

# Bulletin

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Federal Order No. 2

New York-  
New Jersey  
Milk Marketing  
Area

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## Federal Order Reform Update

### Comment Period Extended

Agriculture Secretary Dan Glickman extended the comment period for USDA's proposed rule on federal milk order reform until **April 30, 1998**. The proposed rule was published in the January 30, 1998 Federal Register and was summarized in last month's *Bulletin* supplement.

Comments (two copies) should be mailed to Richard M. McKee, Deputy Administrator, Dairy Programs, USDA/AMS, Room 2968, South Building, P.O. Box 96456, Washington, DC 20090-6456.

### Listening Sessions Announced

Secretary Glickman also announced that USDA will hold four public listening sessions that will allow dairy producers, processors, and other interested parties to provide further input on the proposed rule. Regional listening sessions will be held in Green Bay, Wisconsin; Atlanta, Georgia; Dallas, Texas; and Liverpool, New York.

Those wishing to present oral comments at the **March 30, 1998**, Liverpool, New York, meeting should contact Jane Hart (518) 452-4410. The meeting will be held at the Four Points Hotel Syracuse, 441 Electronics Parkway, Liverpool, NY, 13088 from 9:00 a.m. to 5:00 p.m.

All information presented at the listening sessions will be recorded and included in the public record of the comments on the proposed rule. Depending on the number of individuals wishing to participate, oral comments may be limited. ♦

## Underpayment Notices Issued

For the fourth quarter of 1997, a total of \$87.86 in underpayments to producers resulted from incorrect transportation differentials. Three handlers and three producers were affected during those months. Also, there was a total of \$46.36 in additional underpayments from the third quarter, affecting one producer and one handler. There were no underpayments resulting from hauling overcharges during the fourth quarter. Handlers have been notified of their obligations. ♦

## February 1998 Pool Highlights

- The February 1998 uniform price equaled **\$14.19**, an increase of \$0.24 from last month and \$1.49 higher than last year.
- All class prices were above last year's. Class III-A pricing lowered the February uniform price by \$0.01.
- Producer receipts totaled 934.1 million pounds, an increase of 5.9 percent from last year.
- Class I receipts totaled 377.0 million pounds, an increase of 7.3 percent from last year.
- Daily deliveries per producer (DDP) equaled 3,267 pounds, a year-to-year increase of 6.0 percent. ♦

## Order No. 2 Prices and Utilization for February

	1997	1998	Per cent change
<b>Prices*</b>			
	doll ars per cwt		
Unif or m	12.70	14.19	11.7
Cl ass I	13.76	15.71	14.2
Cl ass II	11.64	13.59	16.8
Cl ass III	12.48	13.34	6.9
Cl ass III - A	12.38	12.91	4.3
<b>Ut ili zation</b>			
	million p ounds		
Cl ass I	351.5	377.0	7.3
Cl ass II	139.9	138.1	(1.3)
Cl ass III	369.3	383.4	3.8
Cl ass III - A	21.7	35.6	64.2
Pr oducer Receipt s	882.3 #	934.1	5.9

\* For bulk milk testing 3.5 per cent butterfat in the 201-210 mil e zone.

# Tot al does not add due t o roundi g.

## U.P. Forecasted to Decrease

The uniform price **forecast** for **March 1998** is **\$13.92** per hundredweight of bulk milk testing 3.5 percent butterfat in the 201-210 mile zone. This is an estimate. ♦

## Educational Seminar Schedule

### Dairy Farmers of America, Inc. sponsored meetings

Day and Date	Time	Location
Tues.-April 21	1:00 p.m.	Ramada Inn 6300 Arsenal Street <b>Watertown, NY</b>
Tues.-April 21	7:30 p.m.	Cooperative Extension Ag. Center Eaton Street <b>Morrisville, NY</b>
Thurs.-April 23	1:00 p.m.	Sunset West Restaurant PA Route 26 <b>Pleasant Gap, PA</b>
Thurs.-April 23	7:30 p.m.	Guthrie Inn 255 Spring Street <b>Sayre, PA</b>

### Dairylea Cooperative Inc. sponsored meetings

Day and Date	Time	Location
Wed.-March 25	7:30 p.m.	Holiday Inn 75 North Street <b>Auburn, NY</b>
Thurs.-March 26	1:30 p.m.	Webb's Restaurant 115 West Lake Road <b>Mayville, NY</b>
Thurs.-March 26	7:30 p.m.	Holiday Inn 8250 Park Road <b>Batavia, NY</b>
Mon.-March 30	1:00 p.m.	VFW Post 7823 68 Exchange Street <b>Middlebury, VT</b>
Mon.-March 30	7:00 p.m.	Elks Club 130 Bulson Road <b>Greenwich, NY</b>
Tues.-March 31	1:00 p.m.	Ramada Inn 141 New Hartford Street <b>New Hartford, NY</b>
Wed.-April 1	7:30 p.m.	Holiday Inn South Side, Route 23 <b>Oneonta, NY</b>
Thurs.-April 2	7:30 p.m.	Crossroads Motel & Restaurant Route 11 Box 239 <b>Moir, NY</b>
Fri.-April 3	1:00 p.m.	Ramada Inn 6300 Arsenal Street <b>Watertown, NY</b>
Mon.-April 6	1:00 p.m.	Days Inn 330 West Morris Street <b>Bath, NY</b>
Mon.-April 6	7:30 p.m.	Guthrie Inn 255 Spring Street <b>Sayre, PA</b>
Tues.-April 14	1:00 p.m.	Best Western Country Cupboard Route 15 North <b>Lewisburg, PA</b>
Tues.-April 14	7:30 p.m.	Ramada Inn Route 6 & 11 <b>Clarks Summit, PA</b>
Wed.-April 15	7:30 p.m.	Holiday Inn 122 Crystal Run <b>Middletown, NY</b>

## Educational Meetings Scheduled

Both Dairy Farmers of America, Inc. (DFA) and Dairylea Cooperative Inc. (Dairylea) have announced their schedules of educational outreach meetings for Order No. 2 producers. As recipients of Order No. 2 cooperative payments, DFA and Dairylea are responsible for conducting an annual educational outreach program open to *all* producers pooled under the order.

### Meeting Format

DFA and Dairylea will each hold their own educational meetings. The planned topics to be discussed at these meetings include the current milk marketing environment, milk prices, the federal milk order reform proposal as well as other marketing related issues of concern to Northeast dairy farmers. Dairylea's meetings will be held in conjunction with their regional spring membership meetings, and will feature Dairylea President Clyde Rutherford and cooperative CEO Rick Smith. DFA's meetings will feature DFA's Eastern Manager John Siglow accompanied by Dr. Mark Stephenson from Cornell University, at their New York meetings, and Dr. Robert Yonkers from Penn State University, at their Pennsylvania meetings. Dates and locations of the meetings are shown in the accompanying table.

### Opportunity to Ask Questions

The meetings conducted by Dairylea and DFA provide an excellent opportunity for dairy farmers to learn about current issues affecting the dairy industry as well as to ask questions. From issues such as dairy compacts to the federal order milk reform proposed rule, the dairy industry may be facing some significant changes to long-standing federal dairy programs. Keeping abreast of market conditions and proposed changes in dairy programs should help dairy farmers when making business decisions. The educational meetings conducted by Dairylea and DFA are *open to all Order No. 2 producers*, both cooperative members and non-cooperative producers alike. ♦

## U.S. Cattle Inventory Down

The total number of cattle and calves in the United States equaled 99.5 million head on January 1, 1998, according to USDA's National Agricultural Statistics Service recently released inventory report. This was a decline of 2 percent from the 1996 inventory and 4 percent below the 1995 total.

All cows and heifers that have calved totaled 42.9 million head. Of this total, milk cows accounted for 21.4 percent, equaling 9.2 million head, a decline of 1 percent from last year. Heifers (500 pounds and over) declined 3 percent to 19.7 million head. Of this group, milk replacements totaled 4.0 million, down 2 percent from the previous year. Calves (under 500 pounds) dropped 3 percent to 17.4 million head. Steers and bulls equaled 19.5 million head, a decline of 1 percent from 1996.

(continued on page 3)

## 1997 U.S. Milk Production Above 1996

Total U.S. milk production during 1997 equaled 156.6 billion pounds, an increase of 1.4 percent from last year. The accompanying table shows the top ten states milk production changes for 1996-97. All comparisons are adjusted for leap year.

### Top Ten States

There were no changes in rank in any of the top ten milk producing states between 1996 and 1997. In total, their 1997 production accounted for 68.7 percent of the U.S. total, unchanged from 1996. California has ranked number one in milk production since capturing this position in 1993. Its 1997 production increased 7.1 percent over last year. Number two-ranked Wisconsin had a decline in production of 2.2 percent while third place New York had a slight increase of 0.6 percent. Overall, the top ten states' production increased 1.5 percent in 1997.

### Biggest Gainers and Losers

Of the 20 major milk-producing states, Idaho had the largest percentage increase in 1997 with 10 percent. Nationally, the only state with a greater percentage increase was Alaska, the smallest producing state, with 11.4 percent. Strong production increases continued in the southwestern states of Arizona (8.0 percent), New Mexico (7.2 percent), and California (7.1 percent). Combined, their production grew 6.9 percent from the previous year. In the Northeast, the collective production of New York, Pennsylvania, and Vermont increased by less than 1 percent. Individual state increases for Pennsylvania and New York are shown in the table;

Vermont's production increased 1.5 percent.

Texas witnessed the largest production decline of the 20 top producing states with a drop of 5.5 percent. Nationally, the only states with greater losses on a percentage basis were North Dakota (12.4 percent), Arkansas (6.4 percent), and South Dakota (5.8 percent).

### Production Per Cow

Based on milk production per cow, Arizona led with 20,976 pounds in 1997. California and Washington followed with 20,851 and 20,095 pounds, respectively. Other states reported: New York 16,519 pounds, Pennsylvania 16,811 pounds, Wisconsin 16,057 pounds, Minnesota 15,798 pounds, and Texas 14,982 pounds. States with the largest percentage increases in production per cow were West Virginia, which jumped from 12,600 to 14,778 pounds, and New Jersey, which had an increase from 13,500 to 15,000 pounds. The U.S. average is 16,916 pounds per cow.

### Order No. 2 Proportion

As a reference point, total producer receipts pooled under Order No. 2 during 1997 equaled 11.8 billion pounds, approximately 7.5 percent of total U.S. milk production. On a state comparison, about 72 percent of New York's total production was pooled under Order No. 2. Nearly 56 percent of New Jersey's and 30 percent of Pennsylvania's total milk production were pooled under the Order. ♦

### U.S. Cattle (continued from page 2)

Texas had the largest number of cattle and calves with 14.4 percent of the total. Of the milk cow inventory, Wisconsin led with 15.0 percent, followed by California with 14.7 percent and New York with 7.6 percent. New York's total cattle inventory dropped 1 percent from last year.

Based on size, the number of operations with less than 100 milk cows declined from 1996. Categorically, those with less than 30 head dropped 16.0 percent; the 30 to 49 group decreased 7.4 percent; and the 50 to 99 category declined 5.7 percent. Operations with 100 to 199 head increased 1.1 percent while operations with 200 head or more grew 4.5 percent. Overall, the total number of U.S. milk cow operations declined 8.0 percent.

In New York, the number of operations with milk cows dropped 6.5 percent to 8,600. Those with less than 30 head dropped 5.6 percent; the 50 to 99 group declined 10.8 percent; and the 100 to 199 category decreased 7.7 percent. Operations with 30 to 49 head and those with 200 head or more had no change. Proportionally, operations with less than 30 head accounted for 19.8 percent; those with 30 to 49 head equaled 23.3 percent; the 50 to 99 group had 38.4 percent; the 100 to 199 group accounted for 14.0 percent; and the 200 or more category held 4.7 percent of the total. ♦

**Top Ten States Ranked by Milk Production, 1997**

Rank	State	1996 (million pounds)	1997 (million pounds)	1996-97 change* (percent)
1	California	25,861	27,628	7.1
2	Wisconsin	22,942	22,368	(2.2)
3	New York	11,510	11,547	0.6
4	Pennsylvania	10,640	10,742	1.2
5	Minnesota	9,440	9,210	(2.2)
6	Texas	6,120	5,768	(5.5)
7	Michigan	5,430	5,410	(0.1)
8	Washington	5,279	5,305	0.8
9	Idaho	4,735	5,193	10.0
10	Ohio	4,360	4,415	1.5
Top Ten Total		106,317	107,586	1.5
U.S. Total		154,825	156,603	1.4

\* Adjusted for leap year.

Source: *Milk Production*, National Agricultural Statistics Service, USDA.

## Determination of Uniform Price of \$14.19

Per hundredweight of milk testing 3.5 percent butterfat received in bulk from farms in the 201-210 mile zone

### February 1998

TOTAL VALUE OF POOLED MILK				Value at	Trans-	Total	Contribution
Class	Milk pounds	Per-cent	Minimum price	minimum price	portation differential	value	per cwt of receipts
dollars							
I-A	364,988,324	39.1	15.71	57,339,665.68	135,680.31	57,475,345.99	6.153
I-B	12,034,135	1.3	15.71	1,890,562.63	1,476.47	1,892,039.10	0.203
II	138,061,381	14.8	13.59	18,762,541.66	16,134.79	18,778,676.45	2.011
III	383,395,789	41.0	13.34	51,144,998.24	41,821.87	51,186,820.11	5.479
III-A	<u>35,583,424</u>	<u>3.8</u>	12.91	<u>4,593,820.04</u>	<u>8,437.10</u>	<u>4,602,257.14</u>	<u>0.493</u>
Reported receipts	934,063,053	100.0		133,731,588.25	203,550.54	133,935,138.79	14.339
Adjustments:	<u>Product pounds</u>		<u>Dollars*</u>				
Sec. .60(d)(6) I	1,806,580		43,935.15				
Sec. .60(d)(6) II	5,784,182		17,928.29				
Total Sec. .60(d)(2) thru (6)	7,590,762		61,863.44			61,863.44	0.007
Total adjustments	7,590,762		61,863.44				
Total pool milk classified	934,063,053						
Handlers must pay			61,863.44	133,731,588.25	203,550.54	133,997,002.23	** 14.346
COMPUTATION OF UNIFORM PRICE				Dollars per cwt of receipts			
	<u>Milk pounds</u>		<u>Dollars</u>			<u>Dollars per cwt of receipts</u>	
Total value of pooled milk				133,997,002.23			14.346
Less: Cooperative payments	608,862,327		243,544.93			0.026	
Reserve			759,187.76			0.081	
Transportation credit	934,063,053		1,401,094.56	<u>(2,403,827.25)</u>		<u>0.150</u>	<u>(0.257)</u>
Value of pooled milk less subtractions				131,593,174.98			14.089
Add: Freight adjustment to 201-210 mile zone			2,592.16			0.000 #	
Unreserved cash in producer settlement fund			<u>947,780.08</u>	<u>950,372.24</u>		<u>0.101</u>	<u>0.101</u>
Uniform Price	934,063,053			132,543,547.22			14.190

\* Includes transportation and other applicable differentials.

# Results from rounding.

\*\* In addition handlers must pay \$2,819,788.56 for butterfat in excess of 3.5 percent.

Note: The average butterfat test of milk delivered was 3.715632 percent. The butterfat differential was \$.140 for each one-tenth of one percent of butterfat.

## Comparative Price and Other Descriptive Statistics

	FEBRUARY 1997	JANUARY 1998	FEBRUARY 1998
Order No. 2			
Handlers (with producer milk)	39	36	36
Bulk Tank Units	105	95	95
Producers	10,220	10,301	10,212
Daily Deliveries Per Producer (pounds)	3,083	3,169	3,267
Price Factors, Monthly Averages (dollars)			
Basic Formula Price, 3.5% butterfat, per cwt	12.46	13.25	13.32
Cheddar Cheese, 40-lb blocks, per lb #	1.3124	1.4165	1.4163
Butter, Grade A, 92-Score, Chicago Mercantile Exchange, per lb	.9846	1.1061	1.2963
Nonfat dry milk, Central States, per lb	1.1491	1.0593	1.0521
Uniform Prices (dollars per cwt, 3.5% butterfat)			
Order No. 1, Zone 1 (Boston)	13.57	14.74	15.02
Order No. 2, 1-10 mile Zone* (New York City)	13.57	14.82	15.06
Order No. 4, Philadelphia†	13.28	14.33	14.70
Class I Utilization Percentage			
Order No. 1	48.6	47.7	44.9
Order No. 2	39.8	41.2	40.4
Order No. 4	44.3	43.5	42.0

# National Cheese Exchange through April 1997; National Agricultural Statistics Service beginning May 1997.

\* Includes 15-cent transportation credit.

† Includes 6-cent direct-delivery differential.