

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

During 2000, milk processors regulated under the 11 Federal milk orders purchased 117 billion pounds of milk from about 69,600 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 117 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 2000 and presents comparisons to surveys for earlier years. Relationships to total U.S. milk marketings also are reported.

During 2000, 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 2000, this not-pooled volume is estimated at about 3.6 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 2000. Some findings of the current survey are:

- (1) Producers located in the 48 contiguous States marketed milk under Federal milk orders during 2000. This volume of milk represented 72 percent of the fluid grade milk marketed in the country and accounted for about 70 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 33 states. (See table A.)

It should be pointed out that the National Agricultural Statistics Service has expanded the items that now 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 A 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 likely explains the decrease in these shares 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 13.2 states in this year, up from 7.4 in 1998. Dairy farmers in 28 different States marketed milk

under the Southeast order; handlers regulated under the Appalachian order received milk from dairy farmers located in 25 different States. (See table C.)

Dairy farmers located in Wisconsin marketed milk under 6 different Federal milk orders. Dairy farmers located in Idaho, Illinois, Indiana, Kansas, Michigan, Minnesota, New Mexico, Texas and Utah marketed milk under 5 orders. (See table B.)

- (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 Pennsylvania marketed milk to handlers regulated under the Southeast order in most months of 2000. In the Fall months, Southeast regulated handlers also received producer milk from Michigan, Minnesota, and Wisconsin. 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 Upper Midwest order. The vast majority of this milk was actually processed in unregulated California plants and even participated in the State's milk order pool. Also, during 2000, increasingly larger volumes of producer milk from Minnesota and Wisconsin were pooled on the Central order and, in the second half of the year, much larger volumes of producer milk from Wisconsin were pooled on the Mideast 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.

- (5) Dairy farmers in Wisconsin once again delivered the largest volume of milk to handlers regulated under Federal milk orders—20.9 billion pounds, 18 percent of total producer deliveries. Other leading States in terms of milk marketings under Federal orders were New York, Pennsylvania, Minnesota, and Texas. These five States, among the leaders in total milk marketings in the country, accounted for 47 percent of total Federal milk order marketings. Other states in the Top Ten were Michigan, Washington, New Mexico, Ohio, and Iowa. (See table D.)

In looking at this data for 1980, 1990, and 2000, the States included in the top 10 States delivering milk to Federal orders has changed very little. Nine of the 10 States are listed each year. The top 4 States have remained the same. The notable exception is New Mexico. This State jumped from the 31<sup>st</sup> rank in 1980, to 19<sup>th</sup> in 1990, and to 8<sup>th</sup> in 2000. The increase in the volume of producer milk marketed under Federal orders increased more than 7 times over this period.

---

\* Prepared by John P. Rourke, supervisory dairy products marketing specialist, Mary Taylor, dairy products market specialists, and Vergie Hughes, market information assistant, Market Information Branch, Dairy Programs, Agricultural Marketing Service, August 2001.

**TABLE A—RECEIPTS OF PRODUCER MILK BY HANDLERS REGULATED UNDER FEDERAL MILK ORDERS, BY STATE OF ORIGIN, 2000**

State and region	Producer milk receipts			State and region	Producer milk receipts		
	Total <u>1/</u>	Share of total milk marketed by producers <u>2/</u>			Total <u>1/</u>	Share of total milk marketed by 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	507	77	77	Wisconsin	20,931	97	91
New Hampshire	300	98	98	Minnesota	8,166	92	87
Vermont	2,651	96	96	North Dakota	330	67	48
Massachusetts	351	91	91	South Dakota	872	58	54
Rhode Island	24	86	86	Iowa	3,181	85	82
Connecticut	459	97	97	Nebraska	1,016	85	82
New York	11,168	95	95	Midwest	34,497	92	87
New Jersey	229	87	87	Missouri	1,900	90	85
Pennsylvania	9,840	90	89	Kansas	1,480	99	98
Delaware	141	95	95	Colorado	1,840	97	97
Maryland	1,288	96	96	Oklahoma	841	66	66
Northeast	26,958	93	92	Arkansas	466	93	93
Virginia	1,362	72	72	Central	6,528	90	88
North Carolina	1,086	93	93	Texas	5,399	94	94
South Carolina	365	100	100	New Mexico	4,803	93	93
Georgia	1,395	98	98	Arizona	2,973	99	99
Florida	2,458	100	100	Southwest	13,175	95	95
Alabama	344	100	100	Montana	<u>4/</u>	---	---
Mississippi	538	100	100	Idaho	2,555	36	36
Louisiana	678	98	98	Wyoming	14	24	19
Tennessee	1,353	98	97	Utah	1,524	98	92
Kentucky	1,642	100	99	Nevada	17	4	4
Southeast	11,222	94	94	Washington	5,013	90	90
Ohio	3,770	92	85	Oregon	1,528	92	92
Indiana	2,193	99	94	California	427	1	1
Illinois	1,935	95	93	Alaska	0	0	0
Michigan	5,335	95	94	Hawaii	0	0	0
West Virginia	218	83	83	West	11,079	23	22
Mideast	13,450	95	91	Total U.S.	116,909	72	70

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. Excludes volumes not pooled due to disadvantageous price relationships. 2/ Computed from data contained in "Milk Production, Disposition and Income – 2000 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 producers and, therefore is considered confidential. The data has been excluded from both the region total and the Total U.S.

**TABLE B--NUMBER OF FEDERAL ORDERS UNDER WHICH MILK WAS MARKETED, BY STATE AND REGION, 2000, WITH COMPARISONS**

State and region	Number of Federal orders			State and region	Number of Federal orders		
	2000	1995	1990		2000	1995	1990
	<u>Number</u>				<u>Number</u>		
Maine	1	1	1	Wisconsin	6	7	7
New Hampshire	1	1	1	Minnesota	5	6	6
Vermont	1	3	2	North Dakota	2	1	1
Massachusetts	1	2	1	South Dakota	3	4	4
Rhode Island	1	1	1	Iowa	4	9	8
Connecticut	1	2	1	Nebraska	4	6	4
New York	4	4	5	Midwest	7	14	13
New Jersey	2	2	3				
Pennsylvania	4	5	5	Missouri	4	10	14
Delaware	3	2	4	Kansas	5	6	6
Maryland	4	5	5	Colorado	2	5	4
Northeast	4	6	7	Oklahoma	4	6	5
				Arkansas	3	5	8
Virginia	4	6	6	Central	6	15	17
North Carolina	2	3	4				
South Carolina	2	2	2	Texas	5	12	9
Georgia	3	6	9	New Mexico	5	10	6
Florida	2	4	5	Arizona	1	1	2
Alabama	2	5	7	Southwest	5	15	10
Mississippi	1	5	6				
Louisiana	1	2	7	Montana	1	1	2
Tennessee	3	6	9	Idaho	5	4	4
Kentucky	4	7	11	Wyoming	2	3	3
Southeast	5	14	18	Utah	5	2	1
				Nevada	3	2	1
Ohio	3	9	7	Washington	1	1	1
Indiana	5	7	7	Oregon	2	2	3
Illinois	5	8	9	California	4	4	3
Michigan	5	9	7	West	6	6	6
West Virginia	4	5	5				
Mideast	7	15	17	Total (U. S.)	11	33	42

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 four Federal milk orders. The regional figure is the net number of orders under which the milk produced by dairy farmers located in the region was marketed.

**TABLE C--SOURCES OF MILK FOR FEDERAL MILK ORDERS: RECEIPTS OF PRODUCER MILK BY  
MARKETING AREA AND STATE, 2000 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>6,317,808</u>	<u>100.00</u>	<u>CENTRAL -CON.</u>		
Kentucky	1,130,307	17.89	Texas	7,757	0.05
Virginia	1,118,465	17.70	Utah	4,656	0.03
North Carolina	1,082,036	17.13	(Ind)-(Ark)-(Nev)	2,400	0.01
Tennessee	765,917	12.12			
Pennsylvania	483,186	7.65	<u>FLORIDA</u>	<u>2,867,164</u>	<u>100.00</u>
Indiana	438,592	6.94	Florida	2,406,734	83.94
South Carolina	356,229	5.64	Georgia	460,430	16.06
Georgia	219,434	3.47			
Ohio	130,395	2.06	<u>MIDEAST 3/</u>	<u>14,176,579</u>	<u>100.00</u>
Michigan	124,292	1.97	Michigan	5,108,567	36.04
New York	119,106	1.89	Ohio	3,632,305	25.62
Maryland	118,496	1.88	Pennsylvania	1,656,807	11.69
West Virginia	75,184	1.19	Indiana	1,646,099	11.61
Wisconsin	31,281	0.50	Wisconsin	1,002,072	7.07
Texas	28,409	0.45	New York	881,831	6.22
Illinois	27,869	0.44	West Virginia	90,370	0.64
Kansas	23,054	0.36	Illinois	71,060	0.50
Delaware	15,250	0.24	Maryland	46,328	0.33
Missouri	13,708	0.22	Kentucky	17,380	0.12
Alabama	8,775	0.14	Kansas	7,379	0.05
Arkansas	3,781	0.06	Iowa	6,484	0.05
Oklahoma	2,841	0.04	S. Dak-(Minn)	5,264	0.04
(Neb)-(N Mex)-(Ia)	1,201	0.02	New Jersey	4,039	0.03
			(Tenn)-(Va)	593	4/
<u>ARIZONA-LAS VEGAS</u>	<u>3,105,681</u>	<u>100.00</u>	<u>NORTHEAST</u>	<u>23,956,870</u>	<u>100.00</u>
Arizona	2,973,074	95.73	New York	10,153,462	42.38
California	85,856	2.76	Pennsylvania	7,664,731	31.99
Texas	15,134	0.49	Vermont	2,650,989	11.07
Idaho	14,965	0.48	Maryland	1,118,691	4.67
New Mexico	14,103	0.45	Maine	507,077	2.12
Utah	2,548	0.08	Connecticut	458,910	1.92
<u>CENTRAL 3/</u>	<u>16,036,197</u>	<u>100.00</u>	Massachusetts	351,281	1.47
Wisconsin	4,374,386	27.28	New Hampshire	300,195	1.25
Iowa	3,059,367	19.08	Virginia	230,846	0.96
Colorado	1,671,725	10.42	New Jersey	224,509	0.94
Minnesota	1,580,906	9.86	Delaware	124,568	0.52
Illinois	1,255,468	7.83	Wis-Minn-(Ky)	64,446	0.27
Kansas	1,163,254	7.25	West Virginia	52,157	0.22
Nebraska	1,009,952	6.30	Utah-Mich-(Nev)-(Id)	31,203	0.13
South Dakota	651,434	4.06	Rhode Island	23,803	0.10
Missouri	448,670	2.80			
Oklahoma	377,403	2.35			
New Mexico	303,784	1.89			
North Dakota	98,594	0.61			
Idaho	13,495	0.08			
Wyoming	12,944	0.08			

CONTINUED

**TABLE C--SOURCES OF MILK FOR FEDERAL MILK ORDERS: RECEIPTS OF PRODUCER MILK BY  
MARKETING AREA AND STATE, 2000 <sup>1/</sup>--CONT.**

Federal milk order marketing area and State <sup>2/</sup>	Producer milk receipts		Federal milk order marketing area and State <sup>2/</sup>	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 <sup>3/</sup></u>	<u>6,775,611</u>	<u>100.00</u>	<u>SOUTHWEST <sup>3/</sup></u>	<u>8,712,979</u>	<u>100.00</u>
Washington	5,013,399	73.99	New Mexico	4,378,144	50.25
Oregon	1,501,556	22.16	Texas	4,173,321	47.90
Idaho	146,809	2.17	Kansas	89,109	1.02
California	71,057	1.05	Oklahoma	71,487	0.82
Utah	42,790	0.63	(Mo)-(Ind)-(Neb)	918	0.01
<u>SOUTHEAST</u>	<u>7,486,967</u>	<u>100.00</u>	<u>UPPER MIDWEST <sup>3/</sup></u>	<u>23,432,622</u>	<u>100.00</u>
Missouri	1,436,554	19.19	Wisconsin	15,444,716	65.91
Texas	1,174,651	15.69	Minnesota	6,559,835	27.99
Georgia	715,554	9.56	Illinois	554,034	2.36
Louisiana	678,259	9.06	California	270,018	1.15
Tennessee	586,534	7.83	North Dakota	231,334	0.99
Mississippi	538,165	7.19	South Dakota	216,318	0.92
Kentucky	494,608	6.61	Iowa	115,073	0.49
Arkansas	462,449	6.18	Michigan	41,293	0.18
Oklahoma	389,599	5.20	Montana	<u>5/</u>	
Alabama	334,759	4.47	<u>WESTERN <sup>3/</sup></u>	<u>4,040,675</u>	<u>100.00</u>
Kansas	197,555	2.64	Idaho	2,378,470	58.86
N Mex-(Del)	108,162	1.44	Utah	1,450,925	35.91
Indiana	105,718	1.41	Colorado	168,289	4.61
Mich-Ohio-NY	76,950	1.03	Oregon	26,417	0.65
Wis-Ill	61,155	0.82	Nev-(Wy)-(Cal)	16,573	0.41
Florida	51,290	0.69			
Pennsylvania	34,853	0.47			
Va-SC-NC-(W Va)	26,081	0.35			
Neb-Minn	9,828	0.13			
Maryland	4,244	0.06			

<sup>1/</sup> 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.

<sup>2/</sup> 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 parenthesis have producers who delivered less than three million pounds to the marketing area.

<sup>3/</sup> For these marketing areas, handlers elected not to pool producer milk that normally would have been associated with the marketing area due to disadvantageous price relationships.

<sup>4/</sup> Less than 0.01 percent.

<sup>5/</sup> Data cannot be shown as it pertains to the operations of fewer than 3 producers and, therefore is considered confidential. The data has been excluded from the marketing area total.

**TABLE D--THE TEN STATES FROM WHICH THE LARGEST VOLUME OF PRODUCER MILK WAS RECEIVED UNDER FEDERAL MILK ORDERS, 2000, WITH COMPARISONS**

State	2000				1990				1980			
	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	20,931	17.9	2	1	18,928	18.3	1	1	15,037	17.9	1
New York	2	11,168	9.6	3	2	9,349	9.0	3	2	9,150	10.9	3
Pennsylvania	3	9,840	8.4	4	3	8,240	8.0	5	3	7,032	8.4	5
Minnesota	4	8,166	7.0	5	4	7,232	7.0	4	4	5,570	6.6	4
Texas	5	5,399	4.6	7	5	5,417	5.2	6	7	3,478	4.1	9
Michigan	6	5,335	4.6	8	6	4,821	4.7	7	5	4,598	5.5	6
Washington	7	5,013	4.3	9	7	4,202	4.1	10	8	2,771	3.3	10
New Mexico	8	4,803	4.1	10	19	1,482	1.4	23	31	571	0.7	37
Ohio	9	3,770	3.2	11	8	4,087	3.9	8	6	3,867	4.6	7
Iowa	10	3,181	2.7	12	9	3,040	2.9	9	9	2,109	2.5	8
Total Top Ten <u>3/</u>		77,606	66.4			67,891	65.5			55,719	66.3	

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 1990, the top 10 States included Missouri. In 1980, the top 10 States included Vermont.