at whymilk.com offers a bevy of ideas.

The site is geared for the general public. You could start by promoting using a sign in your dairy sections to encourage your customers to visit the website. At the website you can choose from some great milk mustache postcards to send to friends. You can even download your very own celebrity screen saver.

If you are into cooking, there is a site where you can download some great recipes using milk and dairy products. Some of the choices include recipes for blenders, soups and salads, entrees, desserts and more.

There is a section for free milk stuff. The items include sneak peek at milk videos from photo shots and ads, brochures with fact-packed milk information and more.

There is an area called MilkU which provides student with free hand-outs, Milk 101 class, Nutrition 101 class, what's your milk IQ and other great links.

Ok, lets say you are looking for more hands on promotion materials for your store, routes or customers. They have a phone number you can call 800-945-6455 (milk) to order materials. They operate the lines 9-5, central standard time.

Another resource is Promotion Products Company at www.promotionproducts.net who is an authorized manufacturer of milk and dairy t-shirts, hats, stickers and more. Their site doesn't show the materials, but you can contact them at 315-455-1165. They have a catalogue of just dairy items they can send you just for asking.

Finally, if you are a milk distributor, retailer, or a school food service representative looking to increase milk sales, you can contact the American Dairy Association, located in Syracuse NY who have a staff who can answer questions and provide assistance. Their phone number is 315-472-9143. Don't delay promote today.

The State Report

The Association's brief look at legislative and business issues in the State Capitol

Governor Vetoes bill to exempt Vending operators from milk dealer licensing

On Friday November 30, 2001 New York State Governor vetoed Senate Bill number 3548 which would have if signed into law provided an exclusion for vending machine operators and companies an exclusion from the milk dealer licensing requirements.

New York State Dairy Foods, Inc. had opposed passage of the bill for two reasons and supports the Governor's veto (number 33). Bruce W. Krupke, Executive Vice President for NYS Dairy Foods, Inc. said, "I'm glad the Governor vetoed the bill, it was the right thing to do for our dairy industry." He continued, "although this veto may be misconstrued by the vending operators, it should be noted the dairy industry has had a system of licensing dealers for many years for many reasons, to exclude any one segment from licensing would be wrong and unwise for the security of dairy farmers."

Governor Pataki apparently agreed with Mr. Krupke's viewpoint. In his veto message the Governor noted that the "bill would provide dealers who deliver to vending machines with a substantial competitive advantage over dealers who do not." He continued "in addition, the bill would prevent the Dept. of Ag. & Markets from supervising and enforcing the State's strict milk handling guidelines against milk dealers who deliver to vending machines. Finally the bill would weaken the protections that farmers have under existing law, because the "prompt-payment" requirements are limited to dealer transactions and only authorize payment from the Milk Producers Security Fund for claims against licensed dealers who have failed to make payments."

The veto does not restrict vending operators from distributing milk in vending machines. The only cost is the initial expense of a milk dealer's license, (\$100.00/year) and semi-annual reports have to be made by every licensed dealer to the Ag. Department.

New York State's balance of Payments with Washington reaches deficit of \$47 billion, study finds

New York state taxpayers sent the federal government some \$47 billion more in taxes than the state received in federal spending in fiscal year 2000, according to a new analysis by the Public Policy Institute.

The deficit in the state's "balance of payments" with Washington is the largest ever, and is up sharply from \$37.4 billion in 1999, the Institute found. The Institute is the research affiliate of the Business Council of New York State Inc.

Daniel B. Walsh, president/CEO of The Business Council and CEO of the Institute, sent the report to members of New York's Congressional delegation. He said its findings strengthen New York's case for "a fair assistance package to help with rebuilding in the wake of the terrorist attacks."

In fiscal 2000, the Internal Revenue Service collected more than \$166 billion in taxes on economic activity in New York State. Federal agencies returned an estimated \$119 billion in grants, procurement and other expenditures.

The Public Policy Institute analysis is based on the research performed in past years for former Senator Daniel Patrick Moynihan by experts at Harvard University's Kennedy School of Government. It uses the same base data as the Kennedy School analyses-tax data from the Tax Foundation, a non-partisan research group based in Washington, and expenditure data from the U.S. Census Bureau. The Public Policy Institute's analysis differs slightly from the Kennedy School's methodology; for instance, the Institute's calculation use actual tax and spending data rather than adjusting those numbers to

reflect cost-of-living differences among the states.

To view the tables of New York's balance of payments with Washington, visit The Council's website at: [Http://www.bcnys.org/whatsnew/2001/1211balance.htm](http://www.bcnys.org/whatsnew/2001/1211balance.htm)

Business Council State Report, Jan. 2002

New York State Farm Bureau Adopts position to support current Milk Price Threshold Law at annual meeting

At their annual meeting in early December, the New York State Farm Bureau delegates officially voted to adopt a position to support the current Retail Milk Price Threshold law. The law sets the maximum retail price for milk sold in gallons, half-gallons and quarts each month throughout the state. The law was adopted in 1991 as part of a deal package that was part of the enactment of the once used Rogers-Allen provision. The Rogers-Allen law, an emergency price relief provision for dairy farmers, increased the dairy farm Class I price from May -September 1991 \$1.00/cwt. As part of the deal, a retail price threshold law was enacted by the state legislature and placed in NYS General Business law. When the Rogers-Allen law was rescinded, the threshold law stayed in place. It has been in effect since first adopted in 1991.

Bruce W. Krupke, Executive Vice President of NYS Dairy Foods, Inc. said "we had a lobbying and educational effort underway to encourage our dairy producers to fully understand the impact the law is having on the milk processing industry. Unfortunately we didn't do a good enough job, for whatever reason, the dairy farmers didn't support us."

It had been the hope of the association to proceed to the state legislature with the full support of the farmers (after their annual meeting) and industry to find support to introduce legislation to have the law amended to only be in effect when Rogers-Allen or some other sort of emergency price relief for dairy farmers was enacted. Mr. Krupke said, "we have to continue our effort to educate everyone including farmers about how this law is hurting everyone in our dairy industry. Inflation is not included in the price setting formula. The doesn't account for costs such as energy, insurances, labor, equipment, gas, everything other than the raw cost of milk which is needed to run a business. Retailers will lose interest in selling our product or put it on special, which hurts sales and consumption. It is my hope the law is amended before retailers reduce shelf space for milk."

Mr. Krupke when asked what will the next step be to amend the law would only say, "we have a number of other options we are currently working on including trying to get regulations implemented to provide some relief from this onerous law. In 1967 there were 365 processing plants in NY State, today, we have less than 30! The threshold law doesn't exist anywhere in the US other than NY State, it needs amending before it puts more milk plants out of business."

Just the Facts

State Personal Income Taxes per Capita, 1999

Rank	Amt.	Rank	Amt.
1. Mass	\$1,301	7. Wis.	983
2. NY	1,131	8. CA	927
3. Oregon	1,119	9. Haw.	902
4. Minn	1,111	10. Vir.	886
5. Conn	1,100	US Avg.	633
6. Del.	1,023	NYS above avg.	78.7%

From "Just the Facts," published annually by the Public Policy Institute of NYS <http://www.ppiny.org/reports/jtf/contents.htm>

Farm Bill Delayed to 2002

Washington - The Senate last week gave up trying to agree on a new farm bill before the holiday break, pushing the legislation into an election year in which control of the chamber is at stake. In what is being described as a victory for the Bush administration, majority Democrats were unable for the third time in a week to muster the 60 votes necessary to bring a farm bill to a final vote. President Bush had opposed the bill.

Democrats said the deadlock puts at risk \$170 billion set aside for farm programs in this year's congressional agreement. Republicans rejected the warning and said Democrats were trying to ram through a partisan bill to win political points with farm groups.

"I'd like to reiterate that this administration supports the funding level for agriculture agreed to in the budget resolution passed by the Congress this year," US Sec. Of Agriculture Ann M. Veneman said in a radio press conference in the week. At that same press conference, US Sen. Pat Roberts (R-KS) explained that "money's not the problem, timing's not the problem, policy is the problem."

The current farm bill doesn't expire until next fall. However, Congress recently extended the dairy price support program, which was set to expire at the end of 2001, until May 31, 2002, so that Congress would have the opportunity to finalize the 2002 Farm Bill. To view a summary analysis of the Dairy Title of the proposed Farm Bill, visit Prof. Ken Bailey, Penn State Dept. of Ag. Economics at <http://www.dairyoutlook.aers.psu.edu/> in the New Reports section.

Justice Department approves Suiza bid to buy Dean Foods

Washington, Dec. 18, (Reuters) - The U.S. Justice Dept. approved plans by the largest U.S. Dairy, Suiza Foods, Corp. (NYSE:SZ—news), to acquire rival Dean Foods, Co. (NYSE:DF—news), after the companies agreed to sell 11 of their U.S. Dairy plants.

The department's antitrust division said 11 of the companies' dairy plants will be sold to a newly formed partnership called Dairy Holdings LP, which is half-owned by the Dairy Farmers of America Inc. farmer cooperative.

Suiza agreed to buy Dean, its largest U.S. competitor, in April, creating a company with about \$10 billion in annual revenue. Dallas-based Suiza, owns and operates 67 dairy processing plants in 29 states and had net sales of about \$5.76 billion, the department said. Dean, based in Franklin Park, Illinois, owns and operates 43 dairy processing plants in 19 states, with net sales of about \$4.4 billion.

The dairy plants to be divested are located in Alabama, Florida, Indiana, Kentucky, Ohio, South Carolina, Virginia and Utah, the department said.

As originally proposed, the Justice Department said, the merger would have hobbled competition in markets for milk sold through schools and retail outlets in those areas. In many school districts, the department said, Suiza and Dean are currently "the only two, or two of just three, companies that bid to deliver milk to schools."

The companies also agreed to modify Suiza's supply contract with the Dairy Farmers of America cooperative "to ensure that dairies owned by the merged firm in the areas affected by the divestitures will be free to buy their milk from sources other than DFA," the department said.

Despite the concessions, the decision to approve the merger provoked criticism from the chairman of the Senate Judiciary Committee, Sen. Patrick Leahy, of Vermont. "Concentration in the agricultural processing sectors is emerging as a major blight on both farmers and consumers and Suiza is Exhibit A," said Leahy, whose state is home to large numbers of dairy farmers.

New OSHA Record Keeping Rule Effective January 1, 2002

U.S. Secretary of Labor Elaine Chao has announced that new OSHA record keeping rule would largely go into effect on January 1, 2002. "This rule is a big step forward in making workplaces safer for employees, which is our goal," said Chao. "It is written in plain language and simplifies the employer's decision-making process." This is the culmination of an effort that began in the 1980s to improve how the government tracks occupational injuries and illnesses.

The new regulations completely replace the current record keeping regulations contained in Part 1904, Title 29 of the Code of Federal Regulations. They also supersede OSHA's record keeping guidelines and all prior interpretation letters and memoranda addressing record keeping issues.

There are a number of new important changes to OSHA's record keeping requirements. The scope of coverage under the regulations has been modified - some industries previously exempt will now be covered, and some industries covered will now be exempt. Those new exemptions include:

SIC 544	Candy, Nut and Confectionery Stores
SIC 545	Dairy Product Stores
SIC 546	Retail Bakeries
SIC 549	Misc. Food Stores

In addition, OSHA has created new forms which replace the old forms. The OSHA 200 log is replaced by OSHA Form 300 (Log of Work-Related Injuries and Illnesses); OSHA Form 101 (Supplementary Record of Occupational Injuries and Illnesses) is replaced by OSHA Form 301 (Injury and Illness Incident Report); and the summary portion of the OSHA 200 is replaced by OSHA Form 300A (Summary of Work-Related Injuries and Illnesses). OSHA will continue to allow workers' compensation incident reports as alternatives to the OSHA Incident report (previously Form 101, now Form 301), as long as the report contains the same information required by the OSHA form. Unlike Form 101, the new OSHA incident report (Form 301) requires employers to designate the employee's hire date, the time the employee began work on the day of the incident, the time the incident occurred, whether the employee was treated in an emergency room, and whether the employee was hospitalized overnight as an inpatient.

The new regulations impose several substantive changes to the record keeping requirements. The most significant of these changes are summarized as follows:

- Minor illnesses are no longer recordable
- Restricted work is defined in terms of the employee's routine job functions, rather than any duties the employee may have performed over the course of the year.
- Restricted work on the day of the injury or onset of the illness is not recordable.
- Aggravation of pre-existing injuries or illnesses must be significant to be recordable.
- All significant diagnosed injuries and illnesses are recordable (I.e., even those that do not result in death, days away from work, job restriction or transfer, medical treatment beyond first aid, or loss of consciousness).
- Employers must record all needle stick and sharps injuries involving human blood or potentially infectious material.
- Employers must count calendar days away from work, instead of scheduled work days.
- Employers must maintain a separate, confidential list of incidents classified as "privacy concern cases", and omit names and other identifying information from the 300 log.
- Employers must inform each employee of the procedure for reporting occupational injuries and illnesses.
- Employees must be allowed access to their individual incident reports, (Form 301).
- A company executive must certify the accuracy and completeness of the OSHA forms.

There are more changes included in the new rules for Jan. 2002 and additional information can be accessed at the OSHA website at <http://www.osha-slc.gov/recordkeeping/index.html>

Dairy Product News

Drinking Milk May Reduce Risk of Breast Cancer

Just released results of a study funded in part by the National Cancer Institute reveal that women who are life-long milk drinkers are less likely to develop breast cancer than those who drink little or no milk.

Many women drink milk on a daily basis to help build health bones and prevent osteoporosis, but new research published in the *International Journal of Cancer* Suggests there's another important reason why women should drink milk. In a study of nearly 50,000 women, those who currently drink at least three glasses of milk per day have a 44% lower incidence rate of breast cancer compared to women who do not drink milk at all.

Further, the study revealed that women who regularly drank milk as children, and then continued to do so as adults, cut their incidence of breast cancer in half. The type of milk didn't seem to matter - all fat levels of milk offered the same results.

According to John Milner, Ph.D., of the National Cancer Institute, a number of nutrients found in milk, such as calcium vitamin D and conjugated linoleic acid (CLA), help inhibit the cancer process. But researchers are specifically focusing on CLA, which is a powerful antioxidant that, according to some medical experts, has powerful anti-cancer properties. In fact, another recent study found that women with breast cancer had lower levels of CLA in their blood compared to women without cancer. CLA has also been shown to block the local growth and spread of breast cancer in animal studies.

Milk Splash, November 2001 Issue

Increasing Diversity of US Multiplies Incidence of Lactose Intolerance

New York - Research revealed at the recent American Dietetic Assoc. (ADA) Food and Nutrition Conference urges health professionals to be aware of the high incidence of lactose intolerance among growing minority populations in the US. "Lactose Intolerance in the US: Growing Concerns for an Increasingly Diverse Nation," explores the issues surrounding dairy digestive problems, the misinformation, diagnosis and treatment of the common condition.

According to a survey of 1,092 people who have difficulty digesting dairy, 95% of them have heard of lactose intolerance, but only 49% said they understand why they have trouble coping with dairy.

When asked, "How do you cope with dairy digestive problems," almost 75% said they limit or avoid certain dairy products. "Confusion about the cause and misinformation about the solution have caused many people to swear off dairy completely - and that's risky behavior," said Raquel Moreno, registered dietician.

QUESTION OF THE MONTH

Q: I provide more than \$50,000.00 in group term life insurance to my employees and charge them for part of the premium. How does their contribution affect the tax on the amount over \$50,000.00?

A: If the group term life insurance provided to an employee exceeds \$50,000.00, the employee must include in gross income the amount of such excess coverage. This amount is determined by using the uniform Premium Table 1. The amount determine to be included in the employee's gross income from Table 1 is directly reduced by any actual contribution made by the employee.

UNIFORM PREMIUM TABLE

Monthly Premium per \$1,000 of Coverage, Eff. 7/01/99

Employee Age	Cost/ \$1,000 of protection for 1 month period
Under 25	\$.05
25-29	.06
30-34	.08
35-39	.09
40-44	.10
45-49	.15
50-54	.23
55-59	.43
60-64	.66
65-69	1.27
70 and up	2.06

To determine the cost and employee's taxable portion of employer-provided group life insurance using the above table:

1. Use the employee's attained age on the last day of the year.
2. Use the Uniform Premium table to locate the monthly cost of \$1000 worth of coverage for the appropriate 5-year age bracket.
3. Determine the number of thousands of dollars of group-term life insurance coverage, computed to the nearest tenth.
4. Multiply (2) by (3).
5. To determine the annual cost of coverage, multiply the result in (4) by 12.
6. To calculate the annual amount that needs to be included in employee gross income, subtract the cost of \$50,000 of coverage (computed using the Uniform Premium Table), along with employee contribution, from the result obtained in (5).

Information provided by The Business Council of NYS and Bond Schoeneck & King, LLP

Calendar of Events

Thursday, Jan. 24, - NYS Dairy Foods, Inc. NY City Area Milk Dealer Committee meeting. 10:00am - 12:00, Marriott LaGuardia Hotel

Tuesday, Feb. 5, - NYS Dairy Foods, Inc. Board of Director's Meeting. 9:30am - 12:00, Holiday Inn, Wolf Rd., Albany, NY

Wednesday, April 10, NYS Dairy Foods, Inc. Board of Director's Meeting. 9:30am - 12:00, Ramada Inn, Buckley Rd., Liverpool, NY

June 2-4, - NYS Dairy Foods, Inc. 15th Annual Combined Convention. Nemaocolin Woodlands Resort, Farmington, PA. Registration Forms to be mailed in Feb. Call 315-452-6455 to be added to mailing list if you haven't attended before or do not get a mailing by March 15.

Wednesday Sept. 25 - NYS Dairy Foods, Inc. Board of Director's Meeting. 9:30am - 12:00, Wyndham Hotel, Carrier Circle, East Syracuse, NY

Market Watch

Sales Update

USDA reported that volume sales of packaged fluid milk through August 2001 were down 0.7% compared with the first eight months of 2000. Whole milk showed a smaller decline (-1.8% in August -1.4% cumulative) than in the month prior while reduced-fat and low fat milk continued to post increases. Fat-free milk again saw declines, with a cumulative drop of -2.4% through August 2001. Meanwhile, supermarket sales through October 7 showed a decrease in total milk sales of 0.5%, but with chocolate milk and reduced-fat white milk continuing to post increases of 8.8% and 1% respectively.

Product	Aug. Sales vs. YAGO	Year to Date (thru Aug.)
Whole Milk	-1.8	-1.4
2% Reduced Fat Milk	0.2	0.5
1% Low fat Milk	1.4	0.8
Buttermilk	-3.6	-4.3
Total Fluid Milk Products	-0.7	-0.7

Region	Aug. Sales vs. YAGO	Year to Date (thru Aug.)
Northeast	-0.2	-0.3
Appalachian	-3.1	-3.0
Southeast	1.3	-0.1
Florida	2.1	0.8
Mideast	-4.1	-4.0
Upper Midwest	-0.3	-0.2
Central	0.5	0.6
Southwest	-1.6	0.2
Ariz.-Las Vegas	3.8	2.7
Western	-2.6	-0.2
Pacific Northwest	1.0	0.6
California	0.8	-0.5

YTD Supermarket Sales, ending 10/7/01 vs. same period last year.
(Source IRI)

Total Fluid Milk	-0.5%
White	-0.8%
Whole White	-1.5%
Reduced-Fat White	1.0%
Low fat White	-0.4%
Fat-Free White	-3.0%
Chocolate	8.8%

MilkSplash, Vol. 3, No. 11

Milk Production:

Washington-US milk production in the 20 reporting states during November totaled 11.436 billion pounds, up 0.4 percent from November 2000, the US Dept. of Agriculture, (USDA) reported on Fri. Dec. 14.

That marks the first time this year that milk production has been above a year earlier. During the previous 10 months, production declines compared to a year earlier ranged from 0.2% to 5.0% (for February, not adjusted for leap year).

October's milk production was revised down by 53 million pounds from last month's preliminary estimate. Thus, October's output was down 0.7% from October 2000, rather than down 0.2% as originally estimated.

During November, milk production per cow in the 20 reporting states averaged 1,480 pounds, 21 pounds above November 2000. That's just the fourth month this year that milk production per cow has been above a year earlier.

The number of milk cows on farms in the 20 reporting states during November was 7.73 million head, Continued next column at top....

78,000 head less than November 2000 but 8,000 more head than in October 2001.

The number one milk producing state, California's milk production during November was up 5.2% in November from the previous year. Number two milk producer Wisconsin was down 5.5%. Number 3 New York was up 4.3% from a year ago. New York's number of cows was down 3,000 head but production per cow was up 65 pounds more. Pennsylvania's (#4 producer) was down 0.9% with 20,000 fewer cows but up 35 pounds of milk per cow.

New York State Dept. of Agriculture & Markets Sets January 1, 2002 Retail Milk Threshold Prices

Relative to the milk price gouging law, the State of New York Department of Agriculture and Markets has set the threshold prices, effective January 1, 2002, for milk, lowfat milk, or skim milk in gallons, half gallons and quarts offered for retail sale in New York State. The prices represent 200% of farm prices for Class I milk.

A retailer can sell above the threshold prices and not be in apparent violation of the law if it can justify that its prices are not unconscionably excessive. Such justification includes net invoice price paid plus costs incurred in handling, merchandising and selling the fluid milk item.

	<u>GALLON</u>	<u>½ GALLON</u>	<u>QUART</u>
Metro Region: NYC, & Counties of Nassau, Suffolk, Rockland, Westchester, Orange, Putnam & Dutchess	\$2.81	\$1.45	\$0.76
Upstate Region: (Remaining Counties)	\$2.64	\$1.37	\$0.72

Please be advised that the threshold price is only changed each month if there is at least a \$.02 per gallon (\$0.23/cwt.) change in the underlying price for Class I (fluid) milk from the previous month that the threshold was calculated on. Questions about the law can be answered by contacting the Division of Producer Security and Milk Dealer Licensing at the NYS Department of Agriculture and Markets, Albany, NY. Phone number is 800-554-4501.

Welcome New Member!



New York State Dairy Foods, Inc. would like to officially welcome the following new member to our Association:

Midland Farms, Menands NY. Milk Processing facility, Arthur Bassis, Regional Sales Mgr.

NYSERDA ANNOUNCES GRANTS

The New York State Energy Research and Development Authority announces the availability of \$1,750,000 for agriculture innovation, and invites proposals for projects involving: energy conservation or productivity improvement; distributed power/co-generation; new value-added crops/products; optimizing composting and anaerobic digester system operations and profitability; developing markets or uses for manure management byproducts; innovative cooperatives, collaboratives, or partnerships; or other innovative activities which enhance the profitability of agriculture in NY State. Proposals are due Feb. 28, 2002. Contact 518-862-1090.