

United States Senate

WASHINGTON, DC 20510

How Has the Widening Gap Between Consumer and Farm Prices for Milk Impacted Local Farmers?

While retail and farm milk prices rose consistently throughout the beginning of 2004, with farm prices peaking in May, the last three months have been a different story. During that time, while consumers experienced high prices for milk at grocery stores throughout upstate New York, the price paid to dairy farmers dropped by 38 cents per gallon— or \$4.40 per hundredweight. Dairy farmers received the equivalent of \$1.67 per gallon in May; \$1.57 per gallon in June; \$1.38 in July and finally only \$1.29 per gallon in August. The fall in prices for the farmers was not coupled with a decline in the price of milk for consumers. On the contrary, prices remained high and in June the gap between farm and consumer price grew by 28 cents from May. In July, the gap was 44 cents wider than it was in May; and in August, it was 39 cents wider.

This report shows the **county by county impact on local dairy farmers** of this widening gap between farm and retail prices for milk. Based on milk production levels, it details the additional income local farmers would normally have expected to see based on market trends.

Capital Region: Based on market trends, it is estimated that the 755 farms in the Capital Region lost out on \$5.8 million in potential revenue over the last three months -- when the farm price of milk fell dramatically but consumer prices remained high.

County	Number of Dairy Farms	Potential Revenue Loss June to August 2004
Albany	16	\$120,000
Fulton	54	\$300,000
Montgomery	252	\$1.4 million
Rensselaer	83	\$910,000
Saratoga	51	\$640,000

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Schenectady	10	\$70,000
Schoharie	106	\$560,000
Washington	183	\$1.8 million
Capital Region	755	\$5.8 million

Central New York: Based on market trends, it is estimated that the 948 farms in Central New York lost out on \$7.1 million in potential revenue over the last three months -- when the farm price of milk fell dramatically but consumer prices remained high.

County	Number of Dairy Farms	Potential Revenue Loss June to August 2004
Cortland	166	\$1.3 million
Madison	241	\$1.7 million
Oneida	339	\$2 million
Onondaga	122	\$1.7 million
Oswego	80	\$380,000
Central New York	948	\$7.1 million

Rochester Finger Lakes: Based on market trends, it is estimated that the 861 farms in the Rochester/Finger Lakes area lost out on \$9.7 million in potential revenue over the last three months -- when the farm price of milk fell dramatically but consumer prices remained high.

County	Number of Dairy Farms	Potential Revenue Loss June to August 2004
Cayuga	158	\$2.9 million
Livingston	86	\$1.7 million
Monroe	25	\$320,000
Ontario	116	\$1.5 million

Schuyler	26	\$360,000
Seneca	88	\$540,000
Tompkins	79	\$770,000
Wayne	76	\$710,000
Yates	207	\$880,000
Rochester/Finger Lakes	861	\$9.7 million

Hudson Valley: Based on market trends, it is estimated that the 267 farms in the Hudson Valley lost out on \$2 million in potential revenue over the last three months -- when the farm price of milk fell dramatically but consumer prices remained high.

County	Number of Dairy Farms	Potential Revenue Loss June to August 2004
Columbia	53	\$680,000
Dutchess	30	\$210,000
Greene	35	\$120,000
Orange	92	\$600,000
Putnam	--	--
Rockland	--	--
Sullivan	48	\$290,000
Ulster	8	\$70,000
Westchester	1	\$2,000
Hudson Valley	267	\$2 million

North Country: Based on market trends, it is estimated that the 1,706 farms in the North Country lost out on \$12.2 million in potential revenue over the last three months -- when the farm price of milk fell dramatically but consumer prices remained high.

County	Number of Dairy Farms	Potential Revenue Loss June to August 2004
Clinton	156	\$1.6 million
Essex	20	\$160,000
Franklin	191	\$1.4 million
Hamilton	--	--
Herkimer	232	\$1.1 million
Jefferson	333	\$2.7 million
Lewis	313	\$2.2 million
St. Lawrence	461	\$3 million
Warren	--	--
North Country	1,706	\$12.2 million

Southern Tier: Based on market trends, it is estimated that the 1,415 farms in the Southern Tier lost out on \$7.7 million in potential revenue over the last three months -- when the farm price of milk fell dramatically but consumer prices remained high.

County	Number of Dairy Farms	Potential Revenue Loss June to August 2004
Allegany	142	\$770,000
Broome	68	\$630,000
Chemung	30	\$210,000
Chenango	290	\$1.5 million

Delaware	209	\$960,000
Otsego	297	\$1.4 million
Steuben	280	\$1.5 million
Tioga	99	\$710,000
Southern Tier	1,415	\$7.7 million

Western New York: Based on-market trends, it is estimated that the 1,144 farms in Western New York lost out on \$12.6 million in potential revenue over the last three months -- when the farm price of milk fell dramatically but consumer prices remained high.

County	Number of Dairy Farms	Potential Revenue Loss June to August 2004
Cattaraugus	327	\$1.4 million
Chautauqua	243	\$1.8 million
Erie	140	\$1.4 million
Genesee	109	\$2.2 million
Niagara	47	\$810,000
Orleans	35	\$300,000
Wyoming	243	\$4.8 million
Western New York	1,144	\$12.6 million

Source: Schumer estimates based on data from the USDA's Agricultural Marketing Service and the USDA's National Agricultural Statistics Service.

Methodology: Retail prices used for this comparison were taken from the national average of the whole and 2% milk prices from USDA's Agricultural Marketing Service's survey of retail prices in 30 selected cities. The national farm milk price was taken from the USDA's National Agricultural Statistics Service's monthly reports on the prices farmers receive for their products. The widening gap between farm and retail milk prices was calculated and was extrapolated to New York farmers based on New York's typical share of national milk production (44.5%) and based on each county's average monthly milk production.