

## PRODUCER MILK MARKETED UNDER FEDERAL MILK ORDERS BY STATE OF ORIGIN, 2001\*

During 2001, milk processors regulated under the 11 Federal milk orders purchased 120 billion pounds of milk from about 66,400 dairy farmers. While the marketing areas, which determine where fluid milk processors are regulated, are defined specifically by the Federal orders, the milk supply areas—the sources of the 120 billion pounds of milk—are not specified by the orders. In order to provide information on these supply areas, surveys are made periodically to determine the States where the dairy farmers marketing milk under Federal orders are located and, therefore, the States from which the producer milk receipts originated. This article provides the results of this survey for 2001 and presents comparisons to surveys for earlier years. Relationships to total U.S. milk marketings also are reported.

During 2001, as has been the case for several years, significant volumes of milk that normally would have been marketed under Federal milk orders were not pooled, mainly due to disadvantageous Class/uniform price relationships. For 2001, this not-pooled volume is estimated at about 3.4 billion pounds and again, has been excluded from this survey. This was done to provide information for actual milk supply areas for Federal milk order markets in 2001. Some findings of the current survey are:

- (1) Producers located in the 48 contiguous States marketed milk under Federal milk orders during 2001. This volume of milk represented about 75 percent of the fluid grade milk marketed in the country and accounted for 73 percent of all the milk marketed (fluid grade and manufacturing grade combined). Milk marketings under Federal milk orders accounted for 90 percent or more of fluid grade milk marketings in 35 States. (See table 1.)

It should be pointed out that, beginning with the data for 2000, the National Agricultural Statistics Service expanded the items that are included in its “milk marketed” statistic. In addition to the traditional “milk sold to plants and dealers”, “milk marketed” also includes milk sold directly to consumers and milk produced by institutional herds. Nationally, these two items probably have increased this statistic by about 1 percent, although the effect for some States would be significantly larger. As the two additional items are excluded from Federal order milk marketings, the “shares” in Table 1 for those States where these items are more significant may be lower than in past surveys solely because of this change in “milk marketed”. This explains the relatively low share shown for Oklahoma. Also, for some States these shares may be slightly lower than in past surveys because Federal orders now exempt from regulation handlers that sell less than 150,000 pounds of fluid milk products in a month.

- (2) While milk supply areas for individual Federal milk orders have been becoming broader for some time, the consolidation of Federal milk orders in 2000 significantly increased this trend. Milk supply areas averaged 14.7 States in 2001, up from 13.2 States in 2000, and 7.4 in 1998. Dairy farmers in 29 different States marketed milk under the Southeast order; handlers regulated under the Appalachian order received milk from dairy farmers located in 28 different States. (See table 3.)

Dairy farmers located in Minnesota and Wisconsin marketed milk under 7 different Federal milk orders. Dairy farmers located in Idaho, Nebraska, and Utah marketed milk under 6 orders. (See table 2.)

- (3) Another development in the broadening of Federal milk order supply areas is the association of producer milk from States located greater distances from the market. Traditionally, this has occurred for those orders that experience significant monthly and seasonal milk supply deficits. For example, dairy farmers in Indiana, Kansas, New Mexico, and Wisconsin marketed significant volumes of milk to handlers regulated under the Southeast order in most months of 2001. In the Fall months, when the supply deficit in the Southeast order is the largest, receipts from these distant sources increased significantly. A less frequent example of this development occurs when a fluid milk processing plant producing a specialty product that is distributed over a wide geographic area sells enough of this product in a distant market to meet the order's minimum pooling standard. This explains the association of producer milk in Idaho, Nevada, and Utah with the Northeast order.

The reform and consolidation of Federal milk orders that took effect at the beginning of 2000 also has contributed to the association of more distant producer milk with an order. For some orders, the provisions for pooling producer milk were made less restrictive. This made it easier to associate producer milk with an order and share in that order's higher blend or uniform price. This could be done without incurring much additional transportation costs, as most of this milk did not have to be actually shipped to that order. Thus, producer milk in California was pooled on the Central, Upper Midwest, and Western orders. The vast majority of this 4 billion pounds of milk was actually processed in unregulated California plants and even participated in the State's milk order pool. Also, during 2001, large volumes of producer milk from Minnesota and Wisconsin were pooled on the Central, Mideast, and Northeast orders. Increasingly larger volumes of producer milk from Idaho were pooled on the Upper Midwest order.

- (4) In some States, the proportion of all milk marketings subject to Federal milk order regulation remains noticeably small. There are several explanations of this relationship. First, it exists in States which have State milk orders. Some examples of this situation are California and Nevada. Second, this relationship exists in States where manufacturing grade milk marketings still are a significant proportion of total milk marketings. Only fluid grade milk can be marketed under Federal milk orders. An example of this situation is North Dakota. Some States have neither Federal nor State milk order regulations; for example, Wyoming. Finally, in some areas, the fluid milk (Class I) market may not be large enough to accommodate all the producer milk that would like to be associated with the order, given the order's pooling standards. An example of this is Idaho. (See table 1.)
- (5) Dairy farmers in Wisconsin once again had the largest volume of milk marketed under Federal milk orders—20.3 billion pounds, 17 percent of the total for all States combined. Other leading States in terms of milk marketings under Federal orders were New York,

Pennsylvania, Minnesota, and New Mexico. These five States, among the leaders in total milk marketings in the country, accounted for 45 percent of total Federal milk order marketings. Other states in the Top Ten were Michigan, Washington, Texas, California, and Ohio. (See table 4.)

In comparing this data for 2001 to that for 2000 and 1990, the top 4 States have remained the same. Nine of the top 10 in 2001 were listed in this group in 2000, 8 in 1990. New Mexico jumped to the 5<sup>th</sup> position in 2001, after ranking 8<sup>th</sup> in 2000, and 19<sup>th</sup> in 1990. The notable exception to the 2001 top 10 is California in the 9<sup>th</sup> position. Prior to 2001, California had been ranked among the States with the lowest volume of milk marketed under Federal orders. In 2001, the volume of milk from this State that was marketed under Federal orders increased by more than 860 percent from the previous year, and was 17 times as large as in 1990.

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**TABLE 1—RECEIPTS OF PRODUCER MILK BY HANDLERS REGULATED UNDER FEDERAL MILK ORDERS, BY STATE OF ORIGIN, 2001**

State and region	Producer milk receipts			State and region	Producer milk receipts		
	Total <u>1/</u>	Share of total milk marketed by State's producers <u>2/</u>			Total <u>1/</u>	Share of total milk marketed by State's producers <u>2/</u>	
		Fluid Grade <u>3/</u>	All milk			Fluid Grade <u>3/</u>	All milk
	Million pounds	Percent	Percent		Million pounds	Percent	Percent
Maine	628	97	97	Wisconsin	20,309	98	93
New Hampshire	312	98	98	Minnesota	7,813	94	90
Vermont	2,640	100	100	North Dakota	293	64	46
Massachusetts	332	94	94	South Dakota	1,046	72	67
Rhode Island	4/	---	---	Iowa	3,211	88	86
Connecticut	436	97	97	Nebraska	940	85	82
New York	11,081	95	95	Midwest	33,613	94	89
New Jersey	218	95	95	Missouri	1,692	92	88
Pennsylvania	9,877	92	92	Kansas	1,585	100	99
Delaware	142	94	94	Colorado	1,892	97	97
Maryland	1,239	96	96	Oklahoma	754	59	59
Northeast	26,905	95	94	Arkansas	413	99	99
Virginia	1,523	82	82	Central	6,335	90	88
North Carolina	1,061	93	93	Texas	4,930	97	97
South Carolina	362	99	99	New Mexico	5,248	95	95
Georgia	1,348	95	95	Arizona	2,873	100	100
Florida	2,405	100	100	Southwest	13,051	97	97
Alabama	297	100	100	Montana	4/	---	---
Mississippi	493	100	100	Idaho	3,684	48	48
Louisiana	612	99	99	Wyoming	13	28	22
Tennessee	1,309	99	98	Utah	1,472	95	91
Kentucky	1,614	100	99	Nevada	4/	---	---
Southeast	11,023	95	95	Washington	5,048	92	92
Ohio	3,786	96	88	Oregon	1,619	96	95
Indiana	2,329	96	92	California	4,105	12	12
Illinois	1,793	91	89	Alaska	0	0	0
Michigan	5,204	91	90	Hawaii	0	0	0
West Virginia	211	86	86	West	15,940	32	32
Mideast	13,323	93	90	Total U.S.	120,243	75	73

1/ Receipts are listed according to the location of the producer, not the location of the regulated handler. Regional and Total U.S. figures may not add due to rounding. 2/ Computed from data contained in "Milk Production, Disposition and Income – 2001 Summary", NASS, USDA. NOTE: NASS "milk marketed" includes milk sold to plants and dealers, milk sold directly to consumers, and milk produced by institutional herds. 3/ Milk marketed that is eligible for fluid use (Grade A in most States). 4/ Data cannot be shown as it pertains to the operations of fewer than 3 entities and, therefore, is considered confidential. The data has been excluded from the region total, but not the Total U.S.

**TABLE 2--NUMBER OF FEDERAL ORDERS UNDER WHICH MILK WAS MARKETED, BY STATE AND REGION, 2001, WITH COMPARISONS**

State and region	Number of Federal orders			State and region	Number of Federal orders		
	2001	2000	1990		2001	2000	1990
	<u>Number</u>				<u>Number</u>		
Maine	1	1	1	Wisconsin	7	6	7
New Hampshire	1	1	1	Minnesota	7	5	6
Vermont	1	1	2	North Dakota	3	2	1
Massachusetts	1	1	1	South Dakota	4	3	4
Rhode Island	1	1	1	Iowa	5	4	8
Connecticut	1	1	1	Nebraska	6	4	4
New York	3	4	5	Midwest	7	7	13
New Jersey	2	2	3	Missouri	4	4	14
Pennsylvania	4	4	5	Kansas	5	5	6
Delaware	3	3	4	Colorado	5	2	4
Maryland	4	4	5	Oklahoma	4	4	5
Northeast	4	4	7	Arkansas	5	3	8
Virginia	3	4	6	Central	8	6	17
North Carolina	3	2	4	Texas	4	5	9
South Carolina	2	2	2	New Mexico	4	5	6
Georgia	3	3	9	Arizona	1	1	2
Florida	3	2	5	Southwest	5	5	10
Alabama	3	2	7	Montana	2	1	2
Mississippi	1	1	6	Idaho	6	5	4
Louisiana	1	1	7	Wyoming	4	2	3
Tennessee	3	3	9	Utah	6	5	1
Kentucky	3	4	11	Nevada	3	3	1
Southeast	5	5	18	Washington	1	1	1
Ohio	3	3	7	Oregon	2	2	3
Indiana	4	5	7	California	5	4	3
Illinois	5	5	9	West	7	6	6
Michigan	5	5	7	Total (U. S.)	11	11	42
West Virginia	4	4	5				
Mideast	6	7	17				

1/ Number of orders under which the milk produced by dairy farmers located in the State was marketed. For example, milk produced in New York was marketed under three Federal milk orders in 2001. The regional figure is the net number of orders under which the milk produced by dairy farmers located in the region was marketed.

**TABLE 3--SOURCES OF MILK FOR FEDERAL MILK ORDERS: RECEIPTS OF PRODUCER MILK BY  
MARKETING AREA AND STATE, 2001 1/**

Federal milk order marketing area and State 2/	Producer milk receipts		Federal milk order marketing area and State 2/	Producer milk receipts	
	Total	Share of market total		Total	Share of market total
	<u>1,000 lbs.</u>	<u>Percent</u>		<u>1,000 lbs.</u>	<u>Percent</u>
<u>APPALACHIAN</u>	<u>6,673,305</u>	<u>100.00</u>	<u>CENTRAL -CON.</u>		
Virginia	1,264,546	18.95	Texas	20,049	0.11
Kentucky	1,087,888	16.30	Wyoming	13,071	0.07
North Carolina	1,053,038	15.78	Id-(Ut)-(Ark)	8,155	0.05
Tennessee	728,435	10.92			
Indiana	558,673	8.37	<u>FLORIDA</u>	<u>2,771,636</u>	<u>100.00</u>
Pennsylvania	530,493	7.95	Florida	2,343,155	84.54
South Carolina	348,986	5.23	Georgia	425,667	15.36
New York	199,196	2.98	(Ark)-(Alab)	2,814	0.10
Georgia	184,405	2.76			
Michigan	171,882	2.58	<u>MIDEAST</u>	<u>17,222,395</u>	<u>100.00</u>
Ohio	151,693	2.27	Michigan	4,963,325	28.82
Maryland	95,451	1.43	Wisconsin	4,018,638	23.33
West Virginia	90,078	1.35	Ohio	3,628,883	21.07
Wisconsin	65,507	0.98	Indiana	1,552,946	9.02
New Mexico	35,821	0.54	Pennsylvania	1,551,833	9.01
Texas	19,106	0.29	New York	940,232	5.46
Illinois	16,097	0.24	Illinois	167,832	0.97
Missouri	11,892	0.18	Minnesota	87,399	0.51
Delaware	11,614	0.17	West Virginia	80,300	0.47
Kansas	11,274	0.17	South Dakota	68,101	0.40
Florida	8,439	0.13	Kansas	51,127	0.30
Alabama	7,541	0.11	Maryland	46,586	0.27
Iowa	6,441	0.10	Iowa	26,165	0.15
Nebraska	4,021	0.06	Kentucky	13,032	0.08
Oklahoma	3,827	0.06	North Dakota	8,006	0.05
Minnesota	3,547	0.05	Mont-(Neb)	7,950	0.05
(Ark)-(S Dak)	3,414	0.05	Tennessee	7,411	0.04
			New Jersey	2,630	0.02
<u>ARIZONA-LAS VEGAS</u>	<u>2,956,125</u>	<u>100.00</u>	<u>NORTHEAST</u>	<u>24,549,830</u>	<u>100.00</u>
Arizona	2,872,832	97.18	New York	9,941,334	40.49
California	82,351	2.79	Pennsylvania	7,741,955	31.54
(Ut)-(Id)	942	0.03	Vermont	2,640,368	10.76
			Maryland	1,091,749	4.45
<u>CENTRAL</u>	<u>17,835,819</u>	<u>100.00</u>	Minn-Wisc	653,154	2.66
Wisconsin	5,651,203	31.68	Maine	628,356	2.56
Iowa	3,070,154	17.21	Connecticut	436,247	1.78
Minnesota	1,830,765	10.26	Massachusetts	331,875	1.35
Colorado	1,823,998	10.23	New Hampshire	312,094	1.27
Kansas	1,205,032	6.76	Virginia	257,413	1.05
Illinois	1,152,833	6.46	New Jersey	215,670	0.88
Nebraska	904,711	5.07	Delaware	128,812	0.52
South Dakota	637,764	3.58	Id-Ut-Nev-(Col)-(Wy)	104,678	0.43
California	607,137	3.40	West Virginia	40,740	0.17
Missouri	373,760	2.10	R Isl-Mich-(NC)	25,384	0.10
Oklahoma	273,315	1.53			
New Mexico	154,988	0.87			
North Dakota	108,884	0.61			

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**TABLE 3--SOURCES OF MILK FOR FEDERAL MILK ORDERS: RECEIPTS OF PRODUCER MILK BY  
MARKETING AREA AND STATE, 2001 1/--CONT.**

Federal milk order marketing area and State 2/	Producer milk receipts		Federal milk order marketing area and State 2/	Producer milk receipts	
	Total	Share of market total		Total	Share of market total
	<u>1,000 lbs.</u>	<u>Percent</u>		<u>1,000 lbs.</u>	<u>Percent</u>
<u>PACIFIC NORTHWEST</u>	<u>7,085,192</u>	<u>100.00</u>	<u>SOUTHWEST</u>	<u>8,603,585</u>	<u>100.00</u>
Washington	5,047,850	71.25	New Mexico	4,651,417	54.06
Oregon	1,584,496	22.36	Texas	3,732,592	43.38
Idaho	265,642	3.75	Kansas	128,309	1.49
Utah	128,203	1.81	Oklahoma	67,360	0.78
California	57,964	0.82	Missouri	10,603	0.12
(Nev)-(Wy)	1,035	0.01	Wisconsin	8,999	0.10
			Minnesota	2,990	0.03
<u>SOUTHEAST</u>	<u>7,768,265</u>	<u>100.00</u>	(Ark)-(Neb)-(Col)	1,315	0.02
Missouri	1,295,485	16.68	<u>UPPER MIDWEST</u>	<u>20,063,511</u>	<u>100.00</u>
Texas	1,158,587	14.91	Wisconsin	10,102,121	50.35
Georgia	737,814	9.50	Minnesota	5,516,109	27.49
Louisiana	611,706	7.87	California	2,728,586	13.60
Tennessee	572,742	7.37	Idaho	679,269	3.39
Kentucky	513,332	6.61	Illinois	382,531	1.91
Mississippi	492,925	6.35	South Dakota	339,290	1.69
Oklahoma	409,270	5.27	North Dakota	176,489	0.88
Arkansas	406,235	5.23	Iowa	105,338	0.53
New Mexico	406,106	5.23	Neb-(Ind)	17,642	0.09
Alabama	287,630	3.70	Mont-(Ut)	11,942	0.06
Indiana	217,248	2.80	Michigan	4,192	0.02
Kansas	189,041	2.43	<u>WESTERN</u>	<u>4,713,123</u>	<u>100.00</u>
Wisconsin	167,509	2.16	Idaho	2,665,731	56.56
Illinois	73,446	0.95	Utah	1,307,460	27.74
Michigan	59,941	0.77	California	628,985	13.35
Florida	53,342	0.69	Colorado	66,634	1.41
Pennsylvania	52,260	0.67	Oregon	34,744	0.74
Minn-Neb-Ia-(Col)	31,130	0.40	Neb-(Wy)	9,570	0.20
SC-NC-(Va)	21,075	0.27			
Md-(Del)	6,186	0.08			
Oh-(W Va)	5,255	0.07			

1/ The source of the receipt is based on the location of the producer, not the location of the regulated handler. Marketing area totals may not add due to rounding.

2/ For some marketing areas, receipts from some States have been combined in order to mask either restricted data or small volumes. Generally, the States are listed by decreasing proportions of deliveries to the marketing area. States in parentheses have producers who delivered less than three million pounds to the marketing area.

**TABLE 4--THE TEN STATES FROM WHICH THE LARGEST VOLUME OF PRODUCER MILK WAS RECEIVED UNDER FEDERAL MILK ORDERS, 2001, WITH COMPARISONS**

State	2001				2000				1990			
	Federal milk order rank <u>1/</u>	Producer milk receipts in all Federal orders		United States rank <u>2/</u>	Federal milk order rank <u>1/</u>	Producer milk receipts in all Federal orders		United States rank <u>2/</u>	Federal milk order rank <u>1/</u>	Producer milk receipts in all Federal orders		United States rank <u>2/</u>
		Million pounds	Percent of total			Million pounds	Percent of total			Million pounds	Percent of total	
Wisconsin	1	20,309	16.9	2	1	20,931	17.9	2	1	18,928	18.3	1
New York	2	11,081	9.2	3	2	11,168	9.6	3	2	9,349	9.0	3
Pennsylvania	3	9,877	8.2	4	3	9,840	8.4	4	3	8,240	8.0	5
Minnesota	4	7,813	6.5	5	4	8,166	7.0	5	4	7,232	7.0	4
New Mexico	5	5,248	4.4	8	8	4,803	4.1	10	19	1,482	1.4	23
Michigan	6	5,204	4.3	7	6	5,335	4.6	8	6	4,821	4.7	7
Washington	7	5,048	4.2	9	7	5,013	4.3	9	7	4,202	4.1	10
Texas	8	4,930	4.1	10	5	5,399	4.6	7	5	5,417	5.2	6
California	9	4,105	3.4	1	36	427	0.4	1	40	246	0.2	2
Ohio	10	3,786	3.1	11	9	3,770	3.2	11	8	4,087	3.9	8
Total Top Ten <u>3/</u>		77,401	64.4			77,606	66.4			67,891	65.5	

1/ Ranked according to total producer milk receipts in all Federal milk order markets.

2/ Ranked according to total milk marketed in the United States.

3/ In 2000, the top 10 States included Iowa. In 1990, the top 10 States included Iowa and Missouri.