

FINAL MINUTES
Milk Commission Board
Electronic Meeting
Wednesday, December 13, 2023

The meeting of the State Milk Commission (Board) convened at approximately 1:35 p.m. on Wednesday, December 13, 2023. The meeting was held electronically via Microsoft Teams.

PRESENT

Kevin Craun	Producer
Paula Martin	Processor
James Kerr	Producer

ABSENT

Jessica Jones	Consumer
Dennis Sugumele	Consumer
Robb Watters	Consumer
Sandra Welsford	Consumer

STAFF PRESENT

Crafton Wilkes, Administrator

APPROVAL OF MINUTES

Mr. Kerr called the meeting to order at 1:35 p.m. He asked for a motion to accept the minutes from the previous meeting. Mr. Craun moved to accept the minutes. Ms. Martin seconded the motion. The minutes were approved unanimously.

APPROVE: Craun, Martin, Kerr

OPPOSE: None

FUTURE BOARD MEETINGS

2024 meeting dates are scheduled for February 21; October 16; and December 4, all in Charlottesville if meeting space is available. A summer meeting may be held if schedules allow.

BOARD COMMENTS

Discussion revolved around school milk distribution issues. The closure of a milk packaging supplier is a growing concern as existing supply runs out. Ms. Martin stated that her half-pint container allocation was recently reduced because of the closure. Mr. Eric Paulson, representing Virginia State Dairymen's Association and attending as a member of the public, provided examples of successful transitions in several school districts from half-pints to bulk dispensers.

ADMINISTRATOR'S REPORT

Mr. Wilkes reviewed recent staffing challenges facing the Milk Commission. Two dairy auditor positions were advertised in November through early December but remain unfilled. He reminded attendees that the Dairy Producer Margin Coverage Premium Assistance Program will again run, but applications for reimbursement will not be mailed to Grade A farms until USDA FSA announces that enrollment for the program has begun.

NEW BUSINESS

Cost study procedures and results were reviewed. Milk Commission staff analyzed milk processing costs that represent approximately 65% of the milk sold in Virginia to determine the calculated cost to produce milk. Mr. Wilkes noted that the margin between the highest and lowest costs to produce finished units was the smallest it has been in at least a decade, at just \$0.11 for a gallon of whole milk. Costs to distribute milk remained relatively flat, with labor costs offsetting any decreases in diesel fuel costs from the previous year.

Ms. Martin motioned to update the delivered cost percentages, and Mr. Craun seconded the motion.

APPROVE: Craun, Martin, Kerr
OPPOSE: None

Delivery Quantity		2023	2024
100 or more cases per delivery	Platform Cost x	1.1807 (18.07%)	1.1801 (18.01%)
14 to 99 cases per delivery	Platform Cost x	1.3342 (33.42%)	1.3331 (33.31%)
13 or less cases per delivery	Platform Cost x	1.6684 (66.84%)	1.6662 (66.62%)

Discussion turned to the cost to produce units of milk and the impact it would have on retail prices. Mr. Wilkes presented information based on findings from the cost studies alone, and with forecasted pricing factors included that were not available when the initial cost studies were performed in March. The most notable adjustment was increased labor costs associated with wage changes after the sample period. Inclusion of these factors results in an increase in costs between \$0.07 and \$0.10 per gallon of milk. Mr. Kerr asked for a motion to accept the costs to produce with inclusion of pricing factors for 2024. Mr. Craun motioned, and Ms. Kerr seconded the motion.

APPROVE: Craun, Martin, Kerr
OPPOSE: None

PUBLIC COMMENT

Mr. Kerr asked for any public comment, but there was no additional input.

ADJOURNMENT

The Board adjourned at approximately 2:49 p.m.

The next Commission meeting is tentatively scheduled for Wednesday, February 21, 2023, at 1:30 p.m. in Charlottesville.



STATE MILK COMMISSION

Crafton O. Wilkes, Administrator

Announcement of Producer Class I Price at 3.5% Butterfat

December 2023

	OCT 2023	NOV 2023	DEC 2023
Eastern Market			
Established Price	\$8.46	\$8.46	\$8.46
Add Adjustment (per §2VAC15-20-81)	\$17.34	\$17.51	\$17.52
Eastern Market Class I Price (per cwt)	\$25.80	\$25.97	\$25.98
Eastern Market Skim Price (per cwt)	15.4535	13.4645	14.1740
Eastern Market Butterfat Price (per lb)	3.1110	3.7088	3.5148
Western Market			
Established Price	\$8.16	\$8.16	\$8.16
Add Adjustment (per §2VAC15-20-81)	\$17.44	\$17.61	\$17.62
Western Market Class I Price (per cwt)	\$25.60	\$25.77	\$25.78
Western Market Skim Price (per cwt)	15.2535	13.2645	13.9740
Western Market Butterfat Price (per lb)	3.1090	3.7068	3.5128
Southwestern Market			
Established Price	\$7.96	\$7.96	\$7.96
Add Adjustment (per §2VAC15-20-81)	\$17.14	\$17.31	\$17.32
Southwestern Market Class I Price (per cwt)	\$25.10	\$25.27	\$25.28
Southwestern Market Skim Price (per cwt)	14.7535	12.7645	13.4740
Southwestern Market Butterfat Price (per lb)	3.1040	3.7018	3.5078
Class II Price Announcement Date			
	NOV 1, 2023	NOV 29, 2023	JAN 4, 2024
Milk Commission Class II Price (per cwt)	\$21.95		
Milk Commission Class II Skim Price (per cwt)	\$9.2500	\$9.4000	\$9.7800
Milk Commission Class II Butterfat Price (per lb)	3.7214		
Milk Commission Bi-Monthly Composite Index			
	424.8	424.1	423.7
Milk Commission Assessment Rate (per cwt)			
	0.03950	0.03950	0.03950
Federal Order Base Class I Price (per cwt)			
	\$19.47	\$19.75	\$19.76

Price Change from November 2023

	Class I (cwt)	Skim (cwt)	Butterfat (lb)
Eastern Market	▲ \$0.01	▲ \$0.71	▼ -\$0.1940
Western Market	▲ \$0.01	▲ \$0.71	▼ -\$0.1940
Southwestern Market	▲ \$0.01	▲ \$0.71	▼ -\$0.1940

Next Class I Announcement: Dec. 20, 2023

Next Class II Announcement: Nov. 29, 2023

Virginia Department of Agriculture and Consumer Services
 State Milk Commission

Announcement of Producer Class I Price at 3.5% Butterfat

December 2023

Virginia State Milk Commission Skim and Butterfat Prices, 2023

Month	Eastern Market		Western Market		Southwestern Market		Bi-Monthly Index
	Skim per cwt	Butterfat per pound	Skim per cwt	Butterfat per pound	Skim per cwt	Butterfat per pound	
January	17.1945	3.3414	16.9945	3.3394	16.9945	3.3394	431.2
February	17.2125	2.8573	17.0125	2.8553	17.0125	2.8553	429.1
March	15.6105	2.7834	15.4105	2.7814	15.4105	2.7814	427.1
April	15.7750	2.7829	15.5750	2.7809	15.5750	2.7809	424.8
May	16.5747	2.7669	16.3771	2.7650	16.3771	2.7650	424.6
June	14.7520	2.8015	14.5520	2.7995	14.5520	2.7995	422.2
July	13.9165	2.8361	13.7165	2.8341	13.7165	2.8341	417.7
August	13.2940	2.8173	13.0940	2.8153	13.0940	2.8153	415.1
September	14.9955	3.0806	14.7955	3.0786	14.7955	3.0786	419.3
October	15.4535	3.1110	15.2535	3.1090	15.2535	3.1090	424.8
November	13.4645	3.7088	13.2645	3.7068	13.2645	3.7068	424.1
December	14.1740	3.5148	13.9740	3.5128	13.4740	3.5078	423.7
AVERAGE	15.2014	3.0335	15.0016	3.0315	14.9600	3.0311	423.6

Virginia State Milk Commission Skim and Butterfat Prices, 2022

Month	Eastern Market		Western Market		Southwestern Market		Bi-Monthly Index
	Skim per cwt	Butterfat per pound	Skim per cwt	Butterfat per pound	Skim per cwt	Butterfat per pound	
January	17.6630	2.3205	17.4630	2.3185	17.4630	2.3185	374.4
February	17.9320	2.8086	17.7320	2.8066	17.7320	2.8066	381.6
March	18.3830	3.0387	18.1830	3.0367	18.1830	3.0367	390.1
April	19.5890	3.1659	19.3890	3.1639	19.3890	3.1639	400.0
May	20.5990	3.1934	20.3990	3.1914	20.3990	3.1914	410.8
June	21.2650	3.1289	21.0650	3.1269	21.0650	3.1269	423.3
July	20.2640	3.4105	20.0640	3.4085	20.0640	3.4085	433.6
August	19.3770	3.4449	19.1770	3.4429	19.1770	3.4429	436.5
September	17.6995	3.4764	17.4995	3.4744	17.4995	3.4744	432.8
October	16.2325	3.6234	16.0325	3.6214	16.0325	3.6214	429.8
November	17.2790	3.7339	17.0790	3.7319	17.0790	3.7319	431.6
December	17.2130	3.3522	17.0130	3.3502	17.0130	3.3502	433.0
AVERAGE	18.6247	3.2248	18.4247	3.2228	18.4247	3.2228	414.8

Prevailing Market	Bristol	Charleston	Raleigh	Winston-Salem	Washington, DC
Over Order Premium	\$2.16	\$2.29	\$2.29	\$2.29	\$2.16

Next Class I Announcement: Dec. 20, 2023

Next Class II Announcement: Nov. 29, 2023



STATE MILK COMMISSION
Crafton O. Wilkes, Administrator

Announcement of Producer Class II Price at 3.5% Butterfat

November 2023

	SEP 2023	OCT 2023	NOV 2023
State Milk Commission Class II Price (per cwt)	\$19.98	\$21.95	\$21.21
Class II Skim Price (per cwt)	9.3400	9.2500	9.4000
Class II Butterfat Price (per lb)	3.1334	3.7214	3.4678

November 2023 Highlights

-The Class II price for November decreased from October by \$0.74 per cwt. The Class II Skim price increased by \$0.15 per cwt, and the Class II Butterfat price decreased by \$0.25 per lb.

Next Announcement: Jan. 4, 2024

Virginia State Milk Commission
Delivery Cost per Case Analysis
 2023 - Effective: Jan 1, 2024

Summary	Year	Total Cases	Private Label	Net Cases	Distribution Expense	Dist. Exp. per Case	Variance (\$)	Variance (%)
	2022	6,311,378	4,305,414	2,005,964	\$4,236,909	\$2.112156	-\$0.007053	-0.3339%
	2023	6,344,734	4,423,195	1,921,538	\$4,045,035	\$2.105103		
	Cases per Delivery	2023 Delivery Percentage		2024 Delivery Percentage		Variance (\$)	Variance (%)	
	0-13	66.84%		66.62%		-0.0022	-0.33%	
14-99	33.42%		33.31%		-0.0011	-0.33%		
100+	18.07%		18.01%		-0.0006	-0.33%		

Eastern Market	Cases per Delivery	Product	Nov 23 Platform Cost	2023 Delivered Cost/Unit	2024 Delivered Cost/Unit	Variance (\$)
	0-13	HVD Gallon	\$2.959	\$4.938	\$4.931	-\$0.007
		2% Gallon	\$2.590	\$4.321	\$4.315	-\$0.006
		1% Gallon	\$2.302	\$3.841	\$3.835	-\$0.005
		Skim Gallon	\$2.167	\$3.615	\$3.610	-\$0.005
	14-99	HVD Gallon	\$2.959	\$3.948	\$3.945	-\$0.003
		2% Gallon	\$2.590	\$3.455	\$3.452	-\$0.003
		1% Gallon	\$2.302	\$3.071	\$3.069	-\$0.003
		Skim Gallon	\$2.167	\$2.891	\$2.889	-\$0.002
	100+	HVD Gallon	\$2.959	\$3.494	\$3.492	-\$0.002
		2% Gallon	\$2.590	\$3.058	\$3.056	-\$0.002
		1% Gallon	\$2.302	\$2.718	\$2.716	-\$0.001
		Skim Gallon	\$2.167	\$2.558	\$2.557	-\$0.001

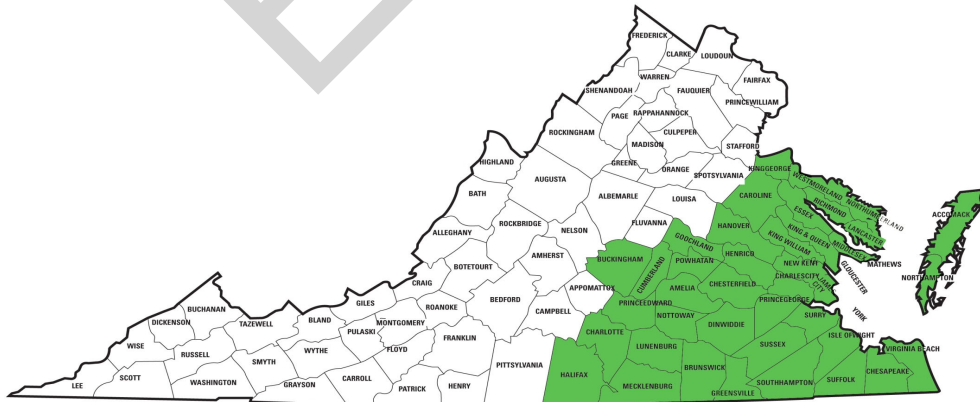
Western Market	Cases per Delivery	Product	Nov 23 Platform Cost	2023 Delivered Cost/Unit	2024 Delivered Cost/Unit	Variance (\$)
	0-13	HVD Gallon	\$2.942	\$4.909	\$4.902	-\$0.007
		2% Gallon	\$2.572	\$4.292	\$4.286	-\$0.006
		1% Gallon	\$2.285	\$3.812	\$3.807	-\$0.005
		Skim Gallon	\$2.150	\$3.587	\$3.582	-\$0.005
	14-99	HVD Gallon	\$2.942	\$3.926	\$3.922	-\$0.003
		2% Gallon	\$2.572	\$3.432	\$3.429	-\$0.003
		1% Gallon	\$2.285	\$3.048	\$3.046	-\$0.003
		Skim Gallon	\$2.150	\$2.868	\$2.866	-\$0.002
	100+	HVD Gallon	\$2.942	\$3.474	\$3.472	-\$0.002
		2% Gallon	\$2.572	\$3.037	\$3.036	-\$0.002
		1% Gallon	\$2.285	\$2.697	\$2.696	-\$0.001
		Skim Gallon	\$2.150	\$2.538	\$2.537	-\$0.001

Southwestern Market	Cases per Delivery	Product	Nov 23 Platform Cost	2023 Delivered Cost/Unit	2024 Delivered Cost/Unit	Variance (\$)
	0-13	HVD Gallon	\$2.899	\$4.837	\$4.831	-\$0.006
		2% Gallon	\$2.529	\$4.220	\$4.214	-\$0.006
		1% Gallon	\$2.242	\$3.740	\$3.735	-\$0.005
		Skim Gallon	\$2.106	\$3.515	\$3.510	-\$0.005
	14-99	HVD Gallon	\$2.899	\$3.868	\$3.865	-\$0.003
		2% Gallon	\$2.529	\$3.375	\$3.372	-\$0.003
		1% Gallon	\$2.242	\$2.991	\$2.988	-\$0.003
		Skim Gallon	\$2.106	\$2.810	\$2.808	-\$0.002
	100+	HVD Gallon	\$2.899	\$3.423	\$3.421	-\$0.002
		2% Gallon	\$2.529	\$2.986	\$2.985	-\$0.002
		1% Gallon	\$2.242	\$2.647	\$2.645	-\$0.001
		Skim Gallon	\$2.106	\$2.487	\$2.486	-\$0.001

Virginia State Milk Commission
 Presumed Processing, Platform, and Delivered Unit Cost
 Effective: December 1, 2023

EASTERN MARKET	Skim	Butterfat
Class I	\$14.1740	\$3.5148
Class II	\$9.7800	\$3.7214

EASTERN MARKET											
Product	Butterfat	Size	Raw Product Cost	Weighted Average Processing Cost	Platform Cost	Wholesale Delivered Cost			Retail Delivered Cost		
						0-13 cases/del.	14-99 cases/del.	100+ cases/del.	0-13 cases/del.	14-99 cases/del.	100+ cases/del.
						66.62%	33.31%	18.01%	6%	6%	6%
HVD	3.25	Bulk - Multi QT	2.202	0.834	3.037	5.060	4.048	3.584	5.36	4.29	3.80
		Gallon	1.101	0.535	1.636	2.726	2.181	1.931	2.89	2.31	2.05
		Half-Gallon	0.551	0.347	0.898	1.496	1.197	1.060	1.59	1.27	1.12
		Quart	0.275	0.259	0.534	0.890	0.712	0.630	0.94	0.75	0.67
		Half-Pint	0.138	0.115	0.252	0.420	0.336	0.298	0.45	0.36	0.32
2%	2.00	Bulk - Multi QT	1.836	0.810	2.646	4.410	3.528	3.123	4.67	3.74	3.31
		Gallon	0.918	0.537	1.455	2.424	1.939	1.717	2.57	2.06	1.82
		Half-Gallon	0.459	0.344	0.803	1.338	1.071	0.948	1.42	1.13	1.00
		Quart	0.230	0.254	0.483	0.805	0.644	0.570	0.85	0.68	0.60
		Half-Pint	0.115	0.114	0.229	0.382	0.305	0.270	0.40	0.32	0.29
1%	1.00	Bulk - Multi QT	1.539	0.817	2.356	3.926	3.141	2.780	4.16	3.33	2.95
		Gallon	0.770	0.528	1.297	2.161	1.729	1.531	2.29	1.83	1.62
		Half-Gallon	0.385	0.401	0.786	1.310	1.048	0.927	1.39	1.11	0.98
		Quart	0.192	0.296	0.488	0.813	0.650	0.576	0.86	0.69	0.61
		Half-Pint	0.096	0.114	0.210	0.350	0.280	0.248	0.37	0.30	0.26
Skim	0.50	Bulk - Multi QT	1.392	0.805	2.197	3.661	2.929	2.593	3.88	3.10	2.75
		Gallon	0.696	0.558	1.254	2.089	1.672	1.480	2.21	1.77	1.57
		Half-Gallon	0.348	0.424	0.772	1.287	1.030	0.911	1.36	1.09	0.97
		Quart	0.174	0.313	0.487	0.811	0.649	0.574	0.86	0.69	0.61
		Half-Pint	0.087	0.083	0.171	0.284	0.227	0.201	0.30	0.24	0.21
Buttermilk	3.25	Half-Gallon	1.101	0.561	1.662	2.769	2.215	1.961	2.93	2.35	2.08
	1.00	Gallon	1.539	0.884	2.423	4.037	3.230	2.859	4.28	3.42	3.03
	1.00	Half-Gallon	0.770	0.644	1.414	2.356	1.885	1.668	2.50	2.00	1.77
	1.00	Quart	0.385	0.360	0.745	1.241	0.993	0.879	1.32	1.05	0.93
Flavored	3.25	Half-Gallon	1.024	0.790	1.814	3.022	2.418	2.141	3.20	2.56	2.27
	1.50	Gallon	1.566	1.119	2.685	4.475	3.580	3.169	4.74	3.79	3.36
	1.50	Half-Gallon	0.783	0.653	1.436	2.393	1.915	1.695	2.54	2.03	1.80
	1.50	Half-Pint	0.098	0.130	0.228	0.380	0.304	0.269	0.40	0.32	0.29
Eggnog	6.00	Half-Gallon									
	6.00	Quart									
	6.00	Pint									



The Eastern Market Includes:
 Counties of - Accomack, Amelia, Brunswick, Buckingham, Caroline, Charles City, Charlotte, Chesterfield, Cumberland, Dinwiddie, Essex, Gloucester, Goochland, Greenville, Halifax, Hanover, Henrico, Isle of Wight, James City, King and Queen, King George, King William, Lancaster, Lunenburg, Mathews, Mecklenburg, Middlesex, New Kent, Northampton, Northumberland, Nottoway, Powhatan, Prince Edward, Prince George, Richmond, Southampton, Surry, Sussex, Westmoreland, York; and Cities of - Chesapeake, Colonial Heights, Franklin, Hampton, Hopewell, Newport News, Norfolk, Petersburg, Richmond, South Boston, Suffolk, Virginia Beach, Williamsburg

