

NEWSNOTES

Farm Bill Compromise Made, Senate Ready to Vote President Bush Likely to Sign

Washington-Last week, detailed language of the Farm Bill was finally worked out by the Senate and House. The House approved the bill by a 280-141 vote. The Senate is expected to take the issue up on the floor in the next week and the Bush administration has indicated they will sign it barring any last minute major changes by the Senate.

Specifically for dairy, the bill has many new and old provisions that have caused a stir in the industry, trade groups and taxpayer watchdog groups. Constance E. Tipton, Sr. Group VP for the International Dairy Foods Association in Washington, D.C. said in a statement "We applaud the efforts of the House-Senate Farm bill conferees to bring the farm bill to a close without including onerous milk pricing policies in the dairy title. While not perfect, we believe the new and temporary federal dairy compromise reached by conferees is a far cry from mandating a national milk pricing floor or reinstating regional dairy cartels." The National Milk Producers Federation also in Washington represented by Jerry Kozak said "the bill represents many months of hard work by both farmers and members of Congress to create a broad package that the entire industry can support. We told Congress when deliberations began a year ago dairy farmers wanted a broad portfolio of items, including conservation assistance, animal health programs and trade enhancement - in addition to establishing an economic safety net."

The Council for Citizens Against Government Waste (CCAGW), did not mince words in their press release which said "Vote No on the Farm Bill." CCAGW is urging legislators in Washington to oppose the conference report on H.R. 2646, the Farm Security and Rural Investment Act of 2002. They site many reasons for opposition including the bill will increase agriculture subsidies by 70% at a time when federal government deficits are projected for a least the next several years. They also claim the bill represents one of the largest non-military expansions in the size and scope of the federal government since the great Society and completely reverses course from the

free market reforms begun in the 1996 Farm Bill. They also state the bill retains many loopholes "that you could drive a double wide semi-trailer truck full of \$100 bills through the so-called \$360,000.00 payment limitation." For Farm Bill dairy provisions see pg. 5.

Annual Convention Ready for June 2-4, U.S. Sen. Rick Santorum to Speak

The 11th Annual Combined convention of NY State Dairy Foods, Inc. and the PA Assoc. of Milk Dealers will be held on June 2-4. The event will be held at the Nemaocolin Woodlands Resort, Farmington, PA.

Many exciting activities and business speaker sessions are planned. There is still plenty of time to register.

Confirmed to speak on Monday June 3 at 9:00am is U.S. Senator Rick Santorum from Pennsylvania. Sen. Santorum will provide insight on the politics of agriculture and the recent Farm Bill compromise. Also speaking on Monday will be Lew Gardner from Dairy Farmers of America and Dr. Kathryn Boor, Cornell University. More speakers are slated for Tuesday June 4. Included are Thomas Gell, from Creative Edge Marketing; Richard Longo, RAL Services, Inc.; Ron Plesco, PA State Police and Ken Bailey, Penn State Univ.

Many activities are planned for attendees and guests/spouses. There will be a best ball golf tournament on Tuesday, tour of Frank Lloyd Wright's Falling Water home tour as well.

Nemaocolin Woodlands Resort is one of the nation's premier luxury resorts. There are many amenities to take advantage of at Nemaocolin including spa, rifle range, equestrian center, hiking, biking, swimming and more.

Suppliers are invited to attend and showcase their wares. In addition, golf tournament hole sponsorships are available as well.

For more information about the convention call Bruce Krupke/NYS Dairy Foods (315) 452-6455, or Earl Fink/PA Assoc. of Milk Dealers, (717) 238-1738. You can also visit our website at www.nysdfi.org for more convention and resort information. Don't miss out, plan to attend and get your registrations in soon!

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Lake Placid Chosen for 2003 Convention to Celebrate 75th Anniversary

The Board of Directors and Convention Committees have chosen the Hilton Hotel Resort in Lake Placid, NY as the site of the 2003 convention. 2003 will also mark the 75th anniversary of New York State Dairy Foods, Inc. Mark June 1-4, 2003 on your calendars for next year!



Bruce W. Krupke
Executive VP Report

On page one we report our headline news. Every five years, Congress in mandated to review and make changes to the nations Farm Bill . In other words, they have to look over our national farm policies and decide if they are in the best interest of farmers all for the good of national security. After all, eating is one of the more important needs we all have and if we don't have people to produce it, well you can predict the ending.

I've been around in this job and the dairy industry now for about 18 years and I've watched the process three or four times up close. As you can expect, the whole process is not void of politics, and is in reality all about politics. The problem is that not much about the whole process is about supply and demand and the ability of our nation to develop a long range plan for the agriculture industry.

What does the Farm Bill and more importantly the dairy provisions contained in it mean to all of you. Well if you look at it closely it has a little of something for everyone. Lets start with the dairy farmers. They have been given, all of them, across the nation a new subsidy. I won't go into the formula, but a farmer producing up to 2.4 million pounds each year, until 2005 could bring in an extra cool \$20,000.00/yr., oh yes retroactive to Jan. 1, 2001. This is all at a cost of about \$1.3 billion to taxpayers for the next 42 months. The farmers also get to keep their \$9.90 dairy support price, (which was supposed to expire at the end of the last Farm Bill), for six more years.

If you are a tax paying citizen, then we all get to support the dairy farming industry through our tax contributions. Consumers of milk get something also, they might not have to pay more for milk at the retail store. Since this subsidy will replace the old Northeast Dairy Compact as policy, the price of milk might not be as high as it might have been if we had the Compact. Sen. Pat Leahy from Vermont should get thanks for this.

If you are a milk processor or distributor, you can kiss the ground. The Compact is dead, at least for now. But it is like a mummy, it could return in 2005 if Congress doesn't renew the subsidy program. Since taxpayers will be footing the bill, you can relax knowing you won't be mandated to increase your wholesale prices. There is also something else for processors. If the bill is signed into law as compromised, then the National Fluid Milk Processor Education Program gets extended indefinitely. This is either good news or bad news depending if you think the program is working or not. Retailers, the good news for you is that you won't have a Compact price passed along to you. The new subsidy comes from Uncle Sam.

Finally, the politicians got something too. A big hug from the agriculture community just in time for elections this Fall. Who didn't get what they wanted? Countries like Canada and Australia who have to compete with our new national subsidy program. They'll have to increase their subsidies to keep their farmers competitive.

So if President Bush signs the bill, farm policy is set for the next few years. Lets see if it helps or hurts us, I'll report back in 4 years.

Marketing- Making a difference ...

Milk Mustache Tour Set to Begin

A rock music theme surrounds this year's milk Mustache Mobile tour as three celebrity-clad trucks begin their travels this month for the Milk Rules! Road Trip. The tour will travel to 100 cities across the nation. The tour, which focuses on flavored milk reaches out to teen girls and boys under 18, and concluded in October.

The tour will stop at shopping malls, schools, and anywhere else kids hang out. They are partnering with MTV and *Rolling Stone* - which teens think are really cool. Each stop on the tour will also offer teens the chance to participate in fun events and win fun prizes. One lucky winner will get the chance to appear a behind-the-scene trip to the MTV studios in New York to co-produce an episode of Total Request Live, one of MTV's top-rated programs among teens hosted by milk mustache celebrity Carson Daly.

For the complete tour schedule, processors can log on to www.milkplan.org.

Milk Processors Receive Prestigious Marketing Awards

This year's Achieving Excellence Marketing Awards presentation, co-sponsored by IDFA and *Dairy Field* magazine, honored the top marketing and advertising efforts of the dairy industry. The competition was one of the highlights of the IDFA's Smart Marketing meeting on March 5, and fluid milk processors were recognized for their outstanding marketing efforts in 11 categories.

Eight milk processors took top honors by winning "Best Overall" in the areas of Display/Point of Sale (POS) Advertising, new Product, Package Design, Print Advertising, Television Advertising, Mixed Media (single products) and Public Relations.

A panel of judges consisting of advertising, promotional and editorial experts from the dairy industry, chose the winners.

A press release announcing every winner was distributed to all major dairy trade publications. To view the press release, visit the "news" section of www.idfa.org and congratulations to all the winners and entrants!

USDA Scheduled to consider Soy beverage as choice for Federal School Lunch Program

WASHINGTON-4/23, /PRNewswire/ - The U.S. Dept. of Agriculture is expected to be asked at a coming consumer input session why soy milk isn't included in school lunch programs. The push for soy milk at schools follows increasing sales of soy products across the U.S. Included are a growing variety of soyfoods such as soyburgers, soy hotdogs, soy ice cream and other products that appeal particularly to school-age children.

The Ag. Dept. previously approved soyburgers as substitutes for regular hamburgers, and the U.S. Food and Drug Administration now permits labels on soyfoods to state that the product can reduce the risk of heart attacks.

According to the Washington Post, the USDA plans "listening sessions" across the country later this year as the Dept. prepares for reauthorization of its National School Lunch Program.

"Any revisions to the school lunch guidelines will go before Congress for approval next year," the newspaper reported. Officials will discuss soy milk if it comes up at these sessions, USDA spokeswoman Jean Daniel told the Post.

The State Report

*The Association's brief look at legislative and business issues in the State Capitol
Information provided by the Business Council of New York State*

New York will need more power plants to meet demand and create competition, study says

New York State still faces an acute need for more electric generating capacity, even if the recession temporarily affects demand, according to a new analysis.

A white paper released by The Public Policy Institute shows that New York must add at least a dozen new power plants with at least 9,200 megawatts of additional generating capacity within the next five years. The paper, *The Power to Grow*, can be found at www.bcny.org/pdf/2002/powertogrow.pdf.

The Institute, the research affiliate of The Business Council, said new capacity will make economic growth possible, keep electricity systems reliable, and foster the robust competition that is New York's only long-term hope for driving energy costs down.

The Institute's projections take into account the effects of the recession and the Sept. 11 attacks. The economic downturn could reduce peak demand this coming summer to 2000 levels, the Institute said. But as soon as economic growth resumes, demand will grow quickly. The downstate region faced near-brownout conditions twice during the summer 2001; that problem is likely to return as early as 2003.

The report noted that demand for electricity in New York has grown steadily in the last 20 years. In that time, peak demand has grown 5.2 times as fast as the state's population and 2.1 times as fast as employment, the report shows.

Governor Pataki addresses Small Business Day in Albany, March 26

Gov. George Pataki spoke to small business leaders from across New York State at Small Business Day March 26 at the Empire State Plaza Convention Center in Albany.

Senate Majority Leader Joseph Bruno and Assembly Speaker Sheldon Silver were also scheduled to address business leaders during Small Business Day.

Chambers of Commerce from around the state organize member participation each year in Small Business Day, which gives businesses an effective opportunity to interact with their elected representative in Albany. The program this year was focused on a range of issues related to insurance, including the availability and affordability of health insurance and general liability insurance.

This event is cosponsored each year by The Business Council with the Chamber Alliance of New York State, and the National Federation of Independent Business (NFIB).

New York ranks third in annual ranking of attractions to business

New York State ranks third among all states in adding and expanding business facilities, according to a respected annual ranking of the 50 states' business climates.

Site Selection magazine cited the addition of Empire Zones, major business investments across the state, and "a renewed commitment to making New York a business-friendly state" in ranking New York behind only Illinois and Kentucky in its annual "Governor's Cup" ranking of states' economic growth and promise.

Site Selection based its calculations on its own database of information on more than 110,000 corporate-location projects since 1989, including factories, offices, R&D facilities, headquarters, and other facilities.

High rail taxes burden manufacturers and other shippers, study shows

Heavy property taxes on railroads in New York have helped drain high-paying railroad jobs from the state and impose higher transportation costs on manufacturers and other shippers, a new study by The Public Policy Institute says.

Railroad property taxes on one major railroad, CSX Transportation Systems, are more than seven times as high as those the company pays in Massachusetts, and 26 times those in New Jersey, on the basis of tax paid per mile of track, according to the study, *On The Wrong Track*. The report can be found at www.ppiny.org/reports/2002/railtax.pdf.

Property taxes go up when companies invest in new rail or other improvements, and go down when tracks are removed. The tax burden is one reason trackage in New York has been cut in half and the state has lost more than 11,000 high-paying railroad jobs since 1981, according to the Institute.

For manufacturers, many of whom rely on rail freight, the heavy tax burden "constitutes another uncompetitive cost of doing business," the report says.

In amendments to his budget this year, Governor Pataki has proposed significant reforms in the real property taxation of railroads. The Legislature considered such reforms last year, but took no action.

2002 Labor & Employment Law Seminar Series Workshops Sponsored by the Business Council

The Business Council of NY is sponsoring a series of one-day seminars on labor and employment law issues for human resource professionals in June this year. It is ideal for employers of all sizes.

An expert panel of speakers including attorneys from the national labor and employment law firm of Jackson Lewis, will be highlighted during the seminars. Topic which will be covered include:

- The American Disabilities Act, FMLA and workers' compensation issues
- September 11/01 effect in the workplace
- Reducing workforce numbers without litigation
- New Technologies to manage benefits
- Sexual harassment claims and lawsuits

Seminars are scheduled for Buffalo, June 10, Waterloo June 11, Albany June 12 and Poughkeepsie June 13. Registration is \$239/members or \$279/non-members. Call NY State Dairy Foods, Inc. (315) 452-6455, or the Business Council, 800-358-1202 for registration forms.

Farm Bill Compromise Details

Washington - The Farm Bill, otherwise known as H.R. 2646, the Farm Security and Rural Investment Act of 2002 has been agreed upon by both the Senate and the House of Representatives. The House last week voted and approved the compromise by a vote of 280-141. The Senate is expected to vote on the bill in a few days. President Bush has indicated he will sign the bill, barring any major last minute changes.

There are many provisions to the Bill which affect the dairy industry and specifically farmers. Some of the main provisions for dairy farmers include:

- Extending the current price of \$9.90 per cwt. Through December 31, 2007. The program was set to expire on May 31, 2002.
- Creation of a dairy market loss payment program. Under this program, dairy producers will receive monthly payments equal to 45% of the difference between \$16.94 and the price of Class I fluid milk in Boston under the applicable federal order. No payments will be made for months during the fluid milk price in Boston is \$16.94/cwt. or higher. Payment will be made no later than 60 days after the end of the month for which the payment is made. Producers, on an operation-by-operation basis, may receive payment on no more than 2.4 million pounds of milk per year. Retroactive payment will be made covering market losses due to low prices since Dec. 1, 2001. The dairy market loss program is authorized through September 30, 2005.
- Dairy importers will be required to pay into the dairy promotion program. Dairy imports to be covered by the assessment will include milk,

cream, fresh and dried dairy products, butter, and butterfat mixtures, cheese, and casein and mixtures.

- The Dairy Export Incentive Program (DEIP) is extended through 2007.
- The Farm Bill allows the secretary of agriculture to make no more than two adjustments in the butter/powder "tilt" during each calendar year, in a manner that will result in the lowest level of expenditures by the Commodity Credit Corporation (CCC) or achieve other objective as the secretary considers appropriate.
- Three studies are required to be conducted by the sec. Of agriculture. They are a study of an economic analysis of various options for a national dairy program; the effects of terminating all federal dairy programs and establishing regional compacts; and the effects of establishing minimum fluid milk protein standards. These reports are required to be issued one year after enactment of the bill.
- Authorization of a new national Johne's disease control program.
- Increasing Market Access Program (MAP) funds
- Fixing the statutory mandatory inventory and price reporting language to prevent further costly reporting errors by the USDA.

Another item affecting milk processors indirectly will be a provision in the Farm Bill which will extend indefinitely the national Milk Processor Education Program. The program is famous for the promotion of milk mustache celebrities and is currently funded by a .20 cent/cwt. assessment on all Class I milk by milk processors.

Milk?, these machines scream out "Get Milk!."

In a letter to Agriculture Sec. Ann Veneman, Schumer asked to spread the program nationwide, possibly through the renewed Child Nutrition Act and National School Lunch Act. Both are set to expire this year. Schumer did not give specific ideas but promotion possibilities could include offering schools financial incentives, said Schumer spokesman Phil Singer. "We might legislate. We want to hear what the USDA says, but we probably need legislation to grease the skids" Schumer said.

At least eight upstate NY school districts have installed milk machines since mid-December. On average each machine sells 300 gallons of milk per month, with the biggest hits being chocolate and strawberry flavors, said Mark Serling of Upstate Farms Coop.

Northeast Federal Order Provision Changes Sought

Both milk processors and dairy cooperatives from the Northeast have requested changes to the Northeast Federal Order.

Dairy processors led by New York State Dairy Foods, Inc., Syracuse, NY, with the assistance of dairy economist David Arms Sr. submitted proposals asking for changes to many provisions. In addition, proposals requesting a hearing from the Association of Dairy Cooperatives in the Northeast, (ADCNE), mainly from the Northeast were submitted by attorney Marvin Beshore. In requesting the hearing, Beshore explained that the collective experiences of the ADCNE since the promulgation of the Northeast federal order effective Jan. 1, 2000, "have revealed the need to consider amendments to the order in several respects." There are four proposed amendments in the cooperative's request. The proposals include changes to marketwide service payments, pool plant provisions, producer milk provisions and payment dates to the pool.

New York State Dairy Foods, Inc. Executive Vice President Bruce W. Krupke states "our association, on behalf of our processing members have realized almost from the first quarter of 2000 that the revised federal order regulations had some problems. As time has gone by, those problems have grown and we realized the need to propose changes." Many of New York State Dairy Foods, Inc. proposed changes submitted deal with similar issues the cooperatives have addressed. Those issues addressed include changes to reporting and payment dates, shipping percentages, qualifying of producers for the pool, elimination of the split-plant provision, reporting for pool distribution plants and amending the classification of ending bulk milk inventory and assignment of non-pool receipts at pool plants.

The proposals have not yet been approved for inclusion in a hearing notice. Before deciding whether a hearing should be held, USDA is providing interested parties an opportunity, until May 17, to submit additional proposals.

Proposals should be faxed to (202) 690-0552, or mailed by May 17, to: Deputy Administrator, USDA/AMS/Dairy Programs, Room 2968-S, Stop 0231, 1400 Independence Ave. S.W., Washington, DC, 20250-0231.

For a copy of either set of proposals, please contact our association office.

NY Senator Promotes Placing Milk Vending Machines in Schools

U.S. Senator Charles Schumer has urged the federal government to promote putting milk vending machines in school hallways, an attempt to boost health and dairy farmers. The NY Democrat cited a successful "vendi-milk" program in Buffalo-area schools as proof that students will make healthier eating choices if given the opportunity.

The vending machines, selling locally produced milk in assorted flavors, also create a new market for ailing dairy farmers, Schumer said Wednesday. "The machines could be just what the doctor ordered to clean up the dietary disarray in schools and help fix the crisis facing New York's dairy farms", Schumer said. "Instead of asking, "Got

Dairy Product News

Increased Dairy Product Consumption May Lower Risk of Diabetes, Heart Disease

Chicago-Overweight young adults who consumer more dairy products may be less likely to develop insulin resistance syndrome, which has been linked to risk factors for type 2 diabetes and cardiovascular disease, according to an article in the Journal of the American Medical Association (JAMA).

Mark A. Pereira, Ph.D., of Children's Hospital and Harvard Medical School, and colleagues examined the association between intake of dairy products and the incidence of insulin resistance syndrome (IRS). Components of IRS include obesity, glucose intolerance, high blood pressure, and blood lipid abnormalities (low levels of HDL, or "good" cholesterol, and high triglyceride levels).

According to background information in the JAMA article, "An increasing incidence of IRS in all racial, ethnic, and social class groups in the United States can be inferred from the increasing prevalence of obesity and type 2 diabetes over the last three decades... An increase in the prevalence of IRS may partly explain the recent plateau or increase in cardiovascular disease rates, after several decades of decline."

Researchers also pointed out that milk intake has decreased "significantly" over the past three decades as the prevalence of obesity and type 2 diabetes has increased.

"Epidemiologic and experimental studies suggest that dairy products may have favorable effects on the body weight in children and adults," the article noted. "In addition, dairy and/or calcium may decrease the risk for hypertension, coagulopathy, coronary artery disease and stroke."

An inverse cross-sectional association between dairy take and IRS has been observed in men but not in women although the influence of physical activity, fruit and vegetable intake, and other lifestyle factors was not considered.

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The purpose of the study reported in JAMA was to examine, in a prospective fashion, the independent association between dairy consumption and IRS, after taking into account physical activity level, macronutrient and fiber intake, and other potentially confounding variables. The study involved 3,157 black and white adults aged 18-30 who are participants in The Coronary Artery Risk development in Young Adults (CARDIA) Study. Participants were followed up from 1985-86 to 1995-96 by clinical examinations, questionnaires for demographic and behavioral information, and the CARDIA diet, history, which asks participants about usual dietary practices and obtains a quantitative food frequency for the past 28 days. The researchers concluded: "Our study suggests that dietary patterns characterized by increased dairy consumption may protect overweight individuals from the development of obesity and the IRS, which are key risk factors for type 2 diabetes and cardiovascular disease."

QUESTION OF THE MONTH

Question: *How should we handle pay deductions for garnishments and support orders?*

Answer: *This can be complicated by both federal and state laws. Usually, spouse and child support orders have priority over other wage assignments and garnishments. Deductions for support orders are usually at 50% of the employee's disposable income but may go to as much as 65% based on the number of creditors and the lateness of back support payments. With garnishments, weekly withholdings may not exceed 10% of earnings or 25% of disposable earnings. A garnishment may be satisfied at the same time as a support order but only to the extent of the difference between 25% of the weekly disposable earnings and the support order deduction.*

Information provided by The Business Council of NYS

Calendar of Events

June 2-4, NY State Dairy Foods, Inc. Annual Convention at Nemaocolin Woodlands Resort, Farmington, PA. Members and dairy industry representative are all invited. For name badge, hotel lodging and program information, please call our office at 315-452-6455.

June 3, NYS Dairy Foods, Inc. Annual Membership Meeting and Board of Directors Meeting 10:30am at the Annual Convention.

June 4, NYS Dairy Food Boosters, Annual Meeting and Board Meeting, 7:00am breakfast meeting at the Annual convention. All NYS Dairy Food Booster companies invited to attend.

Tuesday, June 18, Celebrate June Dairy Month. Legislative Office Building, Albany, NY. Call our office for more information, watch for mailing soon to reserve your spot. All dairy industry companies invited to meet our State's legislators and promote your products and company.

Wednesday, July 10, Ice Cream Suppliers Clambake, Hinerwadel's Grove, N. Syracuse, NY. Contact Peter Garafalo for tickets at 888-227-9199, ext. 127 or email at pgarafalo@aol.com

Wednesday, July 10, NYS Dairy Foods, Clambake golf outing, at the Pompey Club, Syracuse, NY, 8:00am tee off. To register call our office at 315-452-6455, watch for registration mailings soon. Special lodging rates at the Wyndham, E. Syr. Available, mention our group, phone 315-432-0200.

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

June 1-4, 2003, NYS Dairy Foods, Annual Convention, Hilton Hotel, Lake Placid, NY

Check out our website for more information and news www.nysdfi.org

Market Watch

Sales Update

USDA reported that volume sales of packaged fluid milk through December 2001 were down 0.8% compared with the first 12 months of 2000. Through December, whole milk continued to decline. Sales of reduced-fat milk also declined in December, but year-to-date sales are steady for reduced-fat and are trending upward for lowfat milk. Meanwhile, super-market volume sales through January 27, 2002, showed an increase in total milk sales of 1%, and chocolate and flavored milk continuing to post strong increases of 10.4% and 10.8%, respectively.

Product	Dec. Sales vs. YAGO	Year to Date (thru Dec.)
Whole Milk	-3.7	-1.7
2% Reduced Fat Milk	-3.1	0.0
1% Low fat Milk	2.0	1.3
Fat Free Milk (Skim)	-3.7	-2.2
Buttermilk	-2.5	-3.6
Total Fluid Milk Products	-2.2	-0.8

Region	Dec. Sales vs. YAGO	Year to Date (thru Dec.)
Northeast	-2.0	-0.1
Appalachian	-6.6	-3.2
Southeast	-3.3	-0.4
Florida	0.4	0.7
Mideast	-3.9	-3.5
Upper Midwest	-2.1	-0.3
Central	-3.2	-0.1
Southwest	-0.3	0.2
Ariz.-Las Vegas	5.0	2.5
Western	0.6	-0.1
Pacific Northwest	-0.3	-0.1
California	-1.6	-0.9

YTD Supermarket Sales, ending 01/27/02 vs. same period last year. (Source IRI)

Total Fluid Milk	1.0%
White	0.6%
Whole White	-1.3%
Reduced-Fat White	1.5%
Low fat White	3.4%
Fat-Free White	0.4%
Total Flavored	10.8
Chocolate	10.4%

MilkSplash, March 2002

NY's Cheese Output Declined 3% In 2001: Italian Cheese Production Fell, American-Type Rose

Albany, NY-New York's cheese production in 2001, excluding cottage cheese, totaled 709 million pounds, down 3% from the record-high output of 728 million pounds in 2000, according to preliminary figures from the NY Agricultural Statistics Service. For the US as a whole, cheese production last year totaled 8.155 billion pounds, down 1.2% from 2000's record output. New York ranks third in cheese production behind Wisconsin and California, and last year accounted about 8.7% of the nation's cheese output.

New York cheese plants produced 403 million pounds of Italian cheese in 2001, 3% less than a year earlier. American-type cheese production in NY during 2001 totaled 98 million pounds, 2% more than the previous year. Combined creamed and lowfat cottage cheese production for New York during 2001 totaled 145 million pounds, up 2% from the previous year. This output accounted for 20% of the national total. Butter production in NY last year totaled 27 million pounds, up 25% from 2000. Milk production in NY last year totaled 11.8 billion pounds, down 1% from 2000. The annual average number of milk cows, at 672,000 head, was down 2% from 2001.

Production per cow increased by 149 pounds, or 1%, to a record high of 17,527 pounds.

NY/US Milk Production:

New York state milk production in March was up a whopping 5.3% compared to the same month last year. This comes on the heels of a bigger 7% increase for Feb. 02 compared to 2001.

Milk production in the 20 major states during March totaled 12.8 billion pounds, up 3.2% from March 2001. February revised production, at 11.4 billion pounds, was up 2.3% from February 2001. The February revision represented a decrease of 0.5% or 56 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged, 1,650 pounds for March, 51 pounds above March 2001.

The number of cows on farms in the 20 major States was 7.75 million head, 2,000 head more than March 2001, and 1,000, head more than February 2002.

Quarterly production of milk for the U.S. was 42.3 billion pounds, 2.4% above the Jan.-Mar. 2001 period. The avg. number of milk cows in the U.S. Jan.-Mar. was 9.11 million head, 38,000 head less than in 2001 same period.

Welcome New Member!



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

H.P. Hood, Inc. Chelsea, MA. John Kaneb, Owner; Mike Suever, VP of Processing; Theresa Breston, Treas.; Jim Walsh, Sr. VP. Sales

New York State Dept. of Agriculture & Markets Sets May 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 May 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.

	GALLON	½ GALLON	QUART
Metro Region: NYC, & Counties of Nassau, Suffolk, Rockland, Westchester, Orange, Putnam & Dutchess	\$2.68	\$1.39	\$0.73
Upstate Region: (Remaining Counties)	\$2.52	\$1.31	\$0.69

The retail prices for May 2002 are about one cent less than those allowed to be charged at retail in August **1991**, the year the price threshold law was implemented.

Compared to the previous threshold price, which was in effect for March and April, prices decreased \$0.07 a gallon, \$0.03 a half gallon and \$0.02 a quart in Metro NY and \$0.06 a gallon, \$0.03 a half gallon and \$0.02 a quart in Upstate NY. These changes are calculated from the base month that the previous threshold was calculated on, March 2002 (base federal order Class I at a 3.5% butterfat: \$14.77/cwt. At NYC and \$14.12/cwt. at Syracuse).