

# DAIRY PROMOTION IN NEW YORK STATE 1963 - 1979

The History and Structure of New York State's  
Milk and Dairy Product Promotion Programs  
in a National Context



by

Robert N. Stavins and Olan D. Forker

Department of Agricultural Economics  
Cornell University Agricultural Experiment Station  
New York State College of Agriculture and Life Sciences  
A Statutory College of the State University  
Cornell University, Ithaca, New York 14853

It is the policy of Cornell University actively to support equality of educational and employment opportunity. No person shall be denied admission to any educational program or activity or be denied employment on the basis of any legally prohibited discrimination involving, but not limited to, such factors as race, color, creed, religion, national or ethnic origin, sex, age or handicap. The University is committed to the maintenance of affirmative action programs which will assure the continuation of such equality of opportunity.

DAIRY PROMOTION IN NEW YORK STATE

1963-1979

The History and Structure of New York State's  
Milk and Dairy Product Promotion Programs  
in a National Context

by

Robert N. Stavins\*

and

Olan D. Forker\*\*

\*Research Support Specialist, Department of Agricultural  
Economics, Cornell University, Ithaca, New York 14853

\*\*Professor and Chairman, Department of Agricultural  
Economics, Cornell University, Ithaca, New York 14853

## PREFACE

The Department of Agricultural Economics at Cornell University has been actively involved in an extensive research program on the economics of milk and dairy product promotion and consumption since shortly after the beginning of New York State's expanded promotion effort in 1972. This report is one part of a broad scale research project which was initiated in 1978, Cornell University Agricultural Experiment Station (Agricultural Economics) Hatch Project No. 121427. The project leader is Olan D. Forker.

The overall purpose of the research project is to facilitate a better understanding of the factors that affect the consumption or sales of milk and dairy products and a better understanding of the various programs possible, planned or implemented for and on behalf of the dairy farmers of the State of New York. The research is supported partly by funds generated under the New York Dairy Promotion Order and allocated to the Department of Agricultural Economics at Cornell by the New York State Milk Promotion Advisory Board, through the New York State Department of Agriculture and Markets.

The main objective of this study is to provide a descriptive history of milk and dairy product promotion in New York State during the period 1963-1979, extending an earlier work by Spencer (1963). The study examines the structure and programming of the numerous organizations and institutions involved in dairy promotion in the State. New York's promotional programs are described in a regional and national context.

This study is based upon information provided by many individuals involved in dairy promotion in New York State and elsewhere. Without their cooperation this research could not have been successfully completed. To all those individuals, who are named in the lists of interviews and correspondence at the end of this report, we owe a debt of gratitude.

Thanks are also due to Joe Baldwin for his expert work on the illustrations, to Barbara DiBartolomeo, Lisa Solomon and Darlene Jennings for having typed the first draft of the report, and to Roberta Ludgate for having typed the final copy.

Full responsibility for the contents of this report remains with the authors.

## TABLE OF CONTENTS

	Page
PREFACE .....	iii
LIST OF TABLES .....	xiii
LIST OF FIGURES .....	xvii
CHRONOLOGY OF EVENTS .....	xix
ABSTRACT .....	xxiii
 Part	
I. INTRODUCTION .....	1
Review of Programs for Promoting the Increased Sales of Milk and Dairy Products: 1915-1963 .....	6
National Promotion Organizations .....	6
Alternative Methods of Funding Promotional Programs .....	7
New York State Promotion Programs .....	8
Preview of the Study: Dairy Promotion Since 1963 .....	10
II. VOLUNTARY FUNDING OF MILK PROMOTION IN NEW YORK STATE: 1963-1969	13
American Dairy Association and Dairy Council of New York .....	13
Dairy Council Operations in New York State .....	18
Rochester Health Foundation .....	22
Milk for Health on the Niagara Frontier .....	22
The Six-Market Study by USDA and ADA--1965 .....	24
III. THE TRANSITION TO MANDATORY ASSESSMENT: 1969-1972 .....	27
The Dairy Promotion Act of 1969 .....	27
The New York-New Jersey Milk Promotion Advisory Committee: 1969-1970 .....	29
Commissioner's Meeting of State Dairy Leaders: November 18, 1969 .....	30
State Milk Promotion Committee: March 1970-December 1971 .....	31
Preliminary Activities of the State Milk Promotion Committee ..	31
Amending the Dairy Promotion Act: June 25, 1971 .....	32
The New York Dairy Promotion Order .....	33

a.	Provisions of the Proposed Order .....	33
b.	The First Hearing and Referendum .....	34
	The State Milk Promotion Advisory Committee:	
	January 1972-March 1972.....	37
IV.	MANDATORY ASSESSMENT FOR MILK PROMOTION IN NEW YORK STATE:	
	APRIL 1972 TO PRESENT .....	39
	The First Advisory Board: April 1972 to April 1975 .....	39
	Choosing a Promotional Strategy: The Selection of ADA&DCNY ....	40
	Opposition to the Promotion Order .....	40
	Activities and Expenditures Under the First Advisory Board ....	42
	The Second Hearing and Referendum .....	44
	The Second Advisory Board: May 1975 to April 1978 .....	46
	Opposition to the Promotion Order .....	46
	The Second Amendment to the Dairy Promotion Act (1977) .....	47
	Activities and Expenditures Under the Second Advisory Board ...	47
	The Third Referendum .....	48
	The Third Advisory Board: May 1978 to Present .....	50
	The Third Amendment to the Dairy Promotion Act (1978) .....	50
	Activities and Expenditures Under the Third Advisory Board ....	51
	Income and Expenditures of the New York State Promotion Order:	
	1972-1980 .....	52
V.	ORGANIZATIONS AND INSTITUTIONS INVOLVED IN DAIRY PROMOTION IN	
	NEW YORK STATE: 1972-1979 .....	57
	The American Dairy Association and Dairy Council of New York:	
	1969-1978 .....	57
	The Internal Structure of ADA&DCNY .....	58
	The Relationship of ADA&DCNY to Other Dairy Promotion	
	Institutions .....	60
	Income and Expenditures of ADA&DCNY Since the Promulgation of	
	the New York State Dairy Promotion Order (1972-1979) .....	62
	Activities of the American Dairy Association and Dairy Council	
	of New York .....	66
	a.	
	Local Market Advertising and Sales Promotion .....	66
	b.	
	Consumer/Industry Relations .....	71
	c.	
	Membership Communications and Information .....	72
	The ADA&DCNY Budget for 1978 .....	72
	Dairy Council of Metropolitan New York, Inc. ....	74
	The Internal Structure of DCMNY .....	74

The Relationship of DCMNY to Other Dairy Promotion Institutions .....	77
Income and Expenditures of DCMNY Since the Promulgation of the New York State Dairy Promotion Order (1972-1979) .....	79
Activities of Dairy Council of Metropolitan New York, Inc. ....	82
a. Educational Program .....	82
b. Professional Program .....	85
c. Consumer Program .....	86
d. Dairy Industry .....	87
Dairy, Food and Nutrition Council, Inc. ....	87
The Internal Structure of DFNC .....	88
The Relationship of DFNC to Other Dairy Promotion Institutions .....	91
Income and Expenditures of DFNC (1974-1979) .....	93
A Comparison of the Expenditure Patterns of DFNC and DCMNY ....	93
Activities of the Dairy, Food and Nutrition Council, Inc. ....	97
a. Educational Group .....	97
b. Professional Group .....	100
c. Consumer Group .....	101
d. Dairy Industry .....	101
Dairy Promotion Programs in the Niagara Frontier Area .....	101
Milk for Health on the Niagara Frontier, Inc. ....	102
a. The Internal Structure of Milk for Health on the Niagara Frontier .....	102
b. The Relationship of Milk for Health on the Niagara Frontier to Other Dairy Promotion Institutions .....	103
c. Activities and Expenditures of Milk for Health on the Niagara Frontier, Inc. ....	104
Dairy Council of the Niagara Frontier Area .....	104
Dairy Promotion Programs in the Rochester Area .....	106
Rochester Health Foundation, Inc. ....	106
a. The Internal Structure of the Rochester Health Foundation, Inc. ....	108
b. The Relationship of the Rochester Health Foundation to Other Dairy Promotion Institutions .....	109
c. Activities and Expenditures of the Rochester Health Foundation, Inc. ....	109
Dairy Council of the Rochester Area, Inc. ....	110
Role of the New York State Department of Agriculture and Markets	112

VI.	RESEARCH CONDUCTED AT CORNELL UNIVERSITY SPONSORED BY THE NEW YORK STATE MILK PROMOTION ADVISORY BOARD .....	117
	Department of Agricultural Economics .....	118
	Consumer Attitudes Toward Milk and Other Beverages .....	119
	Beverage Consumption and Advertising Awareness .....	120
	The Response of Fluid Milk Sales to Generic Advertising .....	121
	Nutrition Education Programs in New York State .....	124
	Department of Food Science .....	125
VII.	THE FEDERAL PROMOTION ORDER PROGRAM AND COMPANION PROGRAMS IN NEIGHBORING STATES .....	127
	The Federal Promotion Order Program .....	127
	Companion Programs in Neighboring States .....	133
	Milk Promotion Services, Inc.--Federal Order 1 (New England) ..	133
	Midwest UDIA--Federal Order 36 (Eastern Ohio--Western Pennsylvania) .....	137
	ADA of Atlantic--Federal Order 4 (Middle Atlantic Marketing Area) .....	137
	Producer Funding of Milk Promotion in the Order 2 Areas of Pennsylvania and New Jersey .....	138
VIII.	PROMOTION ON A NATIONAL SCALE: THE UNITED DAIRY INDUSTRY ASSOCIATION .....	141
	The United Dairy Industry Association .....	142
	UDIA's Internal Structure .....	142
	UDIA's Income and Expenditures: 1972-1979 .....	148
	Marketing and Economic Research .....	150
	Communications .....	151
	Program Planning/Support and Affiliated Unit Services .....	152
	a. UDIA's Member Organizations .....	152
	b. New York State Financial Support of UDIA in 1979 .....	153
	Finance and Administrative Services .....	157
	American Dairy Association .....	159
	ADA's Internal Structure .....	159
	ADA--National Advertising .....	159
	a. A Brief History of ADA Advertising .....	159
	b. Advertising Activities in 1978 .....	160
	ADA--Marketing Services .....	161
	a. Sales Promotion .....	162



b. Dairy Department Management Training .....	163
c. Dairy Track .....	163
d. Preliminary Store Audits .....	164
ADA--Foodservice .....	164
ADA Budget Allocations for 1979 .....	165
Dairy Research, Inc. ....	166
Internal Structure of Dairy Research, Inc. ....	167
DRINC's Dairy Research Foundation .....	167
DRINC's Commercial Development Division .....	169
DRINC Budget Allocations for 1979 .....	169
National Dairy Council .....	169
NDC's Internal Structure .....	171
NDC's Division of Nutrition Research .....	171
a. Grant-in-Aid Program .....	173
b. Conferences and Symposia .....	175
c. Medical and Scientific Meetings .....	175
d. NDC Library-Resource Center .....	175
e. Publications .....	175
f. Nutrition Information Program .....	175
NDC's Division of Nutrition Education .....	176
a. Program Activities of the Division of Nutrition Education .....	176
(1) Consumer Programs .....	177
(2) School Programs .....	177
(3) Professional Programs .....	178
(4) Dairy Industry .....	178
b. Program Implementation: Relations with Affiliated Units .....	178
National Dairy Council Budget Allocations for 1979 .....	180
IX. STATE PROMOTION PROGRAMS UNAFFILIATED WITH UDIA .....	183
The COW Board--California, Oregon and Washington--Plus Arizona ..	183
California Milk Advisory Board .....	184
Oregon Dairy Products Commission .....	187
Washington Dairy Products Commission .....	188
The United Dairymen of Arizona .....	188
American Dairy Association of Wisconsin .....	189

X. NEW YORK PROMOTION PROGRAMS IN A NATIONAL CONTEXT: COMPARISONS AND CURRENT ISSUES .....	191
A Brief Review of the Study .....	191
Comparison of Dairy Promotion Programs in New York State and the Nation .....	192
Current Issues Facing the New York State Dairy Promotion Order ..	197
Federal Government Nutrition Education Programs: Competition or Complementarity for Dairy Council? .....	197
Should the New York Dairy Promotion Order Place Greater Emphasis on Manufactured Product Advertising and Promotion? ...	198
Should the New York Dairy Promotion Order's Five-Cent Assessment Rate be Changed? .....	199
Concluding Comments .....	200
APPENDICES .....	203
1. The Several Component Forms of Promotion .....	205
2. Sample Positive Letter .....	206
3. New York Dairy Promotion Order .....	207
4. Members of the First Advisory Board and Their Representation ....	215
5. Members of the Second Advisory Board and Their Representation ...	216
6. Members of the Third Advisory Board and Their Representation ....	217
7. American Dairy Association and Dairy Council of New York, Inc.: Officers and Professional Staff .....	218
8. Dairy Council of Metropolitan New York, Inc.: Officers and Professional Staff .....	219
9. Dairy, Food and Nutrition Council, Inc.: Offices and Counties Covered .....	220
10. Dairy, Food and Nutrition Council, Inc.: Officers and Professional Staff .....	221
11. Milk for Health on the Niagara Frontier, Inc.: Officers and Professional Staff .....	222
12. Provisions of the Niagara Frontier Marketing Order Concerning Promotion .....	223
13. Dairy Council of the Niagara Frontier Area: Officers and Professional Staff .....	225
14. Rochester Health Foundation, Inc.: Officers and Professional Staff .....	226
15. Provisions of the Rochester Area Marketing Order Concerning Promotion .....	227
16. Dairy Council of Rochester Area, Inc.: Officers and Professional Staff .....	228

17.	Research Conducted by the Department of Agricultural Economics at Cornell University Sponsored by the New York State Milk Promotion Advisory Board--List of Publications, January 1973-June 1979 .....	229
18.	Research Conducted by the Department of Food Science at Cornell University Sponsored by the New York State Milk Promotion Advisory Board--List of Publications, November 1976-June 1979 ...	232
19.	Enabling Legislation for Promotion Programs in Federal Milk Marketing Orders .....	233
20.	United Dairy Industry Association: Officers, Management and Program Directors, 1978 .....	235
21.	United Dairy Industry Association: Member Organizations and Their Managers .....	236
22.	American Dairy Association: Officers, Management and Program Directors, 1978 .....	238
23.	ADA--Marketing Services: Dairy Department Management Seminars, 1970-Present .....	239
24.	Dairy Research, Inc.: Officers, Management and Program Directors, 1978 .....	241
25.	1979 Grant-in-Aid Program, Dairy Research Foundation, DRINC .....	242
26.	1979 Commercial Development Projects, Commercial Development Division, DRINC .....	243
27.	National Dairy Council: Officers, Management and Program Directors, 1978 .....	244
28.	1979 Nutrition Research Grant-in-Aid Program, National Dairy Council .....	245
29.	Nutrition Research Grant-in-Aid Projects in New York State, 1963 to Present .....	248
30.	Affiliated Units of National Dairy Council .....	250
31.	State Promotion Organizations Unaffiliated with UDIA .....	253
	PERSONAL INTERVIEWS .....	255
	CORRESPONDENCE .....	257
	REFERENCES .....	259



LIST OF TABLES

Table	Page
1. Per Capita Civilian Consumption of Dairy Products, 1960-1978 .....	2
2. Per Capita Consumption of Fluid Milk, New York State, 1969-1977 .....	3
3. New York State Sources of Milk for Milk Marketing Areas Under State and Federal Orders--Number of Producers and Producer Deliveries, December 1978 .....	9
4. Annual Income of American Dairy Association and Dairy Council of New York, Inc., 1962-1978 .....	15
5. Finances of American Dairy Association and Dairy Council of New York, Inc., 1967 and 1971 .....	17
6. Annual Income of Dairy Council of Metropolitan New York, Inc., 1963-1978 .....	19
7. Affiliated Dairy Council Units in New York State and New Jersey, 1969 .....	20
8. Annual Income of Rochester Health Foundation, Inc., 1963-1978 ...	23
9. Annual Income of Milk for Health on the Niagara Frontier, Inc., 1963-1978 .....	25
10. Summary of Promotion Order Referendum, November 1, 1971 to February 28, 1972 .....	36
11. New York State Dairy Promotion Order Income and Expenses by Fiscal Years--May-April 1972-73 to May-April 1978-79 .....	43
12. Summary of Promotion Order Referendum, November 1, 1974 to February 28, 1975 .....	45
13. Summary of Promotion Order Referendum, November 1, 1977 to February 28, 1978 .....	49
14. Allocation of Expenditures by New York State Dairy Promotion Order by Fiscal Years--May-April 1972-73 to May-April 1978-79 ...	53
15. Anticipated Income and Expenses of the New York Dairy Promotion Order for the Period, May 1, 1979 to April 30, 1980 .....	55

Table

16.	American Dairy Association and Dairy Council of New York, Inc., Receipts by Promotion Area, 1972-1979 .....	63
17.	American Dairy Association and Dairy Council of New York, Inc., Annual Expenditures, 1972-1979 .....	65
18.	Allocation of ADA&DCNY Advertising Funds by Media Type and Target Audience, 1978 .....	67
19.	Comparison of Media Expenditures by Market, American Dairy Association and Dairy Council of New York, Inc., 1976, 1977, 1978 and 1979 .....	69
20.	Per Capita Advertising Expenditures by Market, American Dairy Association and Dairy Council of New York, Inc., 1978 and Projected 1979 .....	70
21.	Expenditures of ADA&DCNY, 1978 .....	73
22.	Dairy Council of Metropolitan New York, Inc., Population and Area Coverage .....	75
23.	Dairy Council of Metropolitan New York, Inc., Annual Expenditures, 1972-1979 .....	80
24.	Program Conferences and Meetings, DCMNY, 1978 .....	81
25.	Geographic Distribution of Conferences, Meetings and Workshops, DCMNY, 1978 .....	83
26.	Placement of Materials and Learning Packages, DCMNY, 1978 .....	84
27.	Dairy Council Units in Upstate New York and Northern New Jersey Prior to Consolidation (1973) .....	89
28.	Annual Income of Dairy, Food and Nutrition Council, Inc., 1974-1979 .....	94
29.	Dairy, Food and Nutrition Council, Inc., Annual Expenditures, 1974-1979 .....	95
30.	Comparison of Annual Expenditures, DCMNY and DFNC, 1978 and 1979 .....	96
31.	Dairy, Food and Nutrition Council, Inc., Workshops Other than Food Your Choice, 1978 .....	99
32.	Milk for Health on the Niagara Frontier, Inc., Income and Expenditures, 1978 .....	105
33.	Activities of Dairy Council of Niagara Frontier Area, 1970-1977 .	107
34.	Rochester Health Foundation, Inc., 1979 Budget .....	111

Table

35.	Administrative Expenses of the New York State Dairy Promotion Order, 1978 .....	115
36.	Federal Milk Marketing Orders with Advertising and Promotion Programs, 1978 .....	130
37.	Expenditures of Federal Milk Marketing Orders for Advertising and Promotion and Items Budgeted for A & P by the A & P Agencies, All Markets and Agencies Combined, 1978 .....	131
38.	Federal Milk Marketing Orders--1978 Budget Allotments of the Advertising and Promotion Agencies .....	132
39.	Contributions to Companion Programs by New York State Producers, 1972-1978 .....	134
40.	Milk Promotion Services, Inc., Income and Expenditures, 1978 ....	136
41.	United Dairy Industry Association--Representation and Participation of Member Units and Industry Organizations, 1978 .....	144
42.	United Dairy Industry Association, Income and Expenditures, 1972-1978 .....	146
43.	United Dairy Industry Association, Program Budgets, 1972-1979 ...	149
44.	UDIA Basic Program Assessment Rate, 1971-1979 .....	153
45.	Member Organizations of United Dairy Industry Association: Rate & Method of Support, Participation Rate, 1979 .....	154
46.	1979 Anticipated Funding of UDIA National Programs by Organizations Operating in New York State .....	158
47.	American Dairy Association, 1979 Budget .....	166
48.	Dairy Research, Inc., 1979 Budget .....	170
49.	National Dairy Council, 1979 Budget .....	181
50.	State Dairy Promotion Programs Unaffiliated with UDIA, 1979 .....	185
51.	State Dairy Promotion Programs Unaffiliated with UDIA, Budgeted Expenditures on Advertising and Sales Promotion, 1979 .....	186
52.	Selected U.S. Dairy Promotion Organizations--Assessment and Participation Rates, Advertising and Sales Promotion Expenditures, 1979 .....	193
53.	1978 Budget Allocations of Selected U.S. Dairy Promotion Organizations .....	195





LIST OF FIGURES

Figure	Page
1. Per Capita Consumption of Fluid Milk Products in New York State, 1969-1977 .....	4
2. Per Capita Consumption of Selected Beverages, 1968-1977 .....	5
3. Annual Income of American Dairy Association and Dairy Council of New York, Inc., 1962-1978 .....	16
4. Areas Covered by Affiliated Dairy Council Units in New York State, 1969 .....	21
5. New York State Districts of the American Dairy Association and Dairy Council of New York, Inc. ....	59
6. American Dairy Association and Dairy Council of New York, Inc., Organizational Structure .....	61
7. Dairy Council of Metropolitan New York, Inc., Area of Coverage ..	76
8. Dairy Council of Metropolitan New York, Inc., Organizational Chart .....	78
9. Dairy, Food and Nutrition Council, Inc., Administrative and Area Offices .....	90
10. Dairy, Food and Nutrition Council, Inc., Organizational Chart ...	92
11. United Dairy Industry Association, Organizational Chart .....	145
12. Member Organizations of United Dairy Industry Association, 1979 .....	156
13. Dairy Research, Inc. (DRINC), Organizational Chart .....	168
14. National Dairy Council, Organizational Chart .....	172
15. Activities of the National Dairy Council .....	174
16. Affiliated Dairy Council Unit Locations .....	179

## CHRONOLOGY OF EVENTS

### MILK AND DAIRY PRODUCT PROMOTION IN NEW YORK AND THE NATION

- 1915 National Dairy Council organized.
- 1934 New York State Bureau of Milk Publicity established.
- 1939 First mandatory assessment programs for milk promotion established  
--Washington and Iowa.
- 1940 American Dairy Association (ADA) organized.
- 1942 New York State Bureau of Milk Publicity discontinued.
- 1945 American Dairy Association of New York established.  
Producer-funded promotion begins in Rochester, New York.
- 1948 Producer-funded promotion begins in Buffalo, New York.
- 1949 Milk for Health, Inc. (New York) established.  
First Dairy Council unit in New York State established.  
Milk for Health on the Niagara Frontier, Inc. formed.
- 1952 Dairy Council of Rochester Area, Inc. formed.  
Greater New York Producer Dairy Council Committee, Inc. formed in  
New York City.
- 1954 Rochester Health Foundation, Inc. formed.
- 1955 Positive letter procedure established by USDA for federal orders.
- 1956 New York State Milk Control Law amended to permit State marketing  
orders to provide for cooperative reimbursement for milk promotion  
activities.  
Niagara Frontier order amended to provide for coop reimbursement.
- 1958 Milk for Health, Inc. (New York) ceases operation.  
Producers Milk Market Development Board established in New York.
- 1959 Positive letter attempt by Producers Milk Market Development Board  
fails to win producer approval.

- 1960 American Dairy Association and Dairy Council of New York, Inc. (ADA&DCNY) formed; sign-up campaign begins.
- 1962 Rochester Health Foundation, Inc. begins working through ADA&DCNY.
- 1963 Rochester order amended to provide for coop reimbursement.
- 1964 ADA begins "Vitality" theme.
- 1968 Pennsylvania Apple Marketing Act amended to allow milk producers to seek to promulgate a promotion order.
- Jan: Research and Development Division created within ADA.
- March: Positive letter instituted by ADA&DCNY.
- 1969
- Jan: Dairy Council of Metropolitan New York, Inc. (DCMNY) formed.
- April: Dairy Research, Inc. (DRINC) formed.
- Sept: New York State Dairy Promotion Act (Article 21-A) effective.  
New ADA theme introduced--"There's A New You Coming--Milk the Grade A Way."
- Nov: Commissioner of New York State Department of Agriculture and Markets calls meeting of State dairy leaders to consider possible action under Dairy Promotion Act.
- 1970 Oregon, Washington and Wisconsin withdraw from ADA.
- March: Report of New York-New Jersey Milk Promotion Advisory Committee is issued.  
First meeting of New York State Milk Promotion Committee.
- 1971 United Dairy Industry Association (UDIA) is established.  
Enabling legislation for a dairy promotion order passed in New Jersey.
- June: Dairy Promotion Act of 1969 amended to allow bloc voting by cooperatives and to require 51 percent approval of all producers in referenda.
- Aug: Hearing held in Albany on proposed New York State Dairy Promotion Order.
- Nov: Referendum on the proposed Order begins.  
U.S. Congress enacts enabling legislation for federal promotion orders (PL 91-670).
- 1972
- Jan: First meeting of New York State Milk Promotion Interim Advisory Committee.
- March: Commissioner announces that New York State Dairy Promotion Order has been approved by producer referendum.

- April: First federal promotion order program is established in Federal Order No. 4--Middle Atlantic.  
First meeting of First New York State Milk Promotion Advisory Board.
- May: Mandatory assessment under New York State Dairy Promotion Order becomes effective.
- June: Commissioner contracts with ADA&DCNY and UDIA to execute advertising and promotion program for New York.

1973 Milk for Health on the Niagara Frontier, Inc. begins association with Ontario Milk Marketing Board, breaking ties with UDIA.

- April: Appellate Division of New York State Supreme Court finds Dairy Promotion Act of 1969 constitutional.
- Sept: Dairy, Food and Nutrition Council, Inc. (DFNC) formed by consolidation of one northern New Jersey and four upstate New York Dairy Council units.

1974

- Sept: ADA introduces new theme--"Milk Is A Natural."
- Oct: Hearing held on extension of New York Dairy Promotion Order.
- Nov: Referendum on proposed extension begins.

1975

- March: Commissioner announces producer approval of referendum on continuation of Promotion Order for a second three-year period.
- Aug: First meeting of the Second New York State Milk Promotion Advisory Board.
- Oct: Appellate Division of New York State Supreme Court finds that a hearing need not precede a referendum if Order is not to be changed.

1977 United Dairymen of Arizona withdraws from UDIA.

- Aug: Second amendment to Dairy Promotion Act of 1969 is effective--51 percent of those voting must approve referenda and 51 of all producers must vote.
- Sept: "Food Your Choice" sequential nutrition education curriculum introduced by National Dairy Council.
- Nov: Referendum to extend Promotion Order begins.

1978

- March: Commissioner announces approval of extension of Promotion Order for a third three-year period.
- June: First meeting of the Third New York State Milk Promotion Advisory Board.
- July: Third amendment to the Dairy Promotion Act of 1969 is effective--a hearing for the sole purpose of setting a new assessment rate does not otherwise affect the continuation of the Order.

Sept: ADA introduces new theme--"Milk's The One."

1979

Feb: New Jersey Milk Promotion Order approved by producers through referendum.

## ABSTRACT

This study provides a descriptive history of milk and dairy product promotion in New York State during the period 1963-1979. The history, structure and programs of eight organizations and institutions involved in dairy promotion in the State are examined --American Dairy Association and Dairy Council of New York, Inc.; Dairy Council of Metropolitan New York, Inc.; Dairy, Food and Nutrition Council, Inc.; Milk for Health on the Niagara Frontier, Inc., Dairy Council of the Niagara Frontier Area; Rochester Health Foundation, Inc.; Dairy Council of the Rochester Area, Inc.; and the New York State Department of Agriculture and Markets. Also described are dairy promotion-related research programs in the Departments of Agricultural Economics and Food Science at Cornell University.

The study examines New York State's promotional efforts in a national context. The Federal Order promotion program is described, and detailed descriptions are provided of the United Dairy Industry Association (UDIA) and its three affiliated organizations--American Dairy Association, National Dairy Council and Dairy Research, Inc. Promotional programs in other states which are not affiliated with UDIA are also examined. The background and status of three promotional issues which are of much concern to dairy industry leaders in 1979 are examined.

## I

### INTRODUCTION

Food and beverage consumption patterns in the United States have undergone dramatic changes during the past two decades. The dairy sector has been particularly affected by these variations in consumers' tastes and preferences. Between 1960 and 1978, per capita consumption of cheese increased by over 100 percent. However, during the same period of time per capita consumption of fluid milk products declined by 26 percent (Table 1). Because of the two-tiered system of pricing milk in the United States, this decline in per capita consumption of fluid milk products has been of much concern to the nation's dairy farmers.

Changes have also taken place within the market for fluid milk. Between 1969 and 1977, per capita consumption of whole milk in New York State declined by almost 22 percent, while per capita consumption of low-fat milk<sup>1</sup> increased by 125 percent (Table 2 and Figure 1).

Milk and dairy products have faced increased competition in the marketplace. Although imitation milk products<sup>2</sup> have not gained a significant share of the national market, current trends indicate that imitation cheese may capture an increasing share of the national cheese market.

Margarine has claimed over two-thirds of the market from butter, and non-dairy coffee whiteners continue to replace larger amounts of light and heavy cream each year. Perhaps most important, an increasing share of the beverage market is held by the soft drink industry. Between 1968 and 1977, per capita consumption of soft drinks increased by almost 50 percent, while fluid milk consumption declined by 15 percent (Figure 2).

Dairy industry leaders have long been concerned about the declining per capita consumption of milk in many of its product forms. For over sixty years<sup>3</sup> dairy farmers and their representatives have labored in one way or another to promote<sup>4</sup> their products with the consuming public.

---

<sup>1</sup>Low-fat milk is defined as skim milk, 1% milk and 2% milk.

<sup>2</sup>A chocolate flavored "melloram" product marketed in New York State in 1977 had the following ingredients: Water, sugar, sodium caseinate, hydrogenated coconut oil, cocoa, salt, carrageenan, dipotassium phosphate, artificial flavors, Vitamin A palmitate and Vitamin D3.

<sup>3</sup>In 1915, the National Dairy Council was incorporated. It was reorganized in 1918 and became active in promotional work in 1919.

<sup>4</sup>G. G. Quackenbush, Director of Economic and Market Research for the United

TABLE 1: PER CAPITA CIVILIAN CONSUMPTION OF DAIRY PRODUCTS, UNITED STATES, 1960-1978

Year	Butter		Cheese		Cottage Cheese	Evaporated and Condensed Milk	Dry Whole Milk	Ice Cream	Nonfat Dry Milk	Fluid Products <sup>a</sup>
	American	Other	American	Other						
1960	7.5	2.9	5.4	2.9	4.8	13.7	.3	18.3	6.2	322
1961	7.4	2.9	5.7	2.9	4.6	13.3	.3	18.0	6.2	312
1962	7.3	3.1	6.1	3.1	4.6	12.5	.3	17.9	6.1	308
1963	6.9	3.1	6.1	3.1	4.6	11.6	.3	18.0	5.8	307
1964	6.9	3.2	6.2	3.2	4.7	11.4	.3	18.3	5.9	304
1965	6.4	3.4	6.2	3.4	4.7	10.7	.3	18.5	5.6	302
1966	5.7	3.6	6.2	3.6	4.6	9.7	.3	18.2	5.9	297
1967	5.5	3.7	6.4	3.7	4.5	9.0	.3	17.8	5.6	285
1968	5.7	4.0	6.6	4.0	4.6	8.9	.2	18.4	5.8	280
1969	5.4	4.2	6.7	4.2	4.8	7.9	.2	18.0	5.8	272
1970	5.3	4.4	7.1	4.4	5.2	7.1	.2	17.7	5.4	264
1971	5.1	4.7	7.4	4.7	5.4	6.8	.2	17.5	5.3	260
1972	4.9	5.4	7.8	5.4	5.4	6.3	.1	17.4	4.6	263
1973	4.8	5.7	8.0	5.7	5.2	6.0	.1	17.5	5.3	257
1974	4.6	6.0	8.6	6.0	4.7	5.6	.1	17.5	4.2	246
1975	4.8	6.2	8.3	6.2	4.8	5.3	.1	18.7	3.3	246
1976	4.4	6.8	9.1	6.8	4.8	5.0	.2	18.1	3.6	246
1977	4.4	6.9	9.4	6.9	4.8	4.4	.2	17.7	3.4	243
1978 <sup>b</sup>	4.5	7.4	9.8	7.4	4.8	4.1	.3	17.8	3.2	239
Percent Change (1960-1978)	-40%	+81%	+155%	0	-70%	0	-3%	-48%	-26%	

<sup>a</sup>Milk equivalent (fat solids basis) of whole milk, cream items, lowfat and skim items.

<sup>b</sup>Preliminary.

SOURCE: Dairy Situation, DS-375, May 1979, ESCS, USDA, Washington, D.C.



TABLE 2: PER CAPITA CONSUMPTION OF FLUID MILK, NEW YORK STATE, 1969-1977

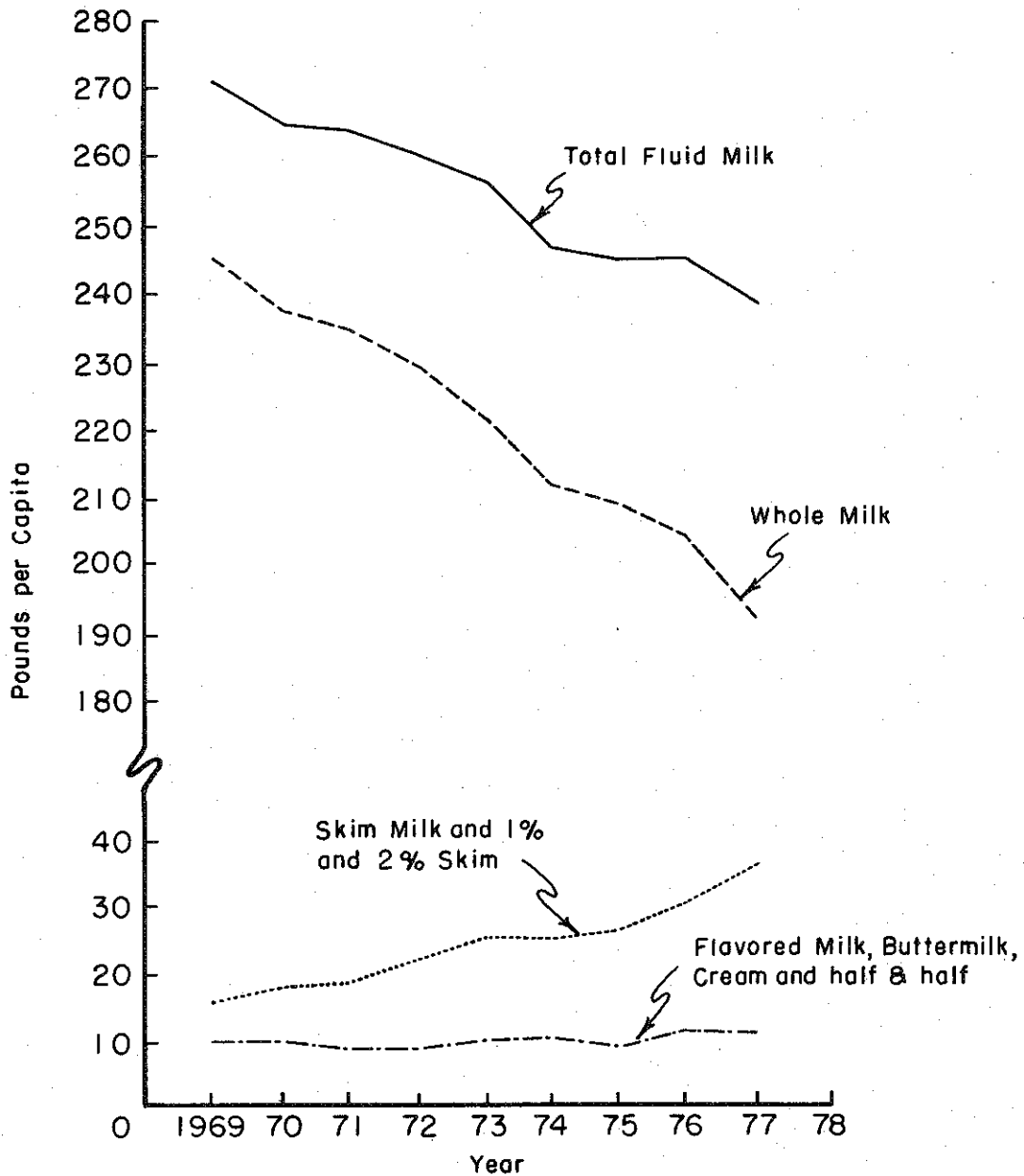
Year	Whole Milk <sup>a</sup>	1% & 2%	Skim	Flavored & Buttermilk	Cream <sup>b</sup>	Total
1969	246	9	7	5	5	272
1970	238	11	7	5	5	265
1971	235	12	7	5	4	264
1972	230	14	8	5	4	261
1973	222	16	9	6	4	257
1974	212	16	9	6	4	247
1975	209	17	9	6	3	245
1976	204	20	10	7	4	245
1977	192	25	11	8	3	239

<sup>a</sup>Whole and standardized.

<sup>b</sup>Includes half and half.

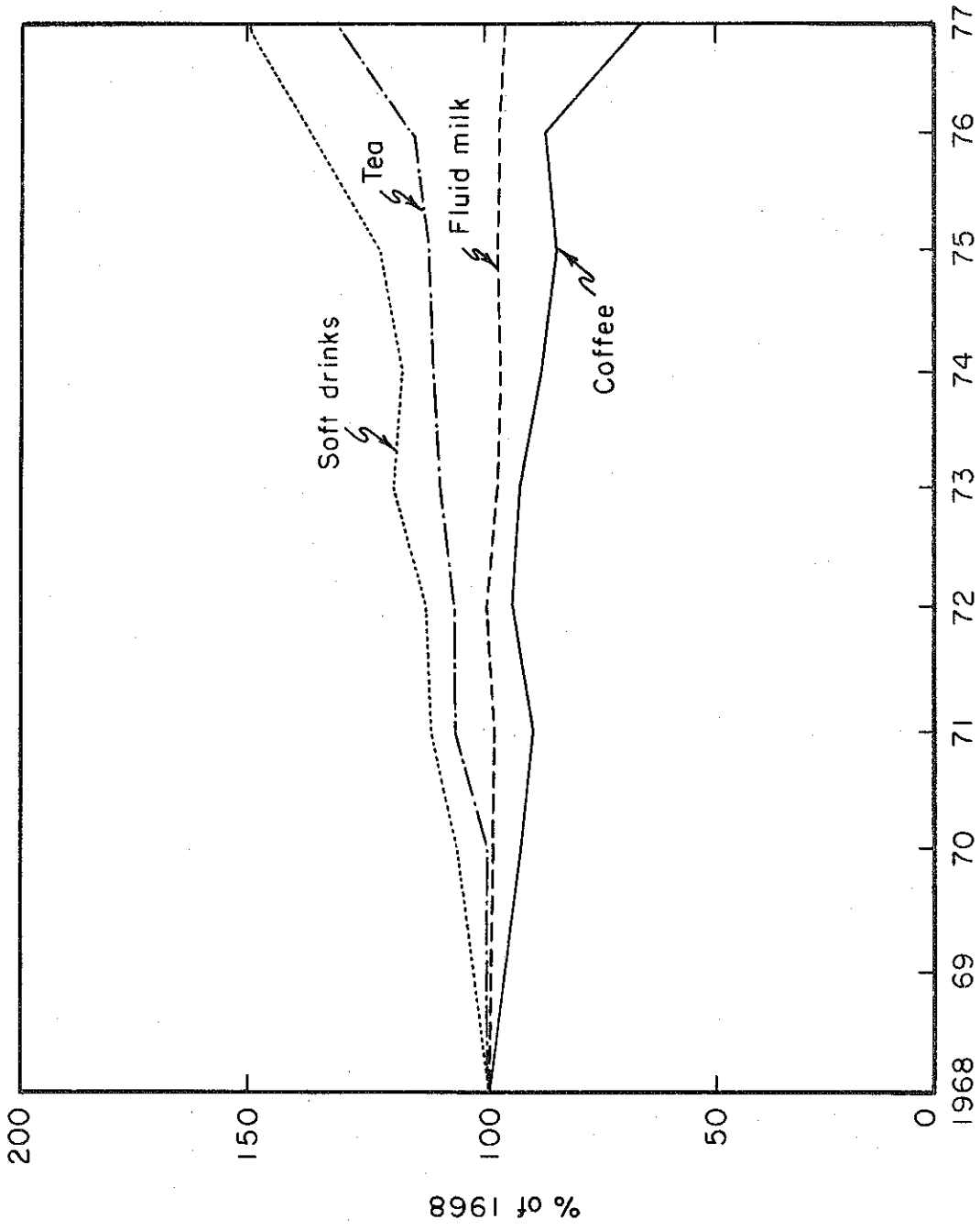
SOURCE: New York Dairy Statistics, 1969, 1974, 1977, New York Crop Reporting Service, New York State Department of Agriculture and Markets, Albany, New York.

FIGURE I. PER CAPITA CONSUMPTION OF FLUID MILK PRODUCTS IN NEW YORK STATE, 1969-1977



SOURCE: New York State Department of Agriculture and Markets. New York Dairy Statistics. New York Crop Reporting Service. Albany, August 1978.

FIGURE 2. PER CAPITA CONSUMPTION OF SELECTED BEVERAGES



SOURCE: U.S. Department of Agriculture. 1978 Handbook of Agricultural Charts. Agricultural Handbook No. 551, November 1978.

Review of Programs for Promoting the Increased  
Sales of Milk and Dairy Products: 1915-1963<sup>5</sup>

National Promotion Organizations

During the first half of the twentieth century, two national organizations were founded which had as their principal aim the stimulation of increased consumption and sales of milk and dairy products. In 1915, the National Dairy Council (NDC) was organized by leaders of various producer and dealer groups across the country. The major thrust of the Council's activities was and continues to be one of emphasizing the importance of milk and dairy products in a healthy diet. From the beginning, the Council has operated a two-part program of nutrition education, aimed mainly at children in school, and nutrition research to support its teaching efforts. Since the 1920's NDC has been funded both by producers and dealers, additional support being provided by dairy equipment supply firms.

Twenty-five years after the founding of the National Dairy Council, a need was perceived for other forms of dairy promotion, such as advertising and merchandising. The American Dairy Association (ADA) was formed in 1940 by the leaders of several producer groups to carry out such activities. Over the years, the ADA developed national programs of advertising, merchandising, public relations and product and market research. By 1963, the structure of the American Dairy Association had evolved in a direction rather different from that of the National Dairy Council. Whereas the NDC functioned mainly through affiliated regional and local units throughout the country, the ADA was more centralized, its local and state units being mainly concerned with the recruitment of producer support. Also, the ADA was funded and controlled entirely by producers.

Although the programs of these two national organizations were complementary in nature, there was significant competition between them in the form of solicitation of producer support and the collection of funds. This conflict eventually led, in 1971, to a modified merger of the two institutions.

The budgets of both organizations were gradually increased over the years, reaching their highest points ever in 1963. In that year, total Dairy Council income amounted to approximately \$6 million, most of which was received and spent by the affiliated local and regional units. ADA's budget for the year was set at almost \$10 million, nearly 70 percent of which was utilized at the national level. The remaining \$3 million was used by the state and regional units to cover the costs of administration and membership activities, along with the funding of small-scale, local promotion programs.

---

Dairy Industry Association, defined promotion as "including such activities as advertising, merchandising, public relations, trade relations, consumer education and publicity" (Quackenbush 1962). For definitions of each of these activities, see Appendix 1: The Several Component Forms of Promotion.

<sup>5</sup>For a detailed description of promotional programs in New York State during the period 1915-1963, see Spencer (1963).

The total ADA and NDC income for 1963 of \$16 million was equivalent to approximately 1.3 cents per 100 pounds (1.3¢/cwt) of milk marketed by the nation's dairy farmers in that year. In terms of the total U.S. population in 1963, the total budgets of ADA and NDC represented an expenditure of almost 9 cents per capita.

#### Alternative Methods of Funding Promotional Programs

During the period 1915-1963, the support of milk promotion programs in most areas of the country was on a voluntary basis. This approach to funding presented two issues of concern to dairy farmers. First, it did not result in an equitable sharing of the costs involved, since all producers (not simply those that participated in funding) stood to gain from the results of the promotional programs. Second, voluntary funding meant substantial expenditures for membership solicitation and collection of funds. The extent of producer participation in the support of Dairy Council and American Dairy Association programs varied greatly between geographic areas, ranging from as high as 80 percent in some states to as low as 20 percent or less in others.

During the 1950's and 1960's a number of different methods evolved for obtaining producer support of promotional programs. A memorandum issued by the Director of the Dairy Division of the Agricultural Marketing Service (of the U.S. Department of Agriculture) in 1955<sup>6</sup> established a funding procedure for promotional programs within federal milk marketing orders which has come to be known as the Positive Letter. Basically, the procedure originally involved the notification of producers by handlers that a specified deduction from milk paychecks would be made in behalf of ADA, Dairy Council or other promotional organizations, unless the producer objected. By 1963, the positive letter method was being used in 48 of 83 federal order markets to fund ADA programs, and in 16 markets to support the operations of Dairy Councils. The procedure by no means guaranteed a high rate of participation. In the 48 markets in which the method was used to fund ADA programs, the percentage of producers contributing ranged from more than 90 percent to less than 40 percent.

In order to assure full participation by producers in the financial support of promotional programs, several states levied a tax or assessment on marketed milk. The first such programs were in Washington and Iowa, both having been adopted in 1939. By 1963, mandatory tax and assessment methods were being utilized in eight states--Washington, Oregon, California, North Dakota, South Dakota, Iowa, Maine and Vermont.

Some advocates of dairy promotion maintained that the federal and state marketing orders regulating the prices which dealers paid producers for milk had the potential of serving as efficient mechanisms through which promotional funds might be collected on market-wide bases. However, the Agricultural Marketing Agreement Act, under which federal milk marketing orders were issued, was officially interpreted as not authorizing mandatory deductions

---

<sup>6</sup>Market Administrator Instruction No. 23, issued March 1, 1955: revised April 23, 1956.

for milk promotion. As a result, between 1960 and 1962, several attempts were made in Congress to amend the original legislation so that such deductions could be administered,<sup>7</sup> but by the end of 1963, Congress had not taken positive action on the issue.

#### New York State Promotion Programs

Milk promotion programs in New York State evolved independently within the several marketing orders through which farmers sell their milk (Table 3). The pre-1963 history of promotional activity within State milk marketing orders stands in rather sharp contrast to the lack of positive action within the federal orders. In 1956, the New York Milk Control Law was amended to permit State milk marketing orders to provide for the reimbursement of cooperatives from pool funds for expenditures on approved milk promotion programs. Effective July 1, 1956, the Niagara Frontier order was amended to provide for the direct financing of milk promotion. A similar provision was incorporated into the Rochester order at the end of 1963. Thus, as of January 1, 1964, all producers supplying the Rochester and Niagara Frontier markets were sharing in the cost of promotion, payments being made from pool funds to reimburse the cooperatives for the major part of their contributions to promotional work.

In contrast to these successes with broadly supported milk promotion programs in the Niagara Frontier and Rochester areas, similar efforts in the New York-New Jersey Milkshed prior to 1964 were repeatedly frustrated. The first major attempt at mandatory funding of generic advertising of milk in the New York area was initiated by the state legislature in 1934 when it established a State Bureau of Milk Publicity. The Bureau was supported by a tax on both producers and dealers, and conducted a program of milk advertising for more than seven years. The program came under severe criticism and failed to win strong support from the state's producers. The program was discontinued in 1942 as wartime demand assured a dependable market for all milk which might be produced.

Five years after the founding of the American Dairy Association in 1940, a New York State unit was organized. In 1949, the first Dairy Council unit was established in the State, more than 30 years after the National Dairy Council was incorporated. From the beginning, there were problems of duplication in the solicitation of support for the two State organizations. To minimize this problem, a joint agency, Milk for Health, Inc., was formed by dairy farm leaders in 1949. It conducted sign-up campaigns among producers in an effort to obtain individual authorizations for deductions at the rate of one cent per hundredweight of milk marketed. The funds were divided in a specified manner between the American Dairy Association and the several Dairy Council units which came into being in the State between 1949 and 1956. After seven years of operation, some 70 percent of the producers in the area in 1956 were supporting Milk for Health. This included producers affiliated with the Dairymen's League and several other large cooperatives which made blanket contributions on behalf of all their members.

---

<sup>7</sup>Examples are the Omnibus Agricultural Bill, passed by the Senate in July, 1961, and the Dairy Stabilization Bill, introduced in the Senate in 1962.

TABLE 3: NEW YORK STATE SOURCES OF MILK FOR MILK MARKETING AREAS  
UNDER STATE AND FEDERAL ORDERS - NUMBER OF PRODUCERS AND  
PRODUCER DELIVERIES, DECEMBER 1978

Order/ Category	Number of Farms	Percent of Total	Pounds of Milk (x 1,000)	Percent of Total
New York- New Jersey Order 2	11,526	74.1%	587,643	71.0%
Niagara Frontier Order 127	975	6.3%	64,567	7.8%
Rochester Order 129	411	2.6%	30,207	3.6%
Unapproved, Non-order NYS <sup>a</sup>	280	1.8%	1,900	0.2%
Non-order, but Shipping Fluid Milk	300	1.9%	19,819	2.4%
New England Order 1	1,789	11.5%	111,853	13.5%
Eastern Ohio - Western Penn. Order 36	<u>267</u>	<u>1.7%</u>	<u>12,174</u>	<u>1.5%</u>
Total	15,548	100.0%	828,163	100.0%

<sup>a</sup>Mainly unapproved for health reasons; delivering milk to unapproved cheese plants.

SOURCE: Lyle Newcomb, Milk Marketing Specialist, Division of Dairy Industry Services, New York State Department of Agriculture and Markets, July 16, 1979.

The Dairymen's League became the principal contributor to the program and soon found that it was supplying nearly half the income of Milk for Health, although its membership constituted only one-fourth of the producers who benefited from the promotional programs. As a result, the League withdrew its support in 1958, and Milk for Health was forced to cease operation.

Following this, the four major cooperatives in the Milkshed set up a Producers Milk Market Development Board (in August, 1958) to conduct a milk promotion program on behalf of all producers in the New York-New Jersey marketing area. The positive letter procedure was to be used with an assessment rate of one cent per hundredweight. The program was to terminate whenever more than 25 percent of the eligible producers failed to contribute. The Market Administrator sent out more than 47,000 positive letters in 1959. Approximately 28 percent of the producers immediately requested that the deductions not be made from their milk checks, and so the promotional effort of the Producers Milk Market Development Board was terminated before it ever began.

Even before it was certain that the Board would not be able to function, another effort at unified promotion in the area had begun. In 1960, the American Dairy Association and the National Dairy Council cooperated to set up a joint organization, the American Dairy Association and Dairy Council of New York, Inc. (ADA&DCNY). The overall purpose of this new organization was to solicit funds (in the form of individually authorized payroll deductions at the rate of 3 cents per hundredweight) for the two national organizations, ADA and NDC, and for the local Dairy Council units. A sign-up campaign began in the spring of 1960, and by the end of 1963, 40 percent of the area's producers were participating. In spite of this low participation rate, more than \$1 million was collected for milk promotion in 1963, a larger amount than in any previous year.

#### Preview of the Study: Dairy Promotion Since 1963

Although the ADA&DCNY continues today to play an important role in milk and dairy product promotion in New York State, many other organizations and institutions have evolved since 1963 to further the promotional interests of the State's dairy farmers. A great deal has transpired in the last fifteen years as dairy farmers and dairy leaders have sought better ways to promote their products. Indeed, producer participation in the funding of programs in New York State is no longer voluntary. Since 1972, all dairy farmers in the State have contributed to promotional efforts at least 5 cents per hundredweight of milk marketed. This money, now amounting to more than \$4 million per year, has been and is collected and expended under the authority of the New York Dairy Promotion Order.<sup>8</sup> The historical background of the Promotion Order, its development, its activities, and its relation to the various institutions and organizations involved in milk and dairy product promotion in New York State constitute the major subject matter of this study.

---

<sup>8</sup>New York Dairy Promotion Order, 1 NYCRR Part 40. Statutory authority: Agriculture and Markets Law, 258-t.



Part II documents the period 1963-1969, during which the funding of milk and dairy product promotion programs in the State continued to be voluntary, for the most part. The work of the American Dairy Association and Dairy Council of New York (ADA&DCNY) during the six-year period is described, including its "down-the-road" sign-up campaigns and its later use of the positive letter procedure. The early histories of the Buffalo (Niagara Frontier) and Rochester programs are briefly outlined. Lastly, the "Six-Market Study," conducted jointly by the U.S. Department of Agriculture and the American Dairy Association in 1965, is examined. The results of this USDA/ADA research were later used by advocates of milk promotion as evidence of the effectiveness of such advertising efforts.

The third part deals with the period of transition between voluntary and mandatory assessment programs in New York State (1969-1972). The Dairy Promotion Act of 1969 was the enabling legislation for mandatory funding of promotion programs. The Act and its amendments are discussed. The New York-New Jersey Milk Promotion Advisory Committee (1969-1970) and the Commissioner's Meeting of State Dairy Leaders (November, 1969) led directly to the formation of the State Milk Promotion Committee in March of 1970. This body functioned until December, 1971, and was responsible for the drafting of the New York Dairy Promotion Order. The first hearing and referendum on the Order are described and the work of the Interim Advisory Committee (January, 1972-March, 1972) is examined.

Part IV of the study deals with the period of mandatory assessments for milk promotion in the State, April 1972 to the present. The work of the first, second and third New York State Milk Promotion Advisory Boards is discussed in detail.

In Part V, institutions involved with dairy promotion efforts in New York State are examined. First, the work since 1969 of the American Dairy Association and Dairy Council of New York (ADA&DCNY) is described in some detail. The two Dairy Council units of the New York-New Jersey Milk Marketing Area are examined--the Dairy, Food and Nutrition Council and the Dairy Council of Metropolitan New York. Next, the rather unique promotional programs of the Niagara Frontier and Rochester areas are described, as is the role of the New York State Department of Agriculture and Markets.

In Part VI, research conducted on behalf of the Advisory Board by the Departments of Agricultural Economics and Food Science at Cornell University is described, and the findings of the various research projects are summarized.

Part VII of the study deals with the federal promotion order program and companion promotion programs in neighboring states. In the first half of this part of the study, the federal promotion order program is examined, including the enabling legislation (P.L. 91-670) enacted in 1971. Also, the history and status of the sixteen current federal promotion orders are described. In the second half of Part VII, companion programs in neighboring states are discussed. Included are descriptions of the promotional and educational programs found in the Order 2 areas of Pennsylvania and New Jersey, in Order 4 (Middle Atlantic Marketing Area), Order 36 (Eastern Ohio-Western Pennsylvania) and Order 1 (New England). Procedures of reciprocity of assessment between the neighboring programs are examined.

In Part VIII, current national programs of milk and dairy product promotion are described. The United Dairy Industry Association (UDIA) was founded in 1971 and is basically an umbrella organization for the American Dairy Association (ADA), National Dairy Council (NDC) and Dairy Research, Inc. (DRINC). All four organizations are described in some detail, particularly as regards their relationship to the structure and activities of the various New York State promotional organizations.

Five states have dairy promotion programs which are not affiliated with UDIA--Arizona, California, Oregon, Washington and Wisconsin. These programs are discussed in Part IX.

In Part X, the entire descriptive study is summarized and a few basic conclusions are drawn. Finally, the background and status of three promotional issues which are currently of much concern to dairy industry leaders are examined.

## II

### VOLUNTARY FUNDING OF MILK PROMOTION IN NEW YORK STATE:

1963-1969

#### American Dairy Association and Dairy Council of New York<sup>1</sup>

By the end of 1959, when it became clear that the Producers Milk Market Development Board was not going to assume the role of primary funding agent of the American Dairy Association and the local Dairy Councils, officials of the two national promotion organizations (ADA and NDC) decided to undertake a direct effort at obtaining producer support in the New York-New Jersey Milkshed. To this end, the American Dairy Association and Dairy Council of New York, INC. (ADA&DCNY) was established in January of 1960. The main function of the new organization was to solicit individual authorizations from producers to permit handlers to deduct three cents per hundredweight of milk marketed and send the funds directly to the ADA&DCNY. After operating expenses, one-third of the money was to go to the local Dairy Councils and two-thirds to the American Dairy Association program.

The By-Laws of the new organization stated that its purpose was "to conduct a coordinated fluid milk promotion program which will include the research, education, advertising, merchandising, publicity and public relations services, activities and materials of the American Dairy Association and Dairy Council" (Potter 1970).

A business manager, a director of field services, and a field staff were hired, and the "down-the-road" sign-up campaign began in Cortland County on January 29, 1960. Within a short time, over 80% of the milk in the county had been signed, and the effort was carried over to other counties. In a little more than a year, the ADA&DCNY was receiving sufficient income to cover its expenses and to support promotional programs at the rate of almost \$100 thousand per month.

By the end of 1963, producers in all counties of the Milkshed had been contacted, and the staff began to concentrate on persuading additional producers to authorize deductions. The number of producers supporting the program grew rather steadily from 1960 through 1964, at which time there were approximately 19,500 active contracts on file (of 42,300 producers in the New York-New Jersey Milkshed). As dairy farms went out of business and changed hands, it became impossible to know precisely how many farmers were actually

---

<sup>1</sup>A detailed description of the internal structure and current activities of the ADA&DCNY is included in Part V.

authorizing deductions at any time. Beginning in 1964, the ADA&DCNY made special efforts to sign up the larger producers. But the business of maintaining membership became a more and more expensive proposition. By 1966, there were 14 full-time men on the road (although the number of live agreements had fallen below 12,000 ), and membership and associated public relations expenses were consuming up to 20 percent of the annual income from producers.

The Board of Directors of ADA&DCNY recognized that "too much of the funds were going to educate the farmer in lieu of the purpose of selling milk" (Potter 1970). As a result, a committee was formed to examine alternative means of funding the promotional programs.<sup>2</sup> It was soon decided that the Positive Letter, which was already being used in other federal order markets around the nation, would be less expensive administratively and would get more funds for the job of milk promotion. All seven cooperatives in the Milkshed endorsed the idea and requested that the Market Administrator of the New York-New Jersey Marketing Area approve the mechanism for use. Six hearings were held around the Milkshed in January of 1968, and in March of the same year the Market Administrator gave his approval. Letters<sup>3</sup> were sent out immediately to all producers in the Milkshed on the letterhead of their respective handlers. Approximately 72 percent of those receiving the letter agreed to contribute three cents per hundredweight of their milk marketed to the milk promotion effort. From a total annual income in 1967 of approximately \$1.1 million, ADA&DCNY increased its yearly income through the use of the positive letter to almost \$1.9 million in 1969 (Table 4 and Figure 3).

The positive letter program also required substantial investment in membership education efforts, although proportionately less than had been the case with the down-the-road sign-up campaigns of previous years. Between 1967 and 1971, there was a 69 percent increase in gross income, but a 87 percent increase in funds available for promotion (Table 5).

As can be seen in Figure 3, annual income from the positive letter peaked in 1969 and fell to lower levels the next two years. This was generally attributed to producer dissatisfaction with the positive letter approach, which naturally led to some farmers carrying the promotion burden for their neighbors. Many dairy leaders in the State suggested that producer participation would decrease still further unless there was a radical change in the funding procedures. Although the major dairy cooperatives of the Milkshed had given their blessing to the program, none had involved itself in a direct effort to encourage member support. It was becoming increasingly clear that until there was unanimous positive action by the milk cooperatives, a successful, broad based dairy promotion program could not be executed in New York State.

Thus, as the decade of the 1970's began, there was increased interest on the part of the State's dairy leaders in alternative funding mechanisms

---

<sup>2</sup>The committee was composed of two members from each of the cooperatives in the Milkshed--Allied, Dairylea, Metropolitan Milk Producers, Mutual Milk Cooperative, Eastern, United Milk Producers--plus Farm Bureau and the Grange.

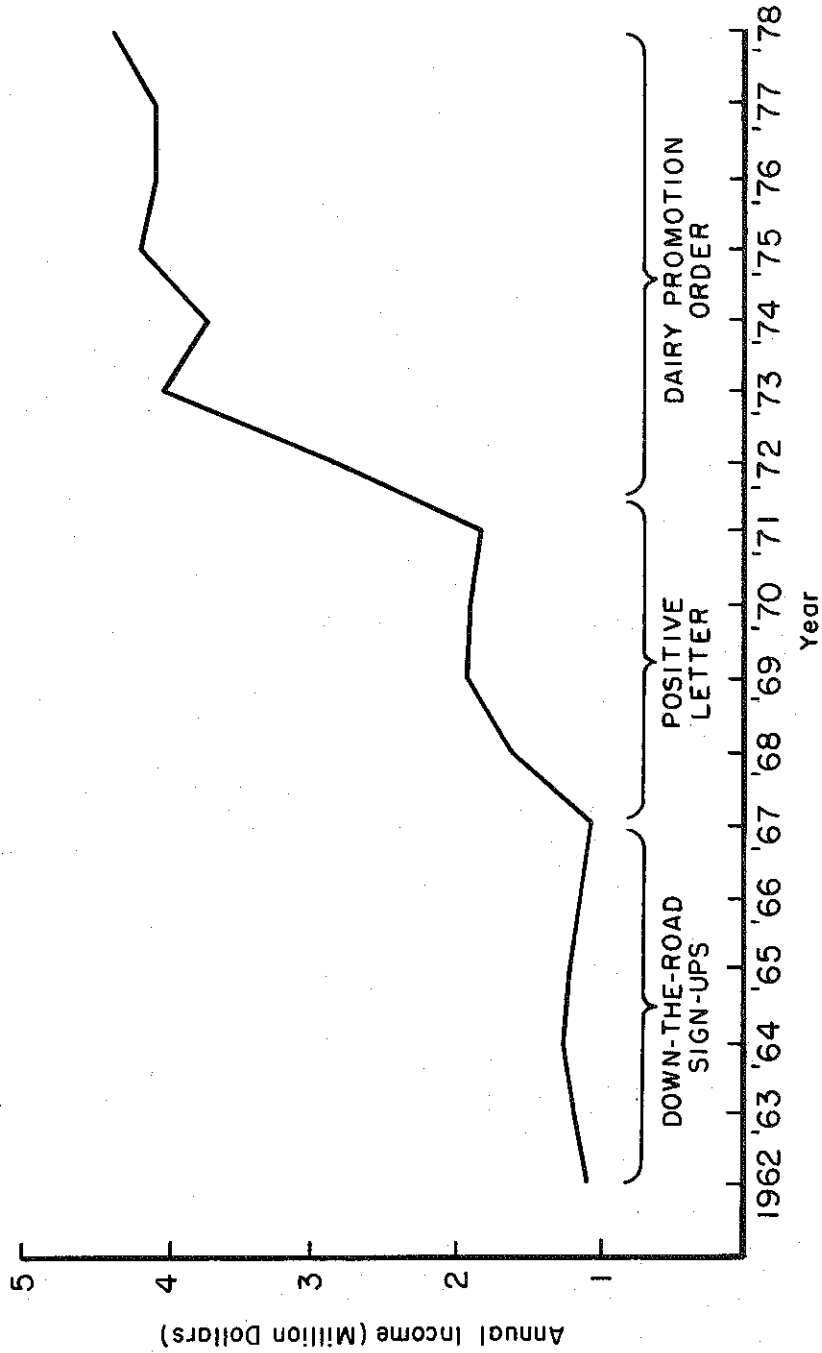
<sup>3</sup>A sample of a Positive Letter is found in Appendix 2.

TABLE 4: ANNUAL INCOME OF AMERICAN DAIRY ASSOCIATION AND  
DAIRY COUNCIL OF NEW YORK, INC., 1962-1978

<u>Year</u>	<u>Total Income</u>
1962	\$1,056,330.58
1963	1,207,002.28
1964	1,245,993.94
1965	1,237,797.51
1966	1,166,382.38
1967	1,107,348.91
1968	1,599,596.21
1969	1,898,541.93
1970	1,885,969.10
1971	1,876,766.71
1972	2,780,594.22
1973	3,984,999.40
1974	3,669,351.45
1975	4,145,434.42
1976	4,008,747.89
1977	4,032,394.49
1978	4,362,009.66

SOURCE: American Dairy Association and Dairy Council of New York, Inc.,  
Statement of Cash Receipts and Disbursements, 1962-1978.

FIGURE 3. ANNUAL INCOME OF AMERICAN DAIRY ASSOCIATION AND DAIRY COUNCIL OF NEW YORK, INC., 1962-1978



SOURCE: American Dairy Association and Dairy Council of New York, Inc. Statement of Cash Receipts and Disbursements, 1962 - 1978.

TABLE 5: FINANCES OF AMERICAN DAIRY ASSOCIATION AND DAIRY COUNCIL  
OF NEW YORK, INC., 1967 AND 1971

	<u>1967</u>	<u>1971</u>
	Last Year of Down the Road Sign-up Campaigns	Positive Letter
Income	\$1,107,349	\$1,867,767
Less:		
Administration	107,930	133,006
Membership	122,927	94,255
Publicity and Public Relations	<u>33,852</u>	<u>72,643</u>
Total	\$ 264,709	\$ 299,904
Percent of Funds	23.8%	15.9%
Funds Available for Promotion	\$ 842,650	\$1,576,863
Percent of Funds	76.2%	84.1%
Funds Allocated to:		
American Dairy Association	\$ 597,118	\$1,100,674
Dairy Council	245,522	476,189

Between 1967 and 1971

- a. 68.9% increase in gross income
- b. 87.1% increase in program funds

for milk promotion. The feeling was that a system needed to be found in which everyone would share the cost in proportion to their own contribution to the market. While the positive letter system was certainly a highly democratic approach, it was not necessarily an equitable one.

#### Dairy Council Operations in New York State<sup>4</sup>

In 1952, the Greater New York Producer Dairy Council Committee, Inc. was formed to serve as the Council unit for the metropolitan New York City area. This organization functioned as a "branch office" of the National Dairy Council, all funds being sent directly to NDC to be used in the metropolitan area. This branch-office relationship continued until November, 1968, when the Dairy Council of Metropolitan New York, Inc. (DCMNY) was organized as an affiliated, yet independent unit of the National Dairy Council. The DCMNY set about carrying out a program of nutrition education similar to that previously outlined for the National Dairy Council.

Nearly all of the funds for the DCMNY came from the annual income of ADA&DCNY, according to the formula mentioned earlier. In addition, the Metropolitan Dairy Institute, representing a majority of the New York handlers, made annual contributions of \$10,000 directly to the National Dairy Council. During the period of voluntary funding of dairy promotion in New York State, the annual income of the Dairy Council of Metropolitan New York remained in the vicinity of \$200,000 (Table 6).

In the Order 2 areas of northern New Jersey and upstate New York, five Dairy Council units had been established by 1969--Dairy Council of Northern New Jersey, Inc. (East Orange, New Jersey), Dairy Council of Northeastern New York, Inc. (Latham), Dairy Council of the Southern Tier of New York, Inc. (Binghamton), Dairy Council of the Mid-Hudson, Inc. (Poughkeepsie), and Dairy Council of Central New York (Syracuse). In each of the four upstate New York areas (Table 7 and Figure 4) producer funds from the ADA&DCNY were supplemented by handler contributions to Dairy Council programs at the rate of 1½ cents per hundredweight of Class I milk.

During the period 1963-1969, Dairy Council units were also active in the Niagara Frontier and Rochester markets, although their programs were financed locally rather than through the American Dairy Association and Dairy Council of New York.

The Dairy Council of Niagara Frontier derived its income exclusively from producers through Milk for Health on the Niagara Frontier, Inc., while the Dairy Council of the Rochester Area received both producer monies through the Rochester Health Foundation, Inc. and handler funds through voluntary contributions at the rate of one cent per hundredweight of milk disposed of as fluid milk and cream. Through this procedure approximately 30 percent of

---

<sup>4</sup>Detailed descriptions of the structure and activities of the four major Dairy Council units in the State are included in Part V.



TABLE 6: ANNUAL INCOME OF DAIRY COUNCIL OF METROPOLITAN NEW YORK, INC., 1963-1978

<u>Year</u>	<u>Total Membership Income</u> <sup>a</sup>
1963	\$205,378.00
1964	223,934.00
1965	215,137.00
1966	199,403.00
1967	212,213.00
1968	207,864.00
1969	273,995.00
1970	261,300.00
1971	260,442.00
1972	341,470.00
1973	427,525.00
1974	389,125.00
1975	461,320.45
1976	424,382.00
1977	474,000.00
1978	500,000.00

<sup>a</sup>Membership income only; does not include interest and other income.

SOURCES: Dairy Council of Metropolitan New York, Inc., Statements of Income and Expenses, 1969-1978, and Chester Ross, Director Finance and Administrative Services, UDIA, Rosemont, Illinois (for 1963-1968).

TABLE 7: AFFILIATED DAIRY COUNCIL UNITS IN NEW YORK STATE  
AND NEW JERSEY, 1969

Federal Order 2 Dairy Council Units and Counties Covered

Dairy Council of Northern New Jersey, Inc.

Bergen	Hunterdon	Morris	Somerset
Essex	Middlesex	Ocean	Sussex
Hudson	Monmouth	Passaic	Union
			Warren

Dairy Council of Northeastern New York, Inc.

Albany	Franklin	Montgomery	Schenectady
Clinton	Fulton	Rensselaer	Schoharie
Essex	Greene	Saratoga	Warren
			Washington

Dairy Council of the Southern Tier of New York, Inc.

Allegany	Chautauqua	Livingston	Tioga
Broome	Chemung	Otsego	Tompkins
Cattaraugus	Chenango	Schuyler	Yates
	Delaware	Steuben	

Dairy Council of Metropolitan New York, Inc.

Bronx	Nassau	Queens	Suffolk
Kings	New York	Richmond	Westchester

Dairy Council of Mid-Hudson, Inc.

Columbia	Orange	Rockland	Ulster
Dutchess	Putnam	Sullivan	

Dairy Council of Central New York

Cayuga	Herkimer	Madison	Oswego
Cortland	Jefferson	Oneida	St. Lawrence
Hamilton	Lewis	Onondaga	Seneca

State Order Dairy Council Units and Counties Covered

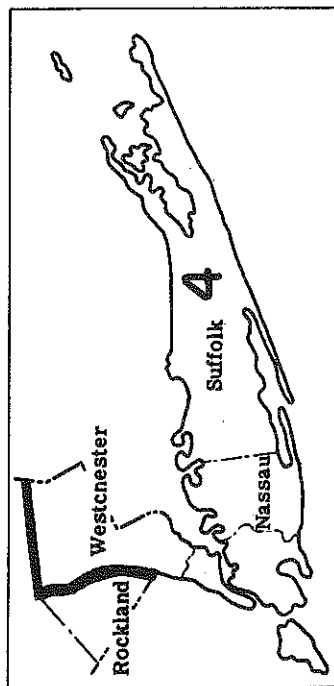
Dairy Council of Niagara Frontier

Erie	Niagara	Orleans
------	---------	---------

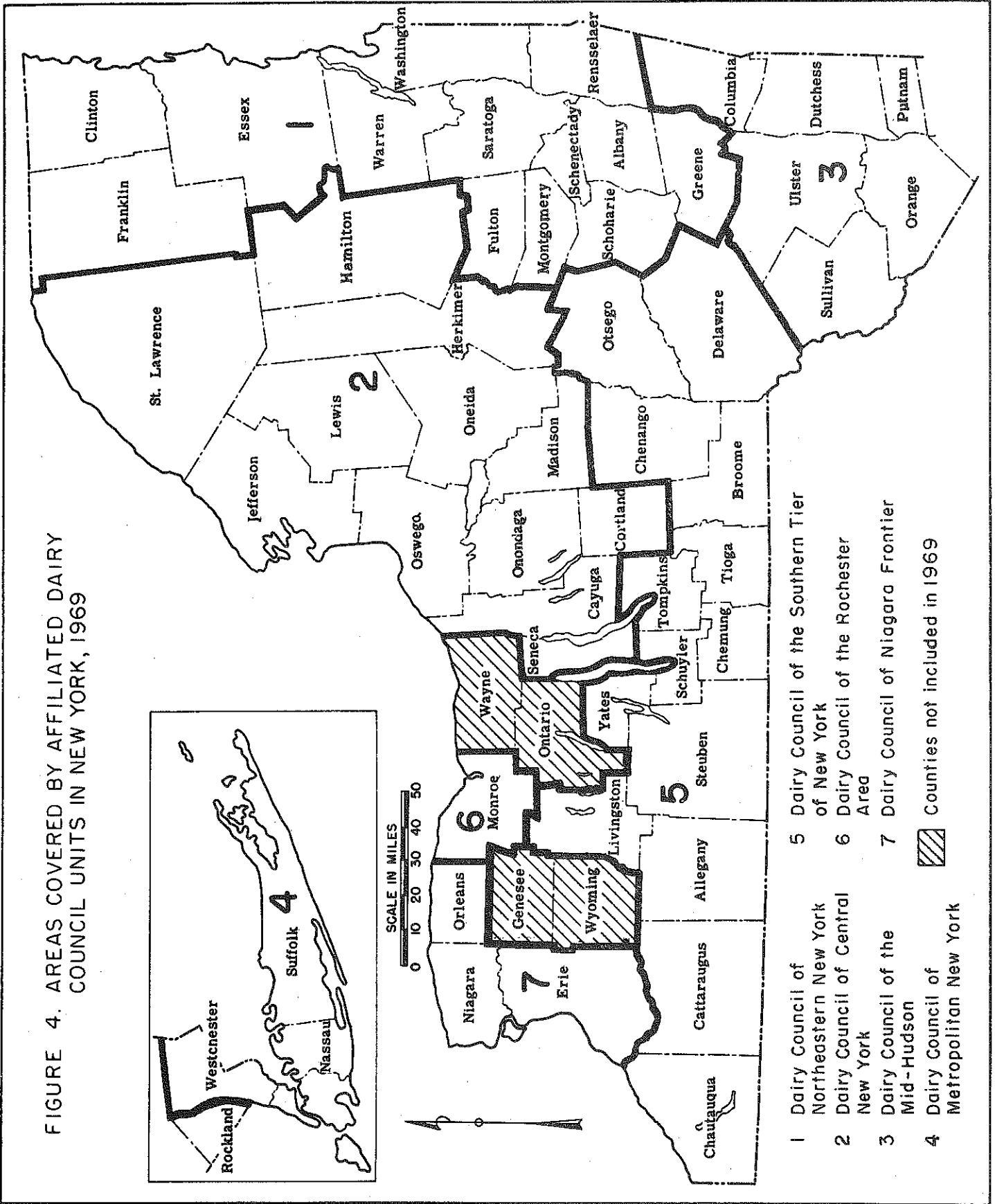
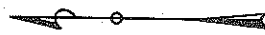
Dairy Council of Rochester Area, Inc.

Monroe

FIGURE 4. AREAS COVERED BY AFFILIATED DAIRY COUNCIL UNITS IN NEW YORK, 1969



SCALE IN MILES  
0 10 20 30 40 50



- 1 Dairy Council of Northeastern New York
  - 2 Dairy Council of Central New York
  - 3 Dairy Council of the Mid-Hudson
  - 4 Dairy Council of Metropolitan New York
  - 5 Dairy Council of the Southern Tier of New York
  - 6 Dairy Council of the Rochester Area
  - 7 Dairy Council of Niagara Frontier
- ▨ Counties not included in 1969

the Dairy Council of the Rochester Area's annual income was supplied by milk dealers.

#### Rochester Health Foundation

The Foundation was incorporated in February, 1954, for the purpose of "stimulating increased consumption of fluid milk, cream and milk products through the media of advertising, research and other means of sales promotion" (Rochester Health Foundation, Inc., By-Laws). The production (and funding) area for the promotion agency was and continues to be the milkshed of the Rochester Milk Marketing Area (State Order No. 129), which includes all of Monroe, Wayne, and Ontario counties and parts of Livingston, Genesee and Orleans counties. The promotion area is mainly the Rochester Milk Marketing Area, itself, which is limited to the city of Rochester plus thirteen specified towns in Monroe County.

From the beginning, the milk cooperatives of the area have played a critical role in the funding of the promotional programs. Up until May of 1958, the cooperatives contributed (voluntarily) 3 cents per hundredweight to the Foundation and one cent per hundredweight to Milk for Health, Inc. In June of that year, Milk for Health, Inc. ceased to function, and the entire 4-cent contribution began going directly to the Rochester Health Foundation. Beginning in January of 1963, the amended State milk control order permitted reimbursement of the cooperatives from pool funds for up to 80 percent of their expenditures on approved promotional programs.

Over the years, some changes took place in the manner in which the promotional monies were expended. Up until January of 1962, the local Dairy Council unit received 7/12 cent per hundredweight and ADA was supported at the rate of 5/12 cent per hundredweight. Thus, the Foundation retained 3 cents per hundredweight to expend on its own programs. This was done directly through the Campbell-Mithun Advertising Agency (Minneapolis), which was the same Agency being used at the time by the (national) American Dairy Association. The Rochester Health Foundation paid the advertising agency directly from its own funds. Beginning in 1962, however, the Foundation began to send most advertising funds to ADA&DCNY, Inc. to cover the cost of the Rochester advertising program.

The basic assessment rate on producers remained at 4 cents per hundredweight during the period 1963 through 1969 (Table 8).

#### Milk for Health on the Niagara Frontier

Milk and dairy product promotion in the Buffalo area was initiated in 1948 when producers began making voluntary contributions of 2 cents per hundredweight of milk marketed in the month of June. The monies were turned over to the American Dairy Association through Milk for Health, Inc., the New York Milkshed promotion agency.

TABLE 8: ANNUAL INCOME OF ROCHESTER HEALTH FOUNDATION, INC., 1963-1978

<u>Year</u>	<u>Rate per Cwt</u> (Date of Change)	<u>Income</u>
1963	.04	\$137,026
1964	.04	136,617
1965	.04	139,709
1966	.04	140,465
1967	.04	130,600
1968	.04	133,146
1969	.04	129,318
1970	.04	129,280
1971	.05 (10/1/71)	171,670
1972	.06 (5/1/72)	175,754
1973	.06	181,323
1974	.06	191,536
1975	.06	192,457
1976	.06	191,660
1977	.08 (8/1/77)	220,436
1978	.08	247,287

SOURCE: Margaret Bailey, Assistant Secretary, Rochester Health Foundation, Inc., Rochester, New York, June 13, 1979.

Local promotional programming was formally organized in 1949 with the founding of Milk for Health on the Niagara Frontier, Inc. From 1949 until 1956, promotion was financed by blanket contributions from cooperatives and by individually authorized deductions by independent producers. The initial rate of assessment was 3 cents per hundredweight, and this was later increased to 5 cents. By 1955, approximately 87 percent of the producers in the market were contributing. Total income in that year was almost \$275,000 (which included approximately \$4,000 contributed by dealers outside of the marketing area who also benefited from the program). Twenty percent of total income was turned over each year to Milk for Health, Inc. (the New York Milkshed promotion agency).

As was explained in Section I, the New York Milk Control Law was amended in 1956 to authorize State milk marketing orders to directly finance promotion activities. Pursuant to this change in the law, the Niagara order (State Order No. 127) was itself amended such that effective July 1, 1956, provision was made for cooperatives to be reimbursed from pool funds for up to 80 percent of approved expenditures on milk promotion efforts. With this new approach to more equitable funding of promotion, total income in 1962 reached \$355,380. Of this amount, approximately 23 percent was turned over to Dairy Council of the Niagara Frontier, 9 percent to the American Dairy Association, and the remainder used to finance the local promotion and public relations program. As in the Rochester order, the assessment rate on producers' milk in the Niagara Frontier area remained at four cents per hundredweight during the period 1963 to 1969 (Table 9).

#### The Six-Market Study by USDA and ADA--1965

During the period of voluntary funding of milk and dairy product promotion, many producers were unwilling to contribute because of the lack of any hard evidence that the promotional efforts did indeed sell milk. The first serious attempt to objectively address this question was in the form of a two-year study by the U.S. Department of Agriculture<sup>5</sup> in cooperation with the American Dairy Association.<sup>6</sup>

A latin square design was used to analyze the impact of three different levels of advertising in six markets of varying sizes--Chattanooga and Knoxville, Tennessee; Rochester, New York; Sioux-Falls, South Dakota; Neosho Valley in Kansas and Missouri; and Clarksburg, West Virginia. The experiment was initiated in March of 1963 and completed in February, 1965. Nearly all types of advertising media were used--radio, television, magazines, newspapers and billboards.

---

<sup>5</sup>The study was conducted in the Market Development Branch of the Marketing Economics Division of the Economic Research Service, under the general direction of William S. Hoofnagle.

<sup>6</sup>Gerald G. Quackenbush, then Director of Market Research of the ADA, participated in all phases of the study and served as liaison between USDA and ADA.

TABLE 9: ANNUAL INCOME OF MILK FOR HEALTH ON THE NIAGARA FRONTIER, INC., 1963-1978

<u>Year</u>	<u>Rate per Cwt</u> (Date of Change)	<u>Income</u> <sup>a</sup>
1963	.04	\$352,819
1964	.04	412,266
1965	.04	414,616
1966	.04	387,163
1967	.04	371,542
1968	.04	366,112
1969	.04	333,314
1970	.04	395,183
1971	.05 (10/1/71)	424,166
1972	.06 (5/1/72)	433,000
1973	.06	405,521
1974	.06	404,681
1975	.06	414,219
1976	.06	433,360
1977	.08 (8/1/77)	514,175
1978	.08	588,903

<sup>a</sup>Includes interest income. For period 1969-1978, includes income from re-blending agreements. For period 1963-1969, includes voluntary contributions from distributors. All figures are rounded to nearest dollar.

SOURCE: Financial Reports of Milk for Health on the Niagara Frontier, Inc., Buffalo, New York, 1963-1978.

Significant relationships were found between promotional expenditures and sales of fluid milk (Clement, Henderson and Eley 1965). Three levels of advertising expenditure had been examined--the then current ADA level of 2 cents per capita annually, a medium level of 15 cents per capita above the normal amount and a high level of 30 cents per capita above normal. Both levels of increased promotional expenditure increased sales of fluid milk to a statistically significant degree. The medium level increased sales by about 4.5 percent, while the heavy promotion increased sales by 5.9 percent on the average.

In computing returns to producers, the researchers assumed that added fluid sales consisted of milk that would have otherwise gone into manufacturing uses (Class II). Thus, the added income to farmers was calculated as the difference between Class I and Class II prices multiplied by the increased quantity of fluid milk which was sold (as Class I). Analyzed in this way, the USDA report concluded that the producers' net return at the medium level of increased expenditure was 68 percent on investment, while at the heavy level it was only 19 percent. Thus, the medium level was deemed to be "optimal."

The study was limited by a number of constraints. Firstly, only three levels of expenditure were examined and so it was not possible to identify a true optimal level of advertising. Secondly, the Class I/Class II price differential varied in the six markets from \$1.40 to \$3.00 per hundredweight. Thus, the overall conclusions which were drawn regarding optimal promotion levels actually represented a not very meaningful average between appropriate levels for the six areas. Lastly, although some carryover effects were measured, the study assumed that the main impact of advertising would be felt almost immediately.<sup>7</sup> Despite these limitations, the Six-Market Study was and continues to be used (and sometimes misused) by advocates of milk promotion as hard evidence of the effectiveness of their advertising programs.

---

<sup>7</sup>More recent studies of the impact of generic advertising of dairy products have indicated that the major effects are delayed several months. See description of research conducted by the Department of Agricultural Economics at Cornell University on behalf of the Dairy Promotion Advisory Board in Part VI of this study.



### III

#### THE TRANSITION TO MANDATORY ASSESSMENT: 1969-1972

During the last few years of the decade of the 1960's, milk and dairy product promotion was being funded at a higher level than it ever had been before (Figure 3). This was a direct result of the positive letter program which had been instituted in the Order 2 market in 1968. Despite this success, however, there was growing dissatisfaction with the inherent inequality of the system, in which not all dairy farmers in the State contributed their "fair share" to the cost of promotion. There was increased interest on the part of the State's dairy leaders in alternative funding mechanisms for milk promotion.

#### The Dairy Promotion Act of 1969

In the summer of 1968, dairy cooperative leaders approached Commissioner Wickham of the Department of Agriculture and Markets and personnel in the Division of Milk Control to inquire as to the feasibility of legislation which would mandate a more equitable system of funding for dairy promotion in the State.<sup>1</sup> As a result of a series of meetings during the following nine months, suitable legislation was drafted by attorneys from the Department and from the major cooperative organizations. The legislation was introduced as Senate Bill 5150-a, with Senator Ted Day as its chief sponsor.

Through the efforts of organized farm groups and with the strong commitment of the Department of Agriculture and Markets to work with and through such organizations, legislative and executive approval (by Governor Rockefeller) was obtained in 1969, effective September 1 of that year. The Dairy Promotion act of 1969<sup>2</sup> constituted the fundamental and essential enabling legislation upon which a system of mandatory statewide funding of dairy promotion could be developed.

---

<sup>1</sup>This description of the immediate pre-history of the Dairy Promotion Act of 1969 is based upon personal communications with Herbert Kling, Director of the Division of Dairy Industry Services, and with John Sliter, then Manager of ADA&DCNY and now Executive Vice-President of UDIA.

<sup>2</sup>New York Agricultural and Markets Law, Article 21-A §258-aa(a) (McKinney Supplement 1973) (Section, formerly 258-t, was renumbered 258-aa by L.1973, C.831 §1 effective October 1, 1973).

The original Act<sup>3</sup> explicitly recognized the fact that "the dairy industry is a paramount agricultural industry of this state" (Article 21-A, [a]), and that "it is essential that consumers and others be adequately informed as to the dietary needs and advantages of milk and dairy products . . ." (Article 21-A [a]). With these justifications as background, the Act declared that it was the legislative intent and policy of the State to enable milk producers and others in the dairy industry to promote more effectively the consumption of milk and dairy products<sup>4</sup> and to provide the methods and means for the development of new and improved dairy products. The objectives of this policy were defined to be the elimination of the possible impairment of the milk producers' purchasing power and thereby the assurance of an adequate supply of milk for consumers at reasonable prices.

The Act of 1969 empowered the Commissioner of Agriculture and Markets to issue a dairy promotion order after due notice and hearing provided that two-thirds of all producers voting in a referendum approved. A referendum for termination of the order could be called upon the written petition of not less than 25 percent of the producers in the order area. Any order not amended or voted upon in a three-year period had to be resubmitted to a producer referendum for approval.

The Act outlined several possible provisions of a promotion order. First, provision might be made for levying an assessment against all producers,<sup>5</sup> the rate not to exceed two percent per hundredweight of the gross value of the producer's milk. This mandatory assessment on all producers presented a problem. Some dairy farmers were already contributing voluntarily in the Order 2 area through the positive letter, others in the Rochester and Niagara Frontier markets through their cooperatives and others to out-of-state markets. To avoid double payment by these producers and to ensure the political viability of the Act and any subsequent orders, the law provided that:

. . . there shall be created against any such assessment the amounts per hundredweight otherwise paid by any producer covered by the order by voluntary contribution or otherwise pursuant to any other federal or state milk market order for any similar research promotion or advertising program (Article 21-A, [d] [1]).

The Act also specified that a promotion order might provide for payments to

---

<sup>3</sup>The Act has been amended three times, in 1971, 1977 and 1978, in each instance to modify the voting procedures through which a dairy promotion order may be approved or extended through the hearing and referendum process. These amendments are each discussed later in this study in their appropriate historical setting.

<sup>4</sup>Note that the Dairy Promotion Act (and the subsequent Dairy Promotion Order) explicitly refers to the promotion of milk and dairy products, not simply fluid milk.

<sup>5</sup>The assessment was to be deducted by dealers from the amount of monies otherwise due to producers.

organizations engaged in advertising of milk and dairy products, nutrition research and education, and dairy product development.

The Dairy Promotion Act stated that any order issued pursuant to the Act must provide for the establishment of an Advisory Board "to advise and assist the commissioner in the administration of such order" (Article 21-A, [j]). It was stated that the Board was to consist of not less than five members, to be appointed by the commissioner from nominations submitted by producers of milk. It was left to any Order to prescribe nominating procedures, qualifications, representation and precise size of the Board. However, it was specified in the Act that no member of the Advisory Board was to receive a salary, although "actual and reasonable expenses incurred while performing his duties" would be covered by the Promotion Order (Article 21-A, [j] [2]).

At the same time that the state legislature was considering possible enactment of the Dairy Promotion Act of 1969, dairy industry leaders from New York State and New Jersey had begun meeting together to discuss alternative funding mechanisms for promotion in the Order 2 area.

#### The New York-New Jersey Milk Promotion Advisory Committee

1969-1970

Under the auspices of the New York-New England Dairy Cooperative Coordinating Committee, a study group was formed in January, 1969, to evaluate alternative dairy promotion programs for the New York-New Jersey Milk Marketing Order. The group was called the New York-New Jersey Milk Promotion Advisory Committee and was chaired by Howell Hughes, Vice-President of the Springfield Bank for Cooperatives. The other three members of the committee came from New York State, New Jersey and Pennsylvania.

A questionnaire was sent out to a broad cross section of dairy industry leaders in the Milkshed and the surrounding area. Also, the committee spent five days interviewing various persons who were knowledgeable about dairy promotion. The conclusions of the study were presented in a report, dated March 1, 1970.<sup>6</sup> The Committee found that milk promotion was both desirable and profitable and that a producer contribution level of five cents per hundredweight was appropriate. The principle of promotional funds following the milk to market was reiterated.

On the question of which funding mechanism would be best for the Order 2 area, the Committee stated that ideally there ought to be equal contributions for promotion by all producers through federal and state marketing orders. However, at the time the Committee was conducting its investigation, enabling legislation for federal promotion orders had not yet been enacted. State laws of mandatory assessment (such as New York's Dairy Promotion Act of 1969) were rejected as the optimal mechanism because of the difficulty

---

<sup>6</sup>Report of the New York-New Jersey Milk Promotion Advisory Committee, Howell Hughes, Chairman, March 1, 1970, mimeo.

of coordinating three different state programs (New York, New Jersey and Pennsylvania).

The Committee recommended as the best "near future" program one in which the three cooperatives of the area instituted an immediate automatic milk check investment from all members. This would be combined with the positive letter approach with independent producers. The funds would be funneled into a non-profit corporation, similar in type to those which were then operating in the Niagara Frontier and Rochester markets. These findings were later presented to a New York State committee which was considering the possible promulgation of a Dairy Promotion Order.

The findings were clearly oriented toward a market-wide as versus a state-wide program. But with the passage in 1969 of the Dairy Promotion Act, New York State was rapidly moving toward the formation of its own mandatory funding program. At any rate, in the process of developing that program, the conclusions of the Hughes Committee were considered, as is discussed later.

#### Commissioner's Meeting of State Dairy Leaders

November 18, 1969

Commissioner Don J. Wickham called a meeting of the State's dairy industry leaders for November 18, 1969, in response to requests for such a meeting to discuss possible action under the provisions of the Dairy Promotion Act of 1969. Represented at the meeting were the four cooperatives of the New York-New Jersey Order, cooperatives and other organizations from the Niagara Frontier and Rochester marketing areas, the New York-New Jersey Market Administrator, the New Jersey Department of Agriculture, cooperatives from Connecticut, Massachusetts, Rhode Island and New Hampshire, New York Farm Bureau, the Grange, ADA&DCNY, Cornell University's Department of Agricultural Economics and the New York State Department of Agriculture and Markets. In all, 29 persons attended this seminal meeting.

All but one of the farm leaders at the meeting indicated that their cooperative or group, by resolution of their membership, by vote of their board of directors, or otherwise, supported the basic concept of statewide producer support, implicit in the Dairy Promotion Act. The exception was one cooperative which favored voluntary participation by individual producers. It was further decided at this meeting that a committee should be established to consider the specific problems associated with preparing a proposed order and presenting it to the State's producers in a referendum. The committee would be of crucial importance since, as Commissioner Wickham pointed out, although the Department of Agriculture and Markets could provide technical assistance, any program which was developed would have to be at the initiative of the dairy cooperatives, general farm organizations and their farmer members.

State Milk Promotion Committee

March 1970-December 1971

At the suggestion of Commissioner Wickham, the committee which was formed to develop a proposed promotion order consisted of nine members representing the following organizations: Farm Bureau, State Grange, Allied Federated Cooperatives, Northeast Dairy Cooperative Federation, Eastern Milk Producers Cooperative Association, Dairylea Cooperative, Rochester Cooperative Milk Producers Bargaining Agency, Niagara Frontier Milk Producers Bargaining Agency, plus a single member to represent New York State milk producers affiliated with United Farmers of New England, New England Milk Producers Association and Consolidated Milk Producers Association.

The first meeting of this steering committee, later known as the State Milk Promotion Committee, took place in Albany on March 9, 1970. Robert Everingham, representing Farm Bureau, was elected chairman, and Herbert Kling, Director of the Division of Milk Control in the State Department of Agriculture and Markets, was elected secretary. It was the consensus of the committee that its work ought to be completed by January 1, 1971, with necessary hearings and referendums completed before that time so that an order, if approved, could take effect on that date. In fact, progress was much slower than anticipated and the committee was not to complete its work until a year later than this planned deadline.

Preliminary Activities of the State Milk Promotion Committee

The Committee began its work by reviewing the history and status of other attempts to establish complete producer participation in promotion programs. There was considerable discussion during the first six months of meetings about the New York State Milk Publicity Program, Milk for Health, Inc., and the Producers Milk Market Development Board. Additionally, the Committee heard presentations dealing with the work of the American Dairy Association and Dairy Council of New York, Inc., the State-administered Apple Marketing Order, the Dairy Promotion Orders in California, Minnesota and Kentucky, and the problems associated with the proposed Pennsylvania Order. On April 27, 1970, the New York-New Jersey Milk Promotion Advisory Committee (see above), presented a summary of its findings to the State Committee for its consideration.

From the beginning of the Committee's operations, James Lawler, Counsel for the Northeast Federation, and John Noakes, Counsel for Dairylea Cooperative,<sup>7</sup> provided significant guidance in interpreting the Dairy Promotion Act and in explaining the Committee's rather wide latitude in the kind of Order it might wish to propose. At the meeting of June 1, 1970, four important resolutions were passed by the State Milk Promotion Committee. First, it was resolved that the rate of assessment in any proposed order be set at five cents per hundredweight of milk delivered to dairy plants. Second, the

---

<sup>7</sup> Lawler and Noakes were among the principal authors of the original Act of 1969.

Committee decided that the marketing area of the proposed order ought to be the State of New York.<sup>8</sup> Third, the Committee requested that a preliminary draft of a proposed milk promotion order be prepared by Mr. Kling. And fourth, it was resolved that an "attempt be made to persuade the Legislature and the Governor to change Article 21-A to definitely provide that dairy cooperatives can bloc vote their membership (in a referendum) . . ." (State Milk Promotion Committee, Minutes, June 1, 1970).

Amending the Dairy Promotion Act: June 25, 1971

It was felt that there were two critical problems with the original enabling legislation. First, the law did not explicitly provide for bloc voting by cooperatives on behalf of their members. Second, the law provided that for an order to become effective it needed to be approved by only two-thirds of those actually casting ballots. These original voting requirements meant that if one-half of the producers participated in a referendum (an unusually high turnout with individual balloting), a promotion order could be carried with the vote of only one-third of all milk producers in the State. Conversely, a negative vote of only 17 percent of all milk producers could reject an order where the turnout was 50 percent.

Mr. Lawler agreed to serve as chairman of a lawyers' committee composed of the attorneys from the various dairy cooperatives to draft the necessary revisions to Article 21-A. In January, 1971, the entire State Milk Promotion Committee met in Albany with the Senate and Assembly Agricultural Committees to explain the proposed amendment to the 1969 Act. Subsequently, appropriate legislation was introduced (Senate bill 4201 and Assembly bill 5639) and passed, effective June 25, 1971. This first amendment to the Dairy Promotion Act provided for bloc voting by cooperatives while at the same time extending to cooperative members the right to vote individually, if they so desired. Furthermore, the amendment stated that before an order could become effective, not less than 51 percent of all milk producers who would be subject to the order must approve. The Committee felt that the amended voting procedure would be more representative of the desires of the majority of dairy farmers and would be more practical from an administrative standpoint.

At the same time that the legislature was considering the Committee's proposed amendment to the Act, work continued on the development of a proposed Promotion Order.

---

<sup>8</sup>Under the provisions of the Dairy Promotion Act, an order need not be statewide in scope. It could include, for example, only those producers who participate in the New York-New Jersey Milk Marketing Order. The producers in the Niagara Frontier and Rochester areas could be exempt, as could those New York State producers selling milk in New England.

The New York Dairy Promotion Order<sup>9</sup>

As mentioned earlier, the State Milk Promotion Committee resolved at its meeting of June 1, 1970, that Herbert Kling, Director of the Division of Milk Control and secretary of the Committee, should prepare a preliminary draft of a proposed order. At the next meeting of the Committee, on July 13, Kling presented the preliminary draft. The Committee made some changes in the draft and took it to their respective Boards of Directors and memberships for comments. Some nine months later, on April 16, 1971, the Committee approved a revised, proposed promotion order and submitted it to the Commissioner for his consideration.

a. Provisions of the Proposed Order

The proposed Order reaffirmed the basic goals of promotion set out in the Dairy Promotion Act of 1969, and set out the mechanics through which a program would be funded and executed. All producers of milk or cream in New York State for market would be required to contribute to the dairy promotion effort at a uniform rate of assessment. Producers marketing their milk under one of the State orders or under a Federal order outside New York State where a local promotion plan was in effect, would be credited with the amount per hundredweight contributed voluntarily or otherwise to their local program. Thus, producers in the Niagara Frontier and Rochester markets, for example, could maintain their established local programs of milk promotion. Each milk dealer receiving milk or cream from New York State producers (including a dealer handling only milk of his own production) would be required to deduct the assessment provided under the Order from the price otherwise to be paid to producers and to pay such monies to the Commissioner of Agriculture and Markets for deposit in a Dairy Promotion Fund.

The proposed Order provided for an Advisory Board of not more than ten milk producers who would advise and assist the Commissioner in the administration of the Dairy Promotion Order. Nine such producers would be appointed by the Commissioner from nominations submitted by the major farm organizations, as specified in the Order,<sup>10</sup> and one would be appointed to represent

---

<sup>9</sup>The complete New York Dairy Promotion Order (I NYCRR Part 40), as amended to the present time, is included as Appendix 3.

<sup>10</sup>Dairylea Cooperative, Inc.  
Eastern Milk Producers Cooperative Association, Inc.  
Northeast Dairy Cooperative Federation, Inc.  
Allied Federated Cooperatives, Inc.  
Niagara Frontier Cooperative Milk Producers Bargaining Agency, Inc.  
Rochester Cooperative Milk Producers Bargaining Agency, Inc.  
New York Farm Bureau, Inc.  
New York State Grange, Inc., and  
Consolidated Milk Producers Association, Inc.,  
United Farmers of New England, Inc. and  
New England Milk Producers' Association, Inc., acting jointly.

This last seat on the Advisory Board was later specified through an amendment to the Order (effective May 1, 1975) as being for Yankee Milk, Inc.

the interests of any other producers in New York State. The term of appointment would be three years for each member of the Board, and Board action would be decided by a simple voting majority of the members present.

Among the duties and responsibilities which were assigned to the Advisory Board by the proposed Order were:

- (1) Recommend rules, regulations and amendments to the order;
- (2) Prepare an estimated budget each year and otherwise assist in the administration of the order;
- (3) Prepare recommendations on the expenditure of promotion funds as among the various needs and programs which are available for advertising and promoting dairy products, educating the public and conducting marketing and product research;
- (4) Evaluate and review the cost and effectiveness of each promotion program, including the cost of administration; and,
- (5) Keep producers informed as to operation of the order and expenditure of the promotion funds.

The Order specified a maximum rate of assessment of five cents per hundredweight of milk delivered by each producer, and provided that the precise rate would be determined each year on the basis of the estimated budget submitted by the Advisory Board.

In regard to expenditures from the Dairy Promotion Fund, the Order stated that the cost of administering the Order could not exceed five percent of the annual budget. The remainder of the money would be spent directly on those dairy promotion activities recommended by the Advisory Board. The Order further provided that the Commissioner, with the advice and assistance of the Advisory Board, was authorized to contract with any person or persons to carry on programs of advertising, promotion,<sup>11</sup> education, publicity, information services and marketing and dairy product research.

All disbursements would be made by the Commissioner and subject to audit by the State Comptroller. Members of the Advisory Board would not receive salaries but would be reimbursed for actual and reasonable expenses incurred in the performance of their duties for the Board.

b. The First Hearing and Referendum

Seven of the farm organizations represented on the State Milk Promotion Committee (collectively representing a majority of New York State milk producers) petitioned the Commissioner in the late spring of 1971 for a public

---

<sup>11</sup>The Order also states that "no advertising, promotion or publicity programs shall be conducted pursuant to this Dairy Promotion Order which make reference to any particular brand or trade name" (New York Dairy Promotion Order, Section 40.31). This proviso has placed a constraint upon the funding of research conducted by Dairy Research, Inc., as is discussed later in Part VIII of this study.



hearing to consider adopting the Committee's proposed order. The Commissioner responded on July 16 of the same year, announcing that a Hearing would be held in Albany, commencing August 24 at 10:30 am, for the purpose of giving the petitioners and other interested parties, including milk producers, dealers and consumers, the opportunity to present evidence relating to the proposed New York Dairy Promotion Order.

During the course of the Hearing, which began on the 24th and continued for three days, policy statements were presented by the organizations represented on the State Milk Promotion Committee, and testimony was also given by individual producers. Technical and public witnesses, including representatives of the Department of Agricultural Economics at Cornell, discussed such topics as the possible justification for support of research, education and promotion of dairy products by farmers. The American Dairy Association and Dairy Council of New York, Inc. chose not to participate directly in the Hearing.

On October 27, 1971, Commissioner Wickham issued a preliminary statement in which he held that the Hearing record indicated that there was substantial support and basis for a Statewide promotion order. On the following day, the Commissioner announced a referendum commencing on November 1, 1971 and continuing through February 28, 1972 to ascertain whether the issuance of the Promotion Order was approved by producers as defined in the Order and in the enabling legislation.

On November 12, notification of the referendum and a copy of the proposed order were sent to each of the 21,000 producers in the State. Of these producers, approximately 5,300 were independent dairy farmers and these individuals were sent ballots as well. The letter sent to producers explained the dates of the referendum and the procedure through which cooperative members could obtain individual ballots. Additionally, a letter was sent directly to the cooperatives requiring them to notify the Department by December 30 of their position in the referendum and further requiring them to so notify their entire membership on their position.

The results, as of February 28, 1972, the closing day of the referendum, were as follows: Eighty-three cooperative associations representing 11,574 producers in the State had submitted written approval of the proposed Order. A total of 557 producers who were members of these cooperatives chose to cast individual ballots. Five cooperative associations representing 277 producers in the State submitted written disapproval of the proposed Order. A total of 36 members of these cooperatives cast individual ballots. A total of 4,242 producers in the State cast individual ballots, 1,122 registering their approval and 3,120 registering disapproval of the proposed Order. The results are summarized in Table 10.

A total of 12,139 producers of milk in New York State had expressed approval of the proposed Dairy Promotion Order individually or through the written approval of their cooperative associations. This number represented 57.94 percent of the State's producers during the referendum period. Thus, the law's requirement of an expression of support by at least 51 percent of the State's producers was satisfied. Therefore, on March 10, 1972, Commissioner Wickham issued the Final Determination on the proposed Order:

TABLE 10: SUMMARY OF PROMOTION ORDER REFERENDUM,  
NOVEMBER 1, 1971 TO FEBRUARY 28, 1972

	<u>Approvals</u>	<u>Disapprovals</u>	<u>Total</u>
Individual Ballots	1,122	3,120	4,242
Net Votes by Cooperative Bloc Voting	11,017	241	11,258
Total	12,139	3,361	15,500
Total Number of Producers		20,948	
Total Number of Approvals		12,139	
Total Number of Approvals as Percentage of Total Number of Producers		57.95%	

It is hereby ordered that the terms and provisions of the New York Dairy Promotion Order (I NYCRR, Part 40).....shall be made effective with respect to marketings of milk on and after May 1, 1972, and it is further determined that the terms and provisions of such order relating to the "Advisory Board" and the "Preparation of Budget" shall take effect on March 15, 1972 (New York State Department of Agriculture and Markets, Final Determination, March 10, 1972).

It is interesting to note that cooperative bloc votes in the 1971-72 referendum accounted for 91 percent of all "yes" votes. The defection of one substantial cooperative would have defeated the Order. This substantiates the fears which had been expressed earlier by the State Milk Promotion Committee and the Committee's wisdom in moving to amend the enabling legislation to allow for cooperative bloc voting. The indication of this and later referenda is that it is not possible to pass a promotion referendum on the strength of individual ballots. Only a relatively small percentage of producers actually vote on an individual basis, and of those who generally favor promotion only a comparatively small number submit a positive vote.

Late in 1971, while the referendum was still in progress, the State Milk Promotion Committee met to discuss the possibility of the Commissioner appointing an interim advisory board to consider a budget for the promotion order in the event the referendum was successful. The Committee unanimously approved the following motion at its final meeting on December 3, 1971:

In the light of the fact that the State Milk Promotion Committee has discharged its duties, the Committee moves to request the Commissioner to disband the Committee and recommends that because of the limited time available in the event the proposed order is approved, that the Commissioner appoint an advisory group to gather relevant data and study and prepare a recommended contingency budget for the consideration of the permanent advisory board appointed if the present referendum on the proposed order is successful (New York State Milk Promotion Committee, Minutes, December 3, 1971).

The State Milk Promotion Interim Advisory Committee

January 1972-March 1972

The State Milk Promotion Committee directly evolved into the State Milk Promotion Interim Advisory Committee, which held its first meeting in Syracuse, New York, on January 20, 1972. Messrs. Everingham and Kling were again elected chairman and secretary, respectively. In addition to some organizational matters, this first meeting was given over to a presentation by Daniel Padberg, Professor of Agricultural Economics at Cornell. Professor Padberg set out for the Interim Advisory Committee his suggestions on the kind of program and approach which the Committee might use in the administration of the promotion funds which would be forthcoming if the referendum were successful.

At the following meeting, there was a detailed presentation on the structure and finances of the American Dairy Association and Dairy Council

of New York (ADA&DCNY) and the newly-formed United Dairy Industry Association (UDIA). Pursuant to Professor Padberg's suggestions, the Committee wished to consider the various alternatives open to it in terms of the execution of a Statewide promotion program. At the third of five meetings which the Interim Advisory Committee held, a presentation was made by ADA&DCNY of its proposed promotion program for 1972.

The last two meetings of the Committee were given over to presentations and discussions of the promotion programs of the Ontario Milk Marketing Board, Milk for Health on the Niagara Frontier, Rochester Milk for Health and the California Milk Producers Advisory Board.

As of this date of the final meeting of the Interim Advisory Committee, the producer referendum had been completed and the Commissioner had issued the Final Determination on the New York Dairy Promotion Order. Such being the case, the work of the Committee was terminated so that the Commissioner might appoint the permanent Advisory Board, as provided for in the Promotion Order.

IV

MANDATORY ASSESSMENT FOR MILK PROMOTION

IN NEW YORK STATE: APRIL 1972 TO PRESENT

The First Advisory Board: April 1972 to April 1975

The Interim Advisory Committee formed the basis of the first State Milk Promotion Advisory Board. In accordance with provisions of the New York State Milk Promotion Order, nine of the members were appointed by Commissioner Wickham from nominations submitted by the major farm organizations,<sup>1</sup> and one at-large member was appointed by the Commissioner from nominations received from other dairy farmers across the State.<sup>2,3</sup> In addition, one alternate was specified for each of the regular Board members. Robert Everingham and Herbert Kling were elected chairman and secretary respectively.

The ten-member Advisory Board held a total of 39 meetings between April, 1972 and April, 1975, when their authority under the first producer referendum expired. One issue which confronted this initial Advisory Board was whether it was legal, or even appropriate, for members to simultaneously serve on the Board of Directors of the American Dairy Association and Dairy Council of New York, Inc., since it was felt that such dual membership might represent a possible conflict of interest. After much discussion, the Legal Counsel of the Department of Agriculture and Markets, issued a formal opinion on January 30, 1974, stating that such dual membership would not involve an actual and legally prohibited conflict of interest, although it was within the legal power of the Department to exclude Advisory Board members from such directorships.

The first matter of business which the Advisory Board had to settle was the precise assessment rate which it wished to recommend to the Commissioner. At its second meeting, on April 20th, it was resolved that the rate be set at five cents per hundredweight. This rate has, in fact, continued until the present time. The assessment on producer deliveries became effective under the Order on May 1, 1972, and it became necessary to establish a promotional program for disbursement of the funds.

---

<sup>1</sup>See Part III, a. Provisions of the Proposed Order, for a list of the organizations specified in the Order.

<sup>2</sup>This tenth appointment represented an addition to the nine-person Interim Advisory Committee.

<sup>3</sup>For a list of the members of the First Advisory Board, see Appendix 4.

### Choosing a Promotional Strategy: The Selection of ADA&DCNY

Before making a decision, the Advisory Board heard and discussed detailed presentations by the American Dairy Association and Dairy Council of New York (ADA&DCNY): Ogilvy and Mather, a New York advertising agency which was conducting the British milk promotion program; and Barlow/Johnson, a Syracuse-based advertising and public relations firm. On May 3, the Board moved to recommend support of the combined ADA&DCNY and UDIA<sup>4</sup> promotion program.

On June 26, Commissioner Wickham signed contracts<sup>5</sup> with ADA&DCNY and UDIA, as provided for in the Promotion Order. Throughout its tenure, the Advisory Board continued to consider alternative promotional programs and heard presentations by Barlow/Johnson, and by the Cunningham and Walsh Agency, which was then handling the promotion program of the California Milk Promotion Advisory Board.

After considering these presentations, the Advisory Board continued throughout its three-year tenure to reaffirm its support of ADA&DCNY. Each year, presentations were made of the proposed ADA&DCNY and UDIA budgets, and approval for expenditures (with some modifications)<sup>6</sup> was granted by the Board. During 1973, the Advisory Board questioned several items in the UDIA budget which did not contribute directly to increased sales of fluid milk in New York State. However, after lengthy discussions of the advantages and disadvantages of continuing the relationship with UDIA, the Board agreed at its meeting of November 1, 1973, that although the UDIA program needed changes, the concept of a single national promotion program was desirable. The Board recommended to the Commissioner that support of the UDIA and ADA&DCNY program be continued because it was "the most effective promotion program possible" (New York State Milk Promotion Advisory Board, Minutes, November 1, 1973).

### Opposition to the Promotion Order (April 1972-April 1975)

Support of the proposed promotion order in the referendum of 1971-72 was by no means unanimous.<sup>7</sup> Opposition to the order continued after its

---

<sup>4</sup>The United Dairy Industry Association is a national organization which united the programs of the American Dairy Association, National Dairy Council and Dairy Research, Inc. ADA&DCNY is directly affiliated with this group. UDIA and its programs are discussed in detail in Part VIII of the study.

<sup>5</sup>Details of these contracts are included in Part V, under the heading, "Role of the Department of Agriculture and Markets."

<sup>6</sup>One issue which presented problems for the Board was the funding of advertising of manufactured dairy products. On November 1, 1974, the Board recommended to the Commissioner that no money be spent on advertising manufactured milk products. Despite the fact that the enabling legislation and the Promotion Order explicitly provide for milk and dairy product promotion, it was the consensus of the Board that the promotion program was established to sell fluid milk and that the State's producers viewed it as such.

<sup>7</sup>On June 8, 1971, the following resolution was passed by the Delegate Body of

promulgation in the Spring of 1972. By August of that year, the National Farmers Organization had begun circulating a petition to hold another referendum on the Order and the Board of Directors of Eastern Milk Producers Cooperative Association, Inc. had passed a resolution supporting such action.

The Dairy Promotion Act of 1969 requires that the Commissioner call a hearing to amend or terminate the Dairy Promotion order upon petition of 25 percent or more of the producers in the State. The law contemplates another referendum of producers following such a hearing. On January 29, 1973, John B. Carroll, a Syracuse attorney, began circulating a letter in the Milkshed urging farmers to sign petitions calling for a hearing. On March 6th, Carroll filed a petition with 5,200 signatures (approximately 27 percent of the State's producers at the time) demanding a hearing and referendum vote to terminate the New York Dairy Promotion Order.

On August 8, the Commissioner of Agriculture and Markets, Frank Walkley, issued a determination on the petition, stating that the total number of qualified producers represented was only 4,158 (including 2,909 qualified producers affiliated with Eastern). As of the date of the petition, there were 19,246 producers of milk residing in New York State, and so the petition represented only 21.6 percent of the total. Therefore, Commissioner Walkley denied the request for a hearing and referendum to terminate the Order.

Even before the petitions for a recall had been filed, attorney Carroll had instituted legal action in opposition to the Promotion Order. On August 31, 1972, an Article 78 and Declaratory Judgment Proceeding was filed by Carroll in the Supreme Court of the State of New York in Albany on behalf of Daniel F. Gates, Edward D. Maxwell and Edwin B. Hadlock, dairy producers in New York State. Frank Walkley, Commissioner of Agriculture and Markets, was named as defendant-respondent in the action.

Carroll contended that the Dairy Promotion Act of 1969 was unconstitutional since the assessments carried out under it were confiscatory of the capital needed for the conduct of business and diminished the value of contracts which producers had with milk dealers. Concerning the Order itself, Carroll charged that the Commissioner "combined and conspired and acted in concert with proponents and others" in promulgating the regulation. Furthermore, he contended that the vote count was erroneously determined and the manner of determining the rate of assessment was improper.

On April 19, 1973, the Supreme Court, Appellate Division, dismissed the legal action in a unanimous decision. The Court found that Article 21-A was constitutional and that whereas the dairy promotion order was "duly promulgated after requisite notice, hearing and referendum and fixed maximum level of assessment which was lower than that allowable under the law, it was not necessary that announcement of the exact annual rate be preceded by another hearing and referendum" (Gates vs. Walkley, 1973).

---

Eastern Milk Producers Cooperative Association, Inc.: "Resolved that Eastern bloc vote against any mandatory milk promotion program in any state in the Northeast where enabling legislation for such program has been approved" (Eastern Milk Producers Cooperative Association, Inc. Resolution, June 8, 1971).

Activities and Expenditures under the First Advisory Board<sup>8</sup>

The Assessments collected under the Promotion Order were used during the period April 1972 through April 1975 to fund local and national advertising and promotion, nutrition education, product and market research, and administration costs. During this period the Commissioner entered into a series of contracts with the ADA&DCNY and its various affiliates and with Cornell University for product research and program evaluation services.<sup>9</sup> In all, about \$10.7 million were expended between May 1, 1972 and April 31, 1975.

Over the period of tenure of the first Advisory Board, the basic breakdown of expenses was as follows:

Nutrition Education	21.7%
Advertising & Sales Promotion	46.5%
Communications & Supporting Services	6.0%
National Program Support <sup>10</sup>	22.4%
Cornell University Research	2.6%
Administration	0.8%

The precise, absolute amounts of income and expenses between May, 1972 and April, 1979 are found in Table 11.

During this first phase of the Dairy Promotion Order, promotion programs at the State level were contracted through the ADA&DCNY. Because of the existence of companion programs in the State order areas and nearby out-of-State markets, funds were concentrated on activities within the heavily populated New York-New Jersey market. The largest expenditure of promotion money under the contracts with ADA&DCNY was for television advertising of milk. This was augmented by radio and newspaper advertisements and special promotional events in food stores. In October of 1974, a new advertising theme, "Milk is a Natural" replaced the "New You" theme of previous years. An educational program was carried out by local Dairy Council units to improve the nutritional habits of consumers.

Funds directed to national program support were used largely for research and development of programs, and for materials and expertise utilized in the local promotion effort. Lastly, the Promotion Order sponsored a modest yet important research and extension program by the Department of Food Science at Cornell University, and a marketing and economic research program by the Department of Agricultural Economics, also at Cornell.

---

<sup>8</sup>Detailed descriptions of activities carried out are included in Part V of the study under specific headings, such as "Dairy, Food and Nutrition Council," etc.

<sup>9</sup>Departments of Agricultural Economics and Food Science.

<sup>10</sup>The formula through which national program support funds are allotted by the Advisory Board to the United Dairy Industry Association is discussed in Part VIII of the study.



TABLE 11: NEW YORK STATE DAIRY PROMOTION ORDER INCOME AND EXPENSES<sup>a</sup> BY FISCAL YEARS<sup>b</sup> - MAY-APRIL 1972-73 TO MAY-APRIL 1978-79

	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79 <sup>c</sup>
Dollars							
<u>Income:</u>							
Carryover Funds		618,572	452,234	477,055	369,576	215,539	(-28,512)
Assessment Income	3,829,562	3,626,318	3,742,543	3,783,202	3,701,563	3,823,436	3,859,891
Interest Earned	2,395	9,768	15,708	16,511	25,863	32,572	47,775
Total Income	3,831,957	4,254,658	4,210,485	4,276,768	4,097,002	4,071,547	3,879,154
<u>Expenses:</u>							
Nutrition Education	668,971	850,986	794,750	794,750	810,371	841,612	877,306
Advertising & Sales Promotion	1,439,721	1,820,871	1,855,793	2,173,784	2,059,103	2,189,931	1,784,196
Communications & Supporting Services	181,964	240,850	290,145	235,876	267,320	279,187	311,389
National Program Support	832,702	740,884	630,834	619,070	626,922	627,270	718,385
Cornell University Research Administration	60,000	123,900	105,446	23,637	37,867	29,107	32,320
	30,027	24,933	56,462	60,075	85,880	132,952	97,148
Total Expenses	3,213,385	3,802,424	3,733,430	3,907,192	3,881,463	4,100,059	3,820,744
Carryover Funds	618,572	452,234	477,055	369,576	215,539	(-28,512)	58,410

<sup>a</sup>Less out-of-state and State order programs.

<sup>b</sup>The fiscal year for the Promotion order is May 1 through April 30.

<sup>c</sup>Preliminary figures obtained from Division of Dairy Industry Services, New York State Department of Agriculture and Markets (July 23, 1979).

SOURCE: New York State Department of Agriculture and Markets, A Report to New York State Dairy Farmers on Programs and Activities under the New York Dairy Promotion Order, June 1974, 1976, October 1977, 1978.

During the last nine months of its tenure, the Advisory Board became increasingly active in preparing for the hearing and referendum which was required by law to continue the Promotion Order for another three-year period.

### The Second Hearing and Referendum

On September 23, 1974, Commissioner Frank Walkley announced a Hearing to be held to provide the opportunity for interested individuals and groups to present evidence bearing upon the continuation of the New York Dairy Promotion Order. The Hearing was held in Albany on October 23 and 24, 1974. A total of twenty-six dairy farmers, cooperative and farm organization representatives, and milk promotion specialists testified. Among those organizations whose representatives spoke in support of continuation of the Order were the New York State Farm Bureau, State Grange, Northeast Dairy Cooperative Federation (NEDCO), Dairylea Cooperative, Yankee Milk, Rochester Cooperative Milk Producers Bargaining Agency and the Niagara Frontier Cooperative Milk Producers Bargaining Agency. Allied Federated Cooperatives and the National Farmers Organization indicated "no stand."

Additionally, expert testimony was presented by faculty members of the Department of Agricultural Economics at Cornell. It was pointed out that recent research had indicated that the dairy farmers' increased investment in promotion through the Order had been clearly profitable in the New York City Market.

On October 29, 1974, Commissioner Walkley issued a preliminary statement in which he held that the Hearing record indicated that there was substantial support and basis for continuation of the Promotion Order. In view of this, the Commissioner announced that a referendum would be held to ascertain whether the State's producers favored continuation of the Order. The referendum was set to commence on November 1, 1974 and to terminate on February 28, 1975.

In the same manner as in the first referendum, all cooperatives and producers in the State were notified of the referendum and their voting rights therein. An "educational program" was carried out immediately preceding and during the referendum period. ADA&DCNY mailed out three separate packets to all producers in the State to inform them of the work it was carrying out on behalf of the Promotion Order. Furthermore, the Commissioner himself sent out a packet of descriptive information about the Order to all producers.

Of 17,861 producers who were eligible to vote in the referendum, 13,434 participated either individually or through the bloc votes of their cooperatives. The results are summarized in Table 12. A total of 9,710 producers of milk in the State expressed approval of the Order. This number represented 54.36% of the producers in the State at the time of the referendum. Thus, in his Final Determination on March 12, 1975, the Commissioner found that the continuance of the Promotion Order was favored by at least fifty-one

TABLE 12: SUMMARY OF PROMOTION ORDER REFERENDUM,  
NOVEMBER 1, 1974 TO FEBRUARY 28, 1975

	<u>Approvals</u>	<u>Disapprovals</u>	<u>Total</u>
Individual Ballots	1,436	3,522	4,958
Net Votes by Cooperatives Bloc Voting	8,274	202	8,476
Total	9,710	3,724	13,434

Total Number of Producers 17,861

Total Number of Approvals 9,710

Total Number of Approvals  
as Percent of Total  
Number of Producers 54.36%

percent of the producers in the State, as required by law, and the Order was extended for another three-year period, commencing May 1, 1975.<sup>11</sup>

#### The Second Advisory Board: May 1975 to April 1978

The terms of office of the members of the first Advisory Board were to expire on April 30, 1975 and so on March 12th, Commissioner Walkley invited nominations from producers to fill positions on the second Board, which would begin to function on May 1. As previously, the Commissioner appointed nine members from nominations submitted by the major farm organizations as designated in the Order, and one at-large member from nominations received from other dairy farmers.<sup>12</sup> Alternate members were again specified for each seat on the Board. William T. Underwood, member-at-large, was elected chairman of the Second Advisory Board, and Herbert Kling was re-elected secretary at the Board's meeting on August 11, 1975. This was the first of 28 meetings which the group held during a three-year period.

Throughout the tenure of the second Advisory Board, it continued to closely monitor and approve (sometimes with modifications) the programs and expenditures of the ADA&DCNY,<sup>13</sup> the two Dairy Council units then operating with its funds, and the various companion programs both in and outside the State, to which New York State farmers were contributing financial support. Each year, the Advisory Board recommended to the Commissioner that the assessment rate be continued at five cents per hundredweight of milk marketed.

#### Opposition to the Promotion Order (May 1975-April 1978)

In July of 1975, a summons and complaint was served in a proceeding instituted by Daniel F. Gates and Edward Maxwell against Commissioner of Agriculture and Markets, John S. Dyson. The proceeding asked for an order adjudging the Dairy Promotion Order illegal and void on the basis of improper voting procedures in the previous referendum. The action also maintained that there was insubstantial evidence at the hearing to support the determination of continuing the order.

The case was first argued in court on October 9, 1975. The Appellate Division of the Supreme Court of the State of New York eventually found in favor of the Commissioner. The Court found that the referendum had been conducted properly and went on to state that a hearing and factual finding by

---

<sup>11</sup>The referendum also approved an amendment to the Order, which substituted "(9) Yankee Milk, Inc." in paragraph 9 of subdivision (a) of Section 40.15.

<sup>12</sup>For a list of members of the second Advisory Board, see Appendix 5.

<sup>13</sup>One interesting change in the Board's policy during this period was its approval for the first time of expenditures for local cheese promotion. This was in contrast to its earlier position that the promotion order was intended to be exclusively for fluid milk.

the Commissioner were not a precondition to extension of an existing dairy promotion order (Gates vs. Dyson, 1976). Thus, if a promotion order were not to be modified but simply extended for an additional three-year period, only a referendum would in the future be necessary.

#### The Second Amendment to the Dairy Promotion Act (1977)

In 1976 the Advisory Board considered various ways of amending the referendum voting procedures as stated in the enabling legislation. The amendment which eventually emerged was enacted by the Legislature, effective August 1, 1977. Before this amendment, it was necessary for at least 51 percent of all producers in the State to approve the Order in a referendum. Under the changed law, it was necessary that only 51 percent of those voting approve and that at least 51 percent of all producers in the State vote in the given referendum. Thus, a promotion order can be approved through the referendum by the affirmative votes of as few as 26 percent of the State's producers.

#### Activities and Expenditures under the Second Advisory Board

During this period, promotion funds continued to be used for local and national advertising and promotion, nutrition education, product and market research, and administration costs. Contractual relationships with ADA&DCNY and its affiliated organizations and with the Departments of Food Science and Agricultural Economics at Cornell were extended. Approximately \$11.9 million was expended during the three-year term of the second Advisory Board, representing a 9 percent increase over the previous three-year period (Table 11). The basic breakdown of expenses between May 1, 1975 and April 31, 1978 was as follows:<sup>14</sup>

Nutrition Education	20.6%
Advertising & Sales Promotion	54.0%
Communications & Supporting Services	6.6%
National Program Support	15.8%
Cornell University Research	0.7%
Administration	2.3%

The largest expenditure of Dairy Promotion funds under the contracts with ADA&DCNY continued to be for direct media advertising and sales promotion. Of this, approximately 72 percent was invested in the purchase of television advertising time. More than 90 percent of the advertising funds were concentrated in the New York Metropolitan Area, because this densely populated area was found to be highly responsive to television and radio promotion of fluid milk.<sup>15</sup>

Fluid milk products were again given top priority in the advertising and promotion program. Approximately 90 percent of all advertising funds

---

<sup>14</sup>Annual allocations between 1972 and 1979 are found in Table 14.

<sup>15</sup>See discussion, in Part VI, of research conducted by Department of Agricultural Economics at Cornell.

were used to promote their sale. The "Milk is a Natural" theme was continued throughout the three-year term of the Board. An increased share of the advertising monies went to the promotion of certain manufactured dairy products, primarily natural cheese. The New York funds used to promote cheese were given additional impact by being matched by funds contributed by dairy farmers in Minnesota and Wisconsin, and made available through UDIA.

Support of the Dairy, Food and Nutrition Council and the Dairy Council of Metropolitan New York was maintained. The accent of these programs continued to be on nutrition education in schools through teacher workshops. In the last half of the 1977-78 marketing year, "Food Your Choice," a new sequential curriculum used for teaching nutrition was introduced in the workshops.

As the term of the Second Advisory Board drew to a close, the members became increasingly active in preparations for the third producer referendum.

### The Third Referendum

In *Gates vs. Dyson* (1976), the Appellate Division of the Supreme Court of the State of New York held that for purposes of extension of a promotion order (without modification) it was not necessary to conduct a hearing. Therefore, late in 1977, preparations were made for a third producer referendum, without first holding a hearing as had been done previously.

J. Roger Barber, Commissioner of Agriculture and Markets, announced on September 27, 1977 that a Referendum would be held to ascertain whether the State's dairy producers favored continuation of the Promotion Order for another three-year period. The referendum was set to commence on November 1, 1977 and to terminate on February 28, 1978. As in the first two referendums, all cooperatives and producers in the State were notified of the referendum and their voting rights therein. Again, an "educational campaign" was carried out by the ADA&DCNY and the Commissioner's office to provide dairy farmers with information about the past programs and expenditures under the Order.

Of 16,562 producers who were eligible to vote in the referendum, 10,353 participated either individually or through the bloc votes of their cooperatives. The results are summarized in Table 13. A total of 8,361 producers expressed approval of the Order. This number represented 80.76 percent of those casting ballots in the referendum. Furthermore, 62.51 percent of those eligible to vote in the referendum actually did so. Thus, in his Final Determination on March 14, 1978, the Commissioner found that the continuance of the Promotion Order was favored by at least fifty-one percent of those voting in the producer referendum and that at least fifty-one percent of the eligible producers had cast ballots, as required by law (amended in 1977).<sup>16</sup> The Order was extended for another three-year period, commencing May 1, 1978.

---

<sup>16</sup>Note that if the law had not been amended in 1977 and the voting in the third referendum had been the same as it was, the Promotion Order would not have been continued, since only 50.48 percent (less than 51 percent) of the total number of Producers in the State expressed approval of the Order's continuance.

TABLE 13: SUMMARY OF PROMOTION ORDER REFERENDUM,  
NOVEMBER 1, 1977 TO FEBRUARY 28, 1978

	<u>Approvals</u>	<u>Disapprovals</u>	<u>Total</u>
Individual Ballots	1,369	1,757	3,126
Net Votes by Cooperative Bloc Voting	6,992	235	7,227
Total	8,361	1,992	10,353

Total Number of Producers	16,562
Total Number Voting	10,353
Total Number Voting as Percentage of Total Producers	62.51%
Total Number of Approvals	8,361
Total Number of Approvals as Percentage of Total Number Voting	80.76%

The Third Advisory Board: May 1978 to Present

The term of office of members of the second Advisory Board were to expire on April 30, 1978, and so on March 16, Commissioner Barber invited the nominations from producers to fill positions on the third Board, which would begin to function on May 1. For the third time, nine members were appointed from nominations submitted by the major farm organizations as designated in the Order, and one at-large member was appointed from nominations received from other dairy farmers.<sup>17</sup> Once again, alternate members were specified for each seat on the Board. William T. Underwood and Herbert Kling were re-elected chairman and secretary, respectively, at the Board's first meeting on June 8, 1978.

The Third Advisory Board has continued to closely monitor and approve, often with modifications, the programs and expenditures of ADA&DCNY, DFNC, DCMNY, and the various companion programs in and outside the State. At the same time, the Board has sought to continually review alternative promotion programs. The Cunningham & Walsh Advertising Agency, which handled the milk promotion accounts of the states of California, Oregon, Washington, and Arizona,<sup>18</sup> made several presentations to the Advisory Board during the late summer and early fall of 1978.

Between 1970, when Cunningham and Walsh took over the California account, and 1978, figures compiled by the U.S. Department of Agriculture and the California and New York Market Administrators indicated that per capita consumption of fluid milk in California had increased by 2.2 percent, while nationally, per capita consumption had decreased by 4.5 percent. In the Order 2 area, there was a 10.5 percent decrease over the same period. Because of this situation, a special media committee was appointed by the Advisory Board to review the Cunningham and Walsh proposal. Later, the media committee had an opportunity to review in detail the programs of ADA&DCNY, UDIA and the work of D'Arcy-Macmanus-Masius agency, which handles the UDIA advertising and promotion account. As a result of these various sessions, no recommendation was made by the media committee to the Board to alter its promotion program, and on February 7, 1979 the proposed ADA&DCNY budget for the following fiscal year was approved by the full Advisory Board. At the same meeting, it was resolved to continue the five cent per hundredweight rate of assessment for another year.

The Third Amendment to the Dairy Promotion Act (1978)

Although the Advisory Board has continued to recommend a five cent level of assessment (the maximum allowed under the Order) each year, there has been increased interest on the part of ADA&DCNY and some dairy leaders

---

<sup>17</sup>For a list of members of the Third Advisory Board, see Appendix 6.

<sup>18</sup>See Part IX, State Programs Unaffiliated with UDIA.



in the State to increase this level to keep up with inflationary changes in the cost of the advertising and promotion programs.<sup>19</sup>

Since the five-cent rate recommended each year by the Advisory Board is equal to the maximum rate allowed by the Order,<sup>20</sup> any change in the annual rate would require a prior amendment to the Order. The amendment process, as provided for in the enabling legislation (Dairy Promotion Act of 1969), requires a hearing on the proposed amendment, followed by a producer referendum. This procedure presented an important obstacle to any attempt to increase the maximum assessment rate. If the referendum on the amended order (to change the maximum rate of assessment) resulted in a negative vote, it might be construed that the Promotion Order itself had been rejected by the State's producers.

To avoid the possibility of such a situation developing, it was necessary to modify the 1969 Act's provisions regarding changes in the assessment rate. Effective July 24, 1978, the Dairy Promotion Act was amended to include the following provision:

. . . the commissioner, upon written petition of no less than twenty-five percent of producers in the area, either as individuals or through cooperative representation, may call a hearing for the sole purpose of establishing a new rate of assessment hereunder and may submit a proposed change in the rate of assessment to the producers for acceptance or rejection without otherwise affecting the order (Article 21-A, (d), (1)).

#### Activities and Expenditures under the Third Advisory Board<sup>21</sup>

Basic patterns of expenditure have been continued by the Third Advisory Board (Table 11), funds being allocated to local and national advertising and promotion, nutrition education, product and market research, and administration. Contractual relationships with ADA&DCNY and its affiliated organizations and with the Departments of Agricultural Economics and Food Science at Cornell have been extended. The basic breakdown of expenses between May 1, 1978 and April 31, 1979 was as follows:<sup>22</sup>

<sup>19</sup>It has been suggested that the Order be amended to permit assessments up to one percent of the price paid to farmers for their milk. The discussions and debates centered on this issue are outlined in Part X of the study.

<sup>20</sup>See Section 40.23 of the New York Dairy Promotion Order in Appendix 3. Note that the Dairy Promotion Act permits assessments up to 2 percent of the price paid to farmers for their milk.

<sup>21</sup>Detailed descriptions of current activities of the ADA&DCNY, DFNC, DCMNY and other organizations which are funded by the Advisory Board are provided in Part V.

<sup>22</sup>Annual allocations, by fiscal year, between 1972 and 1979 are found in Table 14. Absolute expenditures for the same time period are given in Table 11.

Nutrition Education	23.5%
Advertising & Sales Promotion	45.4%
Communications & Supporting Services	8.3%
National Program Support	19.3%
Cornell University Research	0.9%
Administration	2.6%

Media advertising and sales promotion expenses continued to dominate the expenditure of Dairy Promotion Order funds. The accent on television was increased over the previous period, with 85 percent of the advertising and promotion monies going to the purchase of TV commercial time. Approximately 80 percent of the advertising funds were utilized in the New York Metropolitan Area.

Highest priority was again given to fluid milk products. Approximately 90% of all advertising funds were used to promote their sale. A new advertising theme, "Milk's the One," replaced the "Milk is a Natural" theme in September of 1978. As in the immediately preceding years, advertising of manufactured dairy products (mainly cheese) accounted for slightly more than 10 percent of the TV/radio budget.<sup>23</sup>

Income and Expenditures of the New York State

Dairy Promotion Order: 1972-1980<sup>24</sup>

Assessment income of the Dairy Promotion Order has not changed significantly since the beginning of the program in 1972 (Table 11). This reflects relatively stable annual total production of milk (with small yearly fluctuations) in New York State.

The percentage allocation of Promotion Order funds to the various activity areas has also been rather consistent, although certain trends may be discerned (Table 14). The share devoted to advertising and sales promotion reached a peak in the 1975-76 fiscal year and has declined since that time. Preliminary tabulations for the current fiscal year indicate that less than 47 percent of the \$3.8 million budget will be utilized in such programs.

Funding of the two Dairy Council units has varied between 20 and 22.5 percent of promotion Order expenditures, but is projected to reach a new high in 1978-79 (23.0%). Support of national programs trended downwards until the current fiscal year. Absolute expenditures in support of UDIA (and its affiliate organizations) will increase 15 percent over the 1977-78 level.<sup>25</sup>

---

<sup>23</sup> Cooperative programs were continued with Minnesota and Wisconsin, through UDIA.

<sup>24</sup> Most of the changes in expenditures reflect changes in the annual budgets of ADA&DCNY. See the first section of Part V.

<sup>25</sup> In terms of percentage share of the total budget, this is an increase in national program support of 25 percent.

TABLE 14: ALLOCATION OF EXPENDITURES BY NEW YORK STATE DAIRY PROMOTION ORDER  
BY FISCAL YEARS - MAY-APRIL 1972-73 TO MAY-APRIL 1978-79

Expenses	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79 <sup>a</sup>
	<u>Percent</u> <sup>b</sup>						
Advertising & Sales Promotion	44.8	47.9	49.7	55.6	53.1	53.4	(46.7)
Nutrition Education	20.8	22.4	21.3	20.3	20.9	20.5	(23.0)
National Program Support	25.9	21.9	16.9	15.8	16.2	15.3	(18.8)
Communications and Supporting Services	5.7	6.3	7.8	6.9	6.9	6.8	( 8.1)
Cornell Research	1.9	3.3	2.8	0.6	0.8	0.7	( 0.8)
Administration	0.9	0.7	1.5	1.5	2.2	3.2	( 2.5)

<sup>a</sup> Figures for 1978-79 are preliminary.

<sup>b</sup> Columns may not add to 100 percent due to rounding error.

Administration costs steadily increased from 0.9 percent of total expenditures in 1972-73 to 3.2 percent in 1977-78. However, it is projected that administrative expenditures will decrease this year to approximately 2.5 percent of the 1978-79 budget.

At the Advisory Board meeting of February 7, 1979, the proposed budget for the fiscal year, May 1, 1979 to April 30, 1980, was approved and recommended to the Commissioner of Agriculture and Markets. Total assessment income for the period was estimated to be \$5,059,000 based upon anticipated milk production in the State of approximately 10.2 billion pounds (at 5 cents per 100 pounds). This means that almost \$4 million will be available to the Commissioner for the funding of milk and dairy product promotion (Table 15).

TABLE 15: ANTICIPATED INCOME AND EXPENSES OF THE  
NEW YORK DAIRY PROMOTION ORDER FOR THE PERIOD,  
MAY 1, 1979 TO APRIL 30, 1980

Estimated Carry-over from 1978-79	\$ 80,000
Total Assessment Income @ 5¢ per cwt	5,059,000
Interest Income	<u>30,000</u>
Total Income	\$5,169,000

LESS:

State Order Programs	\$ 520,000
Out-of-State Programs	<u>670,000</u>
	\$1,190,000

For expenditure of Advisory Board and Department of Agriculture and Markets Administration	\$3,979,000
--	-------------

EXPENSES:

In-State Advertising, Promotion, Nutrition Education, Communications and Supporting Services	\$3,082,000 <sup>a</sup>
National Program Support	712,000
Cornell Research	60,000
Administration	100,000
Reserve for Contingencies	<u>25,000</u>
Total Expenses	\$3,979,000

<sup>a</sup> A more detailed breakdown of anticipated expenses was not available at the time of publication.



ORGANIZATIONS AND INSTITUTIONS INVOLVED IN  
DAIRY PROMOTION IN NEW YORK STATE: 1972-1979

Since the inception of the New York State Dairy Promotion Order, a number of organizations and institutions have been involved in dairy promotion in the State, some operating rather independently of the Promotion Order. Organizations directly concerned with milk and dairy product promotion in New York State include the American Dairy Association and Dairy Council of New York (ADA&DCNY), the Dairy, Food and Nutrition Council (DFNC), the Dairy Council of Metropolitan New York (DCMNY), Milk for Health on the Niagara Frontier, Dairy Council of the Niagara Frontier, the Rochester Health Foundation, and the Dairy Council of the Rochester Area. One other institution is less directly involved in dairy promotion efforts but is concerned with the functioning of the Dairy Promotion Order and its Advisory Board. This is the New York State Department of Agriculture and Markets. The roles played by these eight organizations and institutions are examined in this Part of the study.

The American Dairy Association and Dairy Council  
of New York: 1969-1978<sup>1</sup>

The American Dairy Association and Dairy Council of New York, Inc. (ACA&DCNY) was established in January of 1960 as the primary funding agent (in New York State and New Jersey) of the American Dairy Association and the local Dairy Council units. From 1960 until early 1968, all income was derived on a voluntary basis through individual authorizations of producers in the Order 2 milkshed. Beginning in March, 1968, the Positive Letter mechanism was instituted as a means of increasing producer participation in the funding of ADA&DCNY promotional programs. This approach, however, also proved to be unsatisfactory, and producer dissatisfaction resulted in decreased revenues for ADA&DCNY in 1970 and again in 1971.

A search by dairy leaders in the State for a funding mechanism whereby everyone would share the cost of promotion in proportion to his or her own contribution of milk to the market eventually led to the enactment in 1969 of the Dairy Promotion Act and to the establishment in May of 1972 of the New

---

<sup>1</sup>For a discussion of the ADA&DCNY during the period prior to the promulgation of the New York State Dairy Promotion Order, see the first section of Part II of this study.

York Dairy Promotion Order. On June 26, 1972, at the recommendation of the New York State Milk Promotion Advisory Board, the Commissioner of Agriculture and Markets contracted with the American Dairy Association and Dairy Council of New York, Inc. (and with UDIA) to execute a dairy promotion and nutrition education program for the State. Thus began a formalized relationship between the New York Dairy Promotion Order and ADA&DCNY which continues to this day.

### The Internal Structure of ADA&DCNY

The American Dairy Association and Dairy Council of New York, Inc. was organized and operates under the "Not-for-Profit Corporation Law" of the State of New York. The main purposes of the organization, according to its By-Laws, are "to effectuate programs of promotion, publicity, nutrition education, nutrition research and product research" (ADA&DCNY, Inc., By-Laws, Article II) in order to encourage the consumption of milk and dairy products. The ADA&DCNY is the "in-State" institution through which the national programs of UDIA (and its affiliated organizations, ADA, NDC and DRINC) and the local Dairy Council units are funded. The most important direct role played by the ADA&DCNY is that of reporter to dairymen concerning the promotional programs they fund. Furthermore, ADA&DCNY carries out substantial public relations work and serves as a source of information to consumers concerning the dairy industry.

The organization is geographically responsible for the entire Order 2 milkshed--23,000 producers. Included in the area are 52 counties in New York State (Figure 5), 16 counties in New Jersey, 45 counties in Pennsylvania, seven counties in Maryland, two counties in Vermont, and one each in Delaware and West Virginia.

The major policy-making body of ADA&DCNY is its Board of Directors, which meets two or three times each year. The Board is composed of 27 members, 19 of whom are elected, one each, from 19 districts<sup>2</sup> into which the area is divided. The remaining members of the Board are appointed by eight specified farm organizations.<sup>3</sup> Of the 27 Board members, all but five are residents of New York State.<sup>4</sup> The Board elects officers of the organization--a President, Vice President, Secretary, and Treasurer--and employs a General Manager, who directs and supervises all operations and activities, under the supervision of an Executive Committee. This Committee is composed of ten members of the full Board and meets, on average, six times per year. Directors and Officers receive no compensation but are reimbursed for their expenses.

---

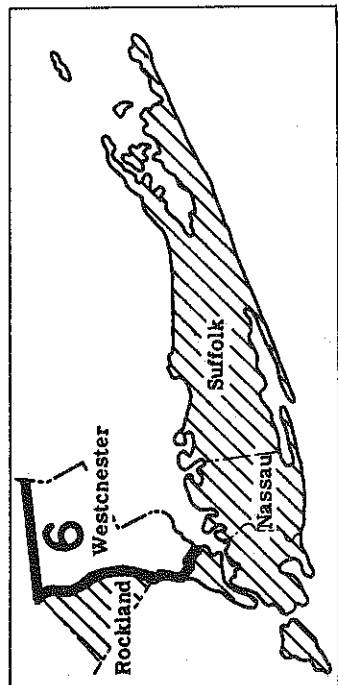
<sup>2</sup> Fourteen of the nineteen districts are wholly or partly in New York State (Figure 5).

<sup>3</sup> Allied Federated Cooperatives, Dairy Lea Cooperative, Eastern Milk Producers Cooperative Association, Northeast Dairy Cooperative Federation, New York Farm Bureau, New York State Grange, Niagara Frontier Cooperative Milk Producers Bargaining Agency, and Rochester Health Foundation.

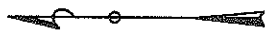
<sup>4</sup> Five members of the 1979 Board of Directors of the ADA&DCNY are also members of the New York State Milk Promotion Advisory Board.



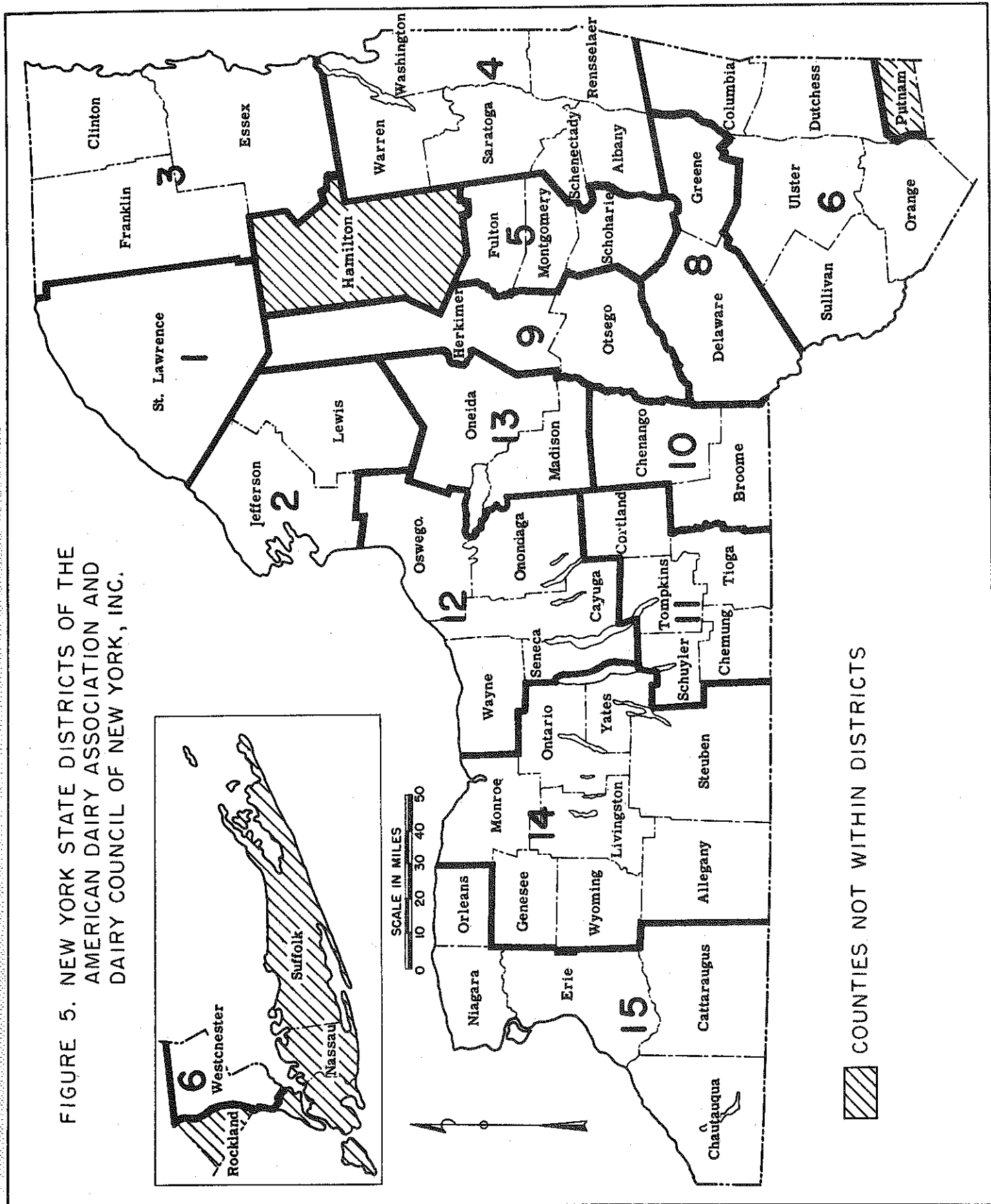
FIGURE 5. NEW YORK STATE DISTRICTS OF THE AMERICAN DAIRY ASSOCIATION AND DAIRY COUNCIL OF NEW YORK, INC.



SCALE IN MILES  
0 10 20 30 40 50



COUNTIES NOT WITHIN DISTRICTS



An Advisory Board of Directors, composed of not more than 15 milk marketing specialists, is appointed by the President. It consults with and advises the general Board of Directors on program direction and operation.

In each of the 19 Districts there is also a Board of Directors. The District organizations provide information on the programs of ADA&DCNY to all elements of the dairy industry, including milk producers, and thus strive to maintain a high degree of producer support. Additionally, there are 48 20-person County Promotion Committees, which are mainly associated with the Dairy Princess program (see below), and 50 20-person Special Purpose Committees, which tend to function during producer referendums. Figure 6 provides a diagrammatic representation of the internal structure of ADA&DCNY and its relation to some of the other organizations which are involved in dairy promotion in the State.

The General Manager of ADA&DCNY supervises a full-time staff of 11 individuals, seven of whom are located in the Syracuse office of the organization. There is a Communications Director, a Coordinator of the Dairy Princess and food publicity programs, a Public Relations Assistant, two secretaries and a bookkeeper. Additionally, a field staff of four consists of two Consumer/Industry Relations Representatives and two Field Representatives.<sup>5</sup>

#### The Relationship of ADA&DCNY to Other Dairy Promotion Institutions

To a great extent, ADA&DCNY serves as an intermediary between institutions which procure dairy promotion funds and organizations which utilize those funds. On the procurement side are the New York Dairy Promotion Order, the New York State Milk Promotion Advisory Board and the New York State Department of Agriculture and Markets. Organizations which utilize the dairy promotion funds are the United Dairy Industry Association (UDIA), Dairy Council of Metropolitan New York, Inc. (DCMNY), Dairy, Food and Nutrition Council, Inc. (DFNC), Milk for Health on the Niagara Frontier, Inc. and the Rochester Health Foundation, Inc.

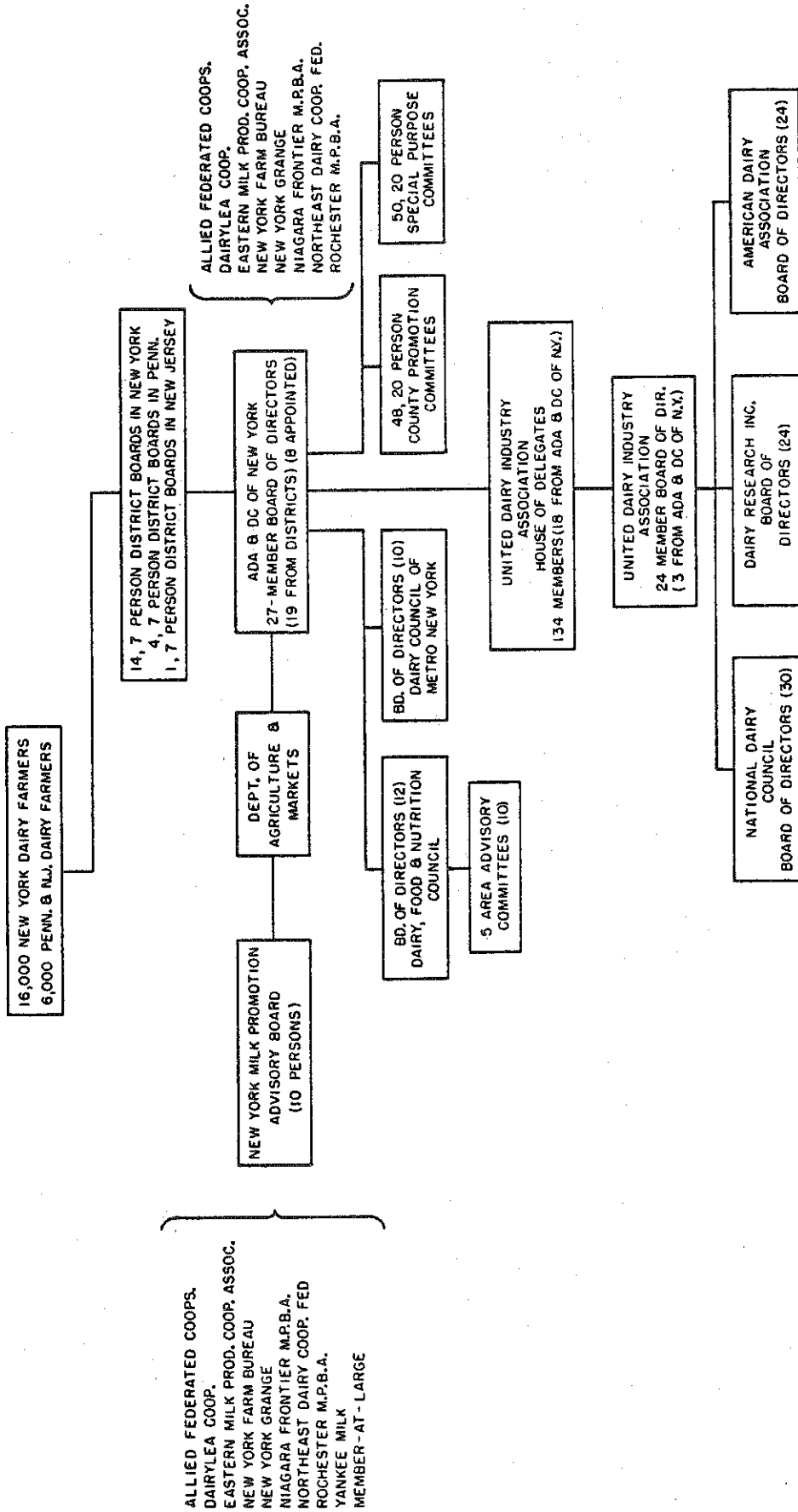
The New York Dairy Promotion Order provides funds to ADA&DCNY through contractual arrangements between ADA&DCNY and the Commissioner of Agriculture and Markets of the State of New York.<sup>6</sup> It is the role of the New York State Milk Promotion Advisory Board to recommend to the Commissioner whether or not to enter into and/or continue the contractual relationships between the Promotion Order and ADA&DCNY. Furthermore, the Advisory Board regularly advises and consents to the promotional plans and budgets of ADA&DCNY and its affiliate organizations. One or two members of the professional staff of

---

<sup>5</sup>For a list of the current officers and staff members of ADA&DCNY, see Appendix 7.

<sup>6</sup>The Commissioner maintains three distinct contractual agreements. One is with ADA&DCNY; another is with NDC and ADA&DCNY; and the third is with UDIA and ADA&DCNY. As part of these agreements, the Department of Agriculture and Markets audits each of the contractors. See later section, "Role of the New York State Department of Agriculture and Markets."

FIGURE 6. AMERICAN DAIRY ASSOCIATION AND DAIRY COUNCIL OF NEW YORK, INC.  
ORGANIZATIONAL STRUCTURE



ADA&DCNY usually attend meetings of the Advisory Board although they are not voting members of that body. As pointed out earlier, five of the 27 members of the 1979 Board of Directors of ADA&DCNY are also members of the Advisory Board. In other words, half of the members of the Advisory Board are also members of the Board of ADA&DCNY.

Having contracted with the Commissioner of Agriculture and Markets to carry out dairy promotion and education programs, ADA&DCNY sub-contracts with the two primary Dairy Council units in the State, DCMNY and DFNC, to execute nutrition programs. Officially, ADA&DCNY has the authority to approve (or disapprove) the programs and budgets of the Dairy Council units, but in practice does not involve itself in such procedures.

The American Dairy Association and Dairy Council of New York is a member organization of the United Dairy Industry Association (UDIA). As such, it helps to support the national programs carried on by UDIA, ADA, NDC and DRINC. This is done by a contribution of .95 cents (\$.0095) per hundred-weight of milk marketed per year within the Federal Order 2 and Rochester State Order areas.<sup>7</sup> In the calendar year 1978, this resulted in a total contribution by ADA&DCNY to UDIA of more than \$685 thousand.

The relationship between ADA&DCNY and the two State Order promotion programs is a relatively remote one, since these areas are not part of the Order 2 milkshed. In the case of the Rochester program, ADA&DCNY serves as a liaison between the Rochester Health Foundation and UDIA. Furthermore, in return for an annual fee, the Syracuse office carries on merchandising and producer relations (Dairy Princess) activities on behalf of the Rochester organization, which is described as an "affiliate" of ADA&DCNY. There is some overlap of membership on the Boards of the two organizations.

ADA&DCNY is only minimally involved with promotion programs in the Buffalo area. Although Dairy Council of the Niagara Frontier Area is an affiliated unit of National Dairy Council, Milk for Health on the Niagara Frontier, Inc. carries on its own independent advertising program and is not affiliated with UDIA. However, Milk for Health on the Niagara Frontier pays a fee to ADA&DCNY each year to cover the cost of some limited county-level promotional work (mainly Dairy Princess), and has representation on the Board of ADA&DCNY.

#### Income and Expenditures of ADA&DCNY since the Promulgation of the New York State Dairy Promotion Order (1972-1979)

Since 1972, the bulk of ADA&DCNY's annual income has come from funds collected under the mandatory assessment provision of the New York Dairy Promotion Order. In 1973, total annual income was almost \$4 million, 91 percent of which was from the Promotion Order (Table 16). Because Dairy Promo-

---

<sup>7</sup>Member units of UDIA have the option of supporting the national program either at the .95 cents rate or at 25 percent of their own budgets. Each unit naturally tends to select whichever formula results in a smaller contribution. Changes in these national assessment rates over the years are discussed in Part VIII of this study.

TABLE 16: AMERICAN DAIRY ASSOCIATION AND DAIRY COUNCIL OF NEW YORK, INC.  
RECEIPTS BY PROMOTION AREA, 1972-1979

Year	Niagara Frontier	Rochester	Federal Order #2 Market Positive Letter	New York Promotion Order <sup>a</sup>	Total Receipts <sup>b</sup>
1972	\$55,224 <sup>c</sup> 2.0%	\$124,515 4.5%	\$904,750 <sup>d</sup> 32.6%	\$1,689,515 <sup>e</sup> 60.9%	\$2,774,004 100%
1973	74,796 1.9%	129,437 3.3%	161,446 4.1%	3,613,907 90.8%	3,979,586 100%
1974	27,194 0.7%	138,818 3.8%	155,586 4.2%	3,341,161 91.2%	3,662,759 100%
1975	6,000 <sup>f</sup> 0.1%	140,247 3.4%	163,757 4.0%	3,827,783 92.5%	4,137,787 100%
1976	6,500 0.2%	172,225 4.3%	263,986 6.6%	3,557,612 88.9%	4,000,323 100%
1977	6,500 0.2%	117,991 2.9%	385,803 9.6%	3,513,729 87.3%	4,024,023 100%
1978	5,250 0.1%	190,997 4.4%	426,732 9.8%	3,726,189 85.7%	4,349,168 100%
1979 <sup>g</sup>	7,500 0.2%	170,000 3.8%	600,000 <sup>h</sup> 13.6%	3,650,000 82.4%	4,427,500 100%

<sup>a</sup>Includes non-market order receipts.

<sup>b</sup>Does not include interest and annual Booth Exhibit Award at New York State Fair.

<sup>c</sup>All figures are rounded to nearest dollar.

<sup>d</sup>Includes funds generated in New York State by positive letter before promulgation of Promotion Order. Other figures in this column are funds from Pennsylvania and New Jersey.

<sup>e</sup>June 1 to December 31, 1972.

<sup>f</sup>In 1974, Milk for Health on the Niagara Frontier, Inc. terminated its support of the UDIA national program. Since that time, a fee has been paid each year to ADA&DCNY to cover the cost of some limited county-level promotional work (mainly Dairy Princess).

<sup>g</sup>Projected by ADA&DCNY.

<sup>h</sup>Includes anticipated income from the New Jersey Milk Promotion Order.

SOURCE: Coopers and Lybrand, Inc., Annual Financial Statement--American Dairy Association and Dairy Council of New York, Inc., Syracuse, New York, 1972, 1973, 1974, 1975, 1976, 1977, and 1978.

tion Order funding has been stable to declining since that time, while other sources of funding have been increasing, the share coming from the New York Dairy Promotion Order has been diminishing over the years. Nevertheless, the Promotion Order continues to be the single most important source of revenue for ADA&DCNY.

Funds from the Order 2 areas of Pennsylvania and New Jersey have consistently increased as a percentage of total income since 1973. ADA&DCNY's projected receipts for 1979 indicate that more than 13 percent of all income will come from this source. Since 1972, Rochester Milk for Health has provided between 3.5 and 4.5 percent of ADA&DCNY's annual income. Support from Milk for Health on the Niagara Frontier has been less consistent. Between 1972 and 1974, the Buffalo organization supported the national program of UDIA through contributions to ADA&DCNY. But, in 1974 the Niagara Frontier program terminated its support of UDIA. Since that time it has paid an annual fee to ADA&DCNY to cover the cost of county-level promotion programs (Table 16).

Although most aspects of ADA&DCNY's expenditure pattern have not varied substantially since 1972, there were several major shifts in the allocation of funds to national program support and local advertising during the first three years of the New York Dairy Promotion Order (Table 17). In 1972, contributions to the national program of UDIA accounted for almost 40 percent of all ADA&DCNY expenditures, but by 1974 this had been reduced to only about 18 percent of total budget. There were two reasons for this rather dramatic decrease in national program support. First, network advertising by UDIA was discontinued in 1973 and funds were diverted to local market advertising efforts. As a result, ADA&DCNY's allocation to such local advertising and promotion increased from 28 percent of budget in 1972 to approximately 53 percent by 1974 (Table 17). Second, the UDIA assessment rate on member organizations was decreased in 1973 and again in 1974 due to greater nationwide producer participation.<sup>8</sup>

Support of national programs (UDIA) declined to less than 16 percent in 1978, but, under the approved budget for 1979, this will increase to more than 21 percent. Expenditures for local advertising and sales promotion reached a maximum level of 53.5 percent of total budget in 1975 and remained at approximately that level through 1978. However, dramatic increases in media advertising costs have resulted in a decreased emphasis on local advertising spending in 1979 (approximately 46 percent of budget).

Funding of Dairy Council activities has been very consistent since 1972, varying between 20 and 23 percent of total expenditures. Of this, slightly more than half has gone each year to the Dairy Council of Metropolitan New York and slightly less than half to the Dairy, Food and Nutrition Council.

Membership Communications and Information activities have consumed between one and two percent of the ADA&DCNY budget since 1973 (with peaks in years of referenda). Expenditures for Industry and Consumer Relations have

---

<sup>8</sup>See Table 44 in Part VIII of the study.

TABLE 17: AMERICAN DAIRY ASSOCIATION AND DAIRY COUNCIL OF NEW YORK, INC. ANNUAL EXPENDITURES, 1972-1979

	1972	1973	1974	1975	1976	1977	1978	1979 <sup>a</sup>
	Thousands of Dollars							
National Program Support	1,172 39.7%	1,236 31.0%	646 17.7%	701 16.9%	776 19.5%	656 16.4%	685 15.8%	934 21.1%
Local Advertising & Sales Promotion	832 28.2%	1,633 40.9%	1,943 53.1%	2,220 53.5%	2,018 50.6%	2,008 50.1%	2,262 52.2%	2,033 45.9%
Dairy, Food & Nutrition Council	304 <sup>b</sup> 10.3%	381 9.5%	353 9.6%	419 10.1%	386 9.7%	433 10.8%	460 10.6%	479 10.8%
Dairy Council of Metropolitan New York	341 11.6%	428 10.7%	389 10.6%	461 11.1%	424 10.6%	474 11.8%	500 11.5%	525 11.9%
Total Dairy Council	645 21.9%	808 20.2%	742 20.3%	880 21.2%	810 20.3%	907 22.6%	960 22.2%	1,004 22.7%
Membership Communications and Information	78 2.6%	51 1.3%	62 1.7%	56 1.3%	53 1.3%	83 2.1%	68 1.6%	82 1.9%
Industry and Consumer Relations	89 3.0%	150 3.8%	171 4.7%	194 4.7%	212 5.3%	231 5.8%	221 5.1%	228 5.1%
Administration	133 4.5%	115 2.9%	94 2.6%	98 2.4%	116 2.9%	127 3.2%	134 3.1%	147 3.3%
Total Expenditures	2,949 <sup>c</sup> 100%	3,992 100%	3,659 100%	4,149 100%	3,985 100%	4,010 100%	4,330 100%	4,428 100%

<sup>a</sup>Proposed budget for 1979, approved by the New York State Milk Promotion Advisory Board on February 7, 1979.

<sup>b</sup>The combined expenditures of the five upstate Dairy Council units, which were consolidated to form the Dairy, Food and Nutrition Council, Inc. in 1973.

<sup>c</sup>Columns may not add to 100 percent due to rounding error.

SOURCE: Coopers and Lybrand, Inc., Annual Financial Statement--American Dairy Association and Dairy Council of New York, Inc., Syracuse, New York, 1972, 1973, 1974, 1975, 1976, 1977, and 1978.

followed a similar pattern, and currently account for approximately five percent of all expenses.

Administration expenditures have gradually increased since 1975, and now represent 3.3 percent of the ADA&DCNY budget.

Activities of the American Dairy Association  
and Dairy Council of New York

In addition to funding the two local Dairy Council units and supporting the national program of the United Dairy Industry Association, ADA&DCNY is directly involved in three general areas of activities in New York State-- advertising and sales promotion, consumer/industry relations, and producer information.

a. Local Market Advertising and Sales Promotion<sup>9</sup>

In 1978, approximately \$2.3 million were expended by ADA&DCNY for local advertising and sales promotion, more than 95 percent of this amount being for the purchase of television and radio advertising time.<sup>10</sup> The media strategy adopted by ADA&DCNY in 1978 called for the use of television as the primary advertising medium (87 percent of media expenditures) in all markets of the State "to demonstrate the appetite and sensory appeal of milk" (ADA&DCNY, 1978 Media Plan, Revision #3). Radio was used as a secondary medium (13 percent of media expenditures) to reinforce the television message and to reach the non-TV-viewing population.

Specific commercials (from UDIA) were used for three distinct target audiences, children aged 2 to 11, women between the ages of 18 and 49, and all persons between 6 and 34 (Table 18). Advertising for fluid milk accounted for 89 percent of mass media expenditures, the remaining 11 percent being devoted to manufactured dairy products. In the case of such by-product advertising, radio was the primary media, accounting for almost 61 percent of funds expended. Most of this, however, was offset by a matching-funds program of cheese advertising carried on in cooperation with ADA member organizations in Minnesota and South Dakota.

Expenditures for media advertising in 1978 emphasized the New York City area market, which included, in 1978, 84 percent of the total number of homes with television in the entire area in which the advertising funds were spent. In 1976, over 94 percent of total media dollars were expended for advertising in the New York City market. However, since that time, New York City media advertising has been continually reduced, both in absolute dollars and as a

---

<sup>9</sup> Each year the media plan put forward by ADA&DCNY and its advertising agency (currently D'Arcy, McManus and Masius Agency) is reviewed by a Special Dairy Promotion Board Committee on Media. The full Advisory Board then approves, with some modifications, the plan.

<sup>10</sup> Production costs of TV and radio commercials are covered by UDIA.



TABLE 18: ALLOCATION OF ADA&DCNY ADVERTISING FUNDS BY MEDIA TYPE AND TARGET AUDIENCE, 1978

	Television	Radio	TV & Radio
<u>Fluid Milk</u>			
Children 2-11	9.8%	-	9.8%
Women 18-49	46.3%	4.7%	51.1%
Persons 6-34	<u>26.1%</u>	<u>2.0%</u>	<u>28.1%</u>
Sub-Total	82.3% <sup>a</sup>	6.7%	89.0%
<u>By-Products</u>			
Women 18-49	4.3%	4.7%	9.0%
Persons 6-34	<u>-</u>	<u>2.0%</u>	<u>2.0%</u>
Sub-Total	4.3%	6.7%	11.0%
<u>All Products</u>	86.6%	13.4%	100.0%

<sup>a</sup>Columns may not add due to rounding error.

SOURCE: American Dairy Association and Dairy Council of New York, Inc., 1978 Media Plan, Revision #3, August 16, 1978.

percentage of all ADA&DCNY advertising in the State<sup>11</sup> (Table 19). The New York State Milk Promotion Advisory Board questioned the wisdom of reducing the accent on the New York City market, since research<sup>12</sup> had indicated that this was the most responsive of the State's markets and provided the greatest returns to dairy farmers from promotion expenditures. ADA&DCNY, however, justified the lower allocation by arguing that it was important to maintain a high level of advertising in the upstate markets to support other aspects of the program, such as in-store promotion. A compromise was struck whereby New York City media advertising was reduced less than had been originally intended for the year 1978. The 1979 media plan of ADA&DCNY, however, calls for further increases in the upstate markets and a decrease in the New York City market.

It appears that ADA&DCNY tries to allocate media expenditures in proportion to population, partly in an attempt to maintain visibility of advertising efforts in the upstate area. The current allotment of media funds results in a wide range of per capita advertising expenditures in the seven markets which constitute the New York State television and radio audiences (Table 20). However, in 1978, per capita expenditures were equal at 9 cents in the upstate area and the New York City market.

The local market, media advertising of ADA&DCNY is supplemented by national magazine advertisements which are placed and funded directly by the (national) American Dairy Association (ADA) from its Rosemont, Illinois offices.<sup>13</sup>

In addition to media advertising, ADA&DCNY carries out a program of dairy product sales promotion utilizing in-store, point-of-purchase materials developed by the national ADA organization. ADA&DCNY purchases the promotion kits from the national organization (for a price which covers one-half of the production costs) and pays the cost of shipping and installation. Between 1970 and 1976, the kits were placed in approximately 2,500 Class A supermarkets each year, but this number was cut back in 1977 in order to more carefully manage the installation process.

In 1978, sales promotion kits were installed in 1,950 Class A supermarkets (1,200 in the metropolitan New York City area). Also, smaller kits were sent to the headquarters of various "convenience store" chains for disbursement to 250 individual outlets. This was done three times during the year, once each for spring, summer and fall promotions. The total expenditure for this enterprise in 1978 was slightly more than \$92 thousand, about

---

<sup>11</sup>The 1979 media plan calls for a further reduction of expenditures in the New York City metropolitan market (ADA&DCNY, 1979 Recommended Media Plan, Revision #2, June 26, 1979).

<sup>12</sup>See Part VI of the study for results of research conducted by the Department of Agricultural Economics at Cornell University.

<sup>13</sup>The magazines in which the advertisements appear include Family Circle, Good Housekeeping, People Weekly, Woman's Day, Redbook and Southern Living. See Part VIII of this study.

TABLE 19: COMPARISON OF MEDIA EXPENDITURES BY MARKET, AMERICAN DAIRY ASSOCIATION AND DAIRY COUNCIL OF NEW YORK, INC., 1976, 1977, 1978 AND 1979

Market	Percent of Total Media Expenditures				Share of Population in 1978
	1976 <sup>a</sup>	1977 <sup>a</sup>	1978 <sup>b</sup>	1979 <sup>c</sup>	
New York City	94.3	84.5	82.1	(80.0)	83%
Albany, Schenectady, Troy, Syracuse & Elmira	3.2	9.6	11.2	(11.3)	11%
Burlington, Plattsburg, Binghamton, Utica & Watertown	<u>2.5</u>	<u>5.9</u>	<u>6.7</u>	<u>( 8.7)</u>	<u>6%</u>
Total	100.0	100.0	100.0	100.0	100%

SOURCES: <sup>a</sup>New York State Milk Promotion Advisory Board, Report of the Meeting of Special Dairy Promotion Committee on 1978 Media Plan, November 16, 1977.

<sup>b</sup>American Dairy Association and Dairy Council of New York, Inc., 1978 Media Plan, Revision #3, August 16, 1978.

<sup>c</sup>American Dairy Association and Dairy Council of New York, Inc., 1979 Recommended Media Plan, Revision #2, June 26, 1979.

TABLE 20: PER CAPITA ADVERTISING EXPENDITURES BY MARKET,  
AMERICAN DAIRY ASSOCIATION AND DAIRY COUNCIL OF  
NEW YORK, INC., 1978 AND PROJECTED 1979

Market	Per Capita Advertising Expenditures	
	1978 <sup>a</sup>	1979 <sup>b</sup>
New York City	\$ .09	\$ .08
Upstate Markets		
Albany/Schenectady/Troy	.09	.10
Syracuse/Elmira	.10	.07
Binghamton	.11	.13
Utica/Rome	.13	.17
Watertown/Carthage	.12	.15
Burlington/Plattsburgh	.04	.04
All Upstate Markets	.09	.09
All Markets	.09	.09

SOURCES: <sup>a</sup> American Dairy Association and Dairy Council of New York, Inc.,  
1978 Media Plan, Revision #3, August 16, 1978.

<sup>b</sup> American Dairy Association and Dairy Council of New York, Inc.,  
1979 Recommended Media Plan, Revision #2, June 26, 1979.

4.7 percent of the local market advertising and sales promotion budget of ADA&DCNY for that year.

Budget constraints in 1979 have necessitated a cutback from three annual promotions to two, one in winter and one in summer.<sup>14</sup> The number of direct installations in supermarkets has been reduced slightly, but almost twice as many convenience store kits will be mailed out as were in 1978. These changes have resulted in a sales promotion budget in 1979 which is 16 percent less than that of the previous year.

In order to optimize effectiveness of staff time, direct placement of the supermarket kits is concentrated in 50-mile radii of major metropolitan areas. Professional installers are hired by ADA&DCNY (at a cost of \$9.00 per kit in 1979), the work being supervised by members of the Syracuse organization's field staff. Additionally, some help is provided by the field staff of the national American Dairy Association.

b. Consumer/Industry Relations

In 1978, approximately five percent of the total expenditures of ADA&DCNY were in the area of consumer and industry relations. There are five main aspects of the program--communications, Dairy Princess program, dairy food specialties program, county-level promotion, and public relations in Pennsylvania and New Jersey.

The communication aspect of the Consumer/Industry Relations program consists of three parts--consumer information, public service radio programs and special projects. In the consumer information area, the ADA&DCNY staff sends out at least one major news release per month and timely feature items as appropriate. In 1978, such news items were sent to 71 daily newspapers in New York State, to 24 in New Jersey and 48 in Pennsylvania. Public service announcements (PSA's), which are aired free of charge, were sent monthly to over 100 radio stations in the Order 2 area. The PSA's were in the form of both prerecorded tapes and live copy. The major special project each year is an intensified public relations effort during June Dairy Month. In 1978, this involved more than 450 newspapers in the milkshed, in addition to numerous other activities.

Each year, 45 counties in New York State select a Dairy Princess as a representative of the local dairy industry. The ADA&DCNY supplies training, materials and cash incentives for the Dairy Princesses such that they may become active promoters of milk and dairy products in their areas. In August of each year, a New York State Dairy Princess Pageant is held in Syracuse at which a Statewide Princess is elected by a panel of judges. The program generates substantial publicity and remains one of the most popular aspects (with the State's producers) of the entire ADA&DCNY program.<sup>15</sup>

---

<sup>14</sup>Kits for an optional fall promotion are ready and available in the UDIA warehouse in Rosemont, Illinois, should funds be available.

<sup>15</sup>The New York State Dairy Princess program is described in the October 25, 1974 issue of Hoard's Dairyman.

The food publicity program of ADA&DCNY is administered from the Syracuse office by the Dairy Princess Food Specialty Program Coordinator. The Coordinator appears on approximately four or five television shows per month.<sup>16</sup> Demonstrations are given of the preparation of foods using various dairy products and viewers are invited to write directly to Syracuse for recipes. The TV appearances generate an average of 900 recipe requests per show. ADA&DCNY sends these individuals a free package containing dairy product brochures, recipes and an order form for the Dairy Council cookbook. The Coordinator also prepares a weekly dairy food page for several newspapers in the milkshed.<sup>17</sup> More than 75 percent of the materials which are utilized in the Food Specialty Program come from UDIA, the remainder being produced by the ADA&DCNY staff in Syracuse.

The county-level promotion program is executed in the field by 48 20-person County Promotion Committees. The Syracuse office sells these Committees a wide variety of UDIA and locally produced promotional materials<sup>18</sup> at cost for use in their areas. Lastly, the Pennsylvania and New Jersey public relations programs are designed to supplement membership work in those areas and include the use of all available media.

#### c. Membership Communications and Information

In 1978, approximately \$68 thousand was invested in membership communications and information, about two percent of the total ADA&DCNY budget. Two field representatives spend most of their time on the road, keeping producers in the Order 2 milkshed informed of the promotional activities being carried out on their behalf by the Syracuse staff. Naturally, greatest emphasis has been on producers in New Jersey and Pennsylvania, where promotional funding has been voluntary.

A number of other means are also used to keep producers informed of ADA&DCNY activities. Milk Promotion Quarterly has been mailed three times a year to all producers in New York State plus the Order 2 areas of New Jersey and Pennsylvania since its inception in January, 1978. Additionally, a newsletter is sent out bi-monthly to 2,000 key dairy industry leaders in the milkshed. Also, 40 dairy/farm publications receive regular news releases from the communications staff in Syracuse. Lastly, presentations are regularly given before a wide variety of farmers' groups around the milkshed.

#### The ADA&DCNY Budget for 1978

The American Dairy Association and Dairy Council of New York, Inc. is audited each year by an independent accounting firm. In Table 21, the

---

<sup>16</sup>The food demonstrations are broadcast by five television stations in Buffalo, Rochester, Syracuse, Albany/Troy and Binghamton.

<sup>17</sup>Country Folks (circulation: 9,000), Liverpool Town Crier (20,000), Daily Editor (2,000), and The Farmer's Friend (4,300).

<sup>18</sup>The materials include everything imaginable from toy milk trucks to t-shirts with the message, "Milk's the One."

TABLE 21: EXPENDITURES OF ADA&DCNY, 1978

National Program Support			\$ 685,143 <sup>a</sup>
Market Advertising & Sales Promotion			
Advertising			
Fluid Milk Advertising	\$1,919,070		
Manufactured Products	<u>237,188</u>	\$2,156,258	
Sales Promotion		<u>106,144</u>	2,262,402 <sup>a</sup>
Market Nutrition Education			
Dairy Council of Metro New York		500,000	
Dairy, Food & Nutrition Council		<u>460,000</u>	960,000
Membership Communications and Information			
Communications		9,540	
Payroll		31,200	
Travel		19,985	
Meetings, Postage & Telephone		<u>7,129</u>	67,854
Industry & Consumer Relations			
Communications		33,958	
Dairy Princess		24,328	
Payroll		62,775	
Promotion programs & materials	75,506		
Less: Proceeds from sales	<u>43,334</u>	32,172	
Travel		38,109	
New Jersey (Garden State Milk Council)		2,500	
Pennsylvania (Keystone Milk Market)		10,000	
Postage, Telephone & Misc.		<u>17,137</u>	220,979
Administrative Expenses			
Audit Service		2,300	
Payroll--Office Personnel <sup>b</sup>		53,936	
Insurance		9,347	
Travel			
Directors	18,060		
Officer Personnel	<u>9,524</u>	27,585 <sup>c</sup>	
Office Rent, Utilities & Supplies		31,681	
Meeting Expense		6,315	
Postage, Express & Freight		<u>2,755</u>	133,918
Total Expenditures			\$4,330,296

<sup>a</sup>Payments in 1978 to UDIA for national and local advertising and sales promotion programs include \$954,412 for the Federal Order #2 area for 1977 programs.

<sup>b</sup>Includes payroll taxes and retirement trust fund.

<sup>c</sup>Some columns may not add due to rounding error; all figures are expressed to nearest dollar.

SOURCES: Coopers & Lybrand, Inc., Annual Financial Statement--ADA&DCNY, 1978, and ADA&DCNY, 1978 Media Plan, Revision #3, August 16, 1978.

results of that audit for the year 1978 are presented in a form which is consistent with our description of the activities of ADA&DCNY in this study.

#### Dairy Council of Metropolitan New York, Inc.

The Greater New York Producer Dairy Council Committee, Inc. was formed in 1952 as a "branch office" of the National Dairy Council, serving the metropolitan New York City area and northern New Jersey. This "branch-office" relationship continued until January, 1969, when the Dairy Council of Metropolitan New York, Inc. (DCMNY) was organized as an affiliated, yet independent unit of the National Dairy Council. As such, DCMNY is a not-for-profit corporation involved in nutrition education and research. It serves New York City plus the counties of Westchester, Nassau, and Suffolk, reaching a population of approximately 11 million (Table 22 and Figure 7).

#### The Internal Structure of the DCMNY

The purpose of the organization is "to promote optimum health and human welfare through adequate use of milk and its products in accord with scientific recommendations and thus contribute to an improved national well-being and a more secure American Agriculture" (Dairy Council of Metropolitan New York, Inc. By-Laws, Article I). The main policy formulating body of DCMNY is its Board of Directors, which is made up of between 10 and 20 persons, designated as follows:

- (a) Four directors serve for one-year terms and are elected from the Executive Committee of the American Dairy Association and Dairy Council of New York, Inc. (ADA&DCNY), based upon nominations made by the Board of ADA&DCNY.
- (b) Six directors serve three-year terms and are members of ADA&DCNY (producers marketing milk in the New York City metropolitan area) and are nominated by the ADA&DCNY Board.
- (c) A maximum of ten directors serve three-year terms and are nominated by dealer-handlers of milk who individually are financial supporters of the DCMNY program. These members of the Board of Directors are selected on the basis of one director for each 10 percent of matching funds contributed by dealer-handlers to the total contributed by producers.

The Board of Directors elects from its own membership the officers of DCMNY.<sup>19</sup> Meetings of the full Board are usually held bi-monthly. An Executive Committee is in charge of the management and affairs of the Corporation. It consists of the President, Vice President, Secretary, Treasurer and two additional Board members.

---

<sup>19</sup> President, Vice President, Secretary, Treasurer and, if desired, an Assistant Secretary-Treasurer.

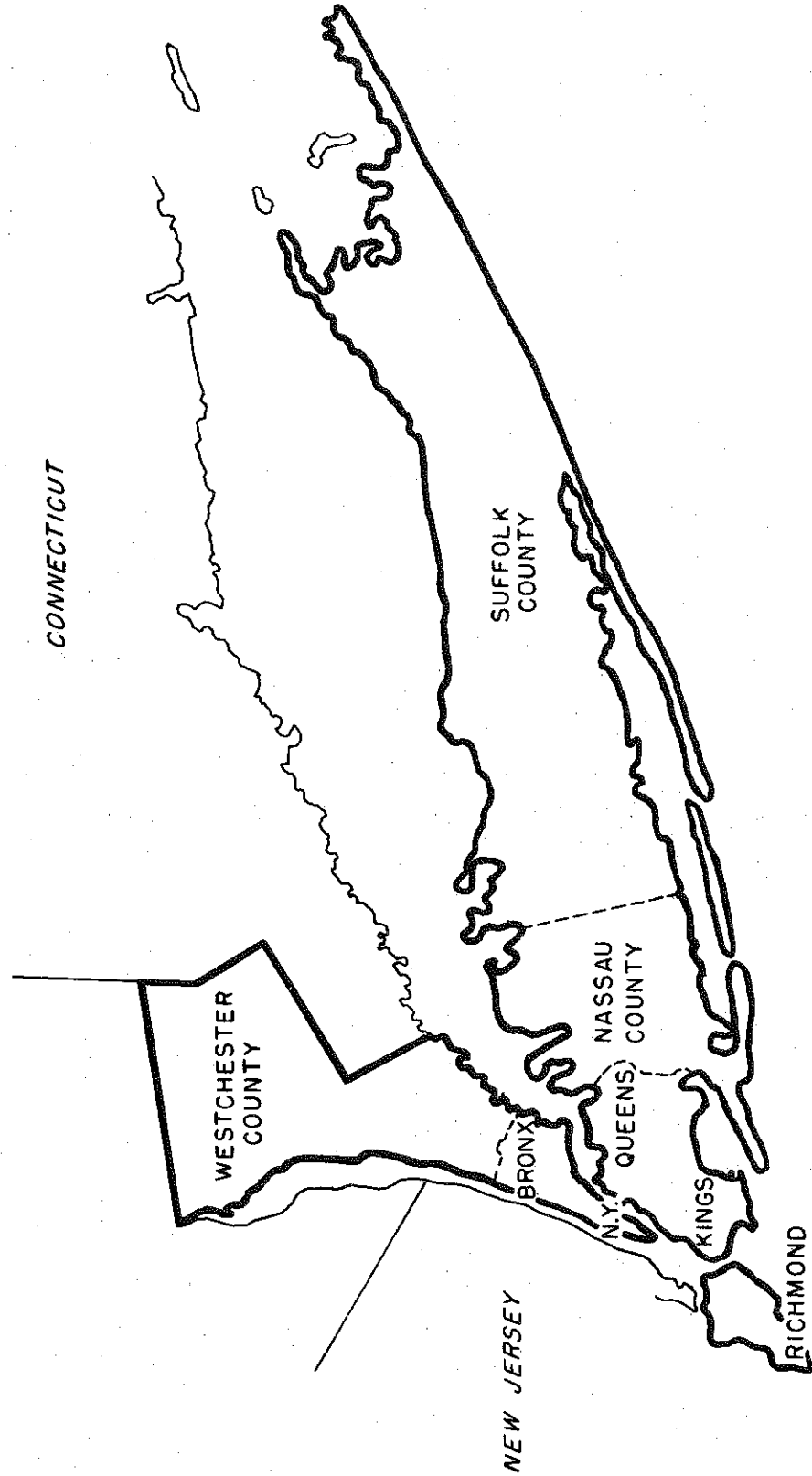


TABLE 22: DAIRY COUNCIL OF METROPOLITAN NEW YORK, INC.,  
POPULATION AND AREA COVERAGE

<u>County</u>	<u>Projected 1979 Population</u>
Bronx	1,307,683
Kings	2,319,939
Nassau	1,391,691
New York	1,355,632
Queens	1,945,724
Richmond	349,112
Suffolk	1,334,593
Westchester	<u>867,748</u>
Total Projected Population	10,872,122

SOURCE: New York State Economic Development Board, 1978 Official Population Projections for New York State Counties, Albany, January 11, 1978.

FIGURE 7. DAIRY COUNCIL OF METROPOLITAN NEW YORK, INC. - AREA OF COVERAGE



The Board of Directors of DCMNY employs an Executive Director, who is responsible for overall supervision of the programs and activities of the organization. Immediately under the Executive Director are an Assistant Director who is in charge of communications and consumer programs and a Program Director who supervises the work of three nutritionists, two nutrition educators and ten program consultants which DCMNY employs to carry out its education programs (Figure 8). The nutritionists are highly qualified professionals<sup>20</sup> and have four major program responsibilities:

- (1) To assist with the analysis of local needs and trends contributing to the development of DCMNY objectives;
- (2) To plan, develop, implement and evaluate nutrition education programs;
- (3) To establish and maintain effective working relationships with community leaders, teachers and health professionals; and
- (4) To serve as consultants on research findings related to nutrition and health.

In addition to the professional staff of seven full-time and 11 part-time employees, Dairy Council of Metropolitan New York currently employs a support staff of seven.<sup>21</sup>

#### The Relationship of DCMNY to Other Dairy Promotion Institutions

Dairy Council of Metropolitan New York, Inc. is an affiliated unit of the National Dairy Council. It derives approximately 90 percent of its income from the New York State Dairy Promotion Order through a contractual arrangement maintained by the Commissioner of Agriculture and Markets with ADA&DCNY and the National Dairy Council. DCMNY is closely associated with the American Dairy Association and Dairy Council of New York, as the composition of its Board of Directors suggests,<sup>22</sup> yet in practice it operates independently of that organization. DCMNY is not directly associated with the Dairy Promotion Advisory Board, but members of its professional staff attend Advisory Board meetings from time-to-time to keep that body apprised of Dairy Council programs and operations.

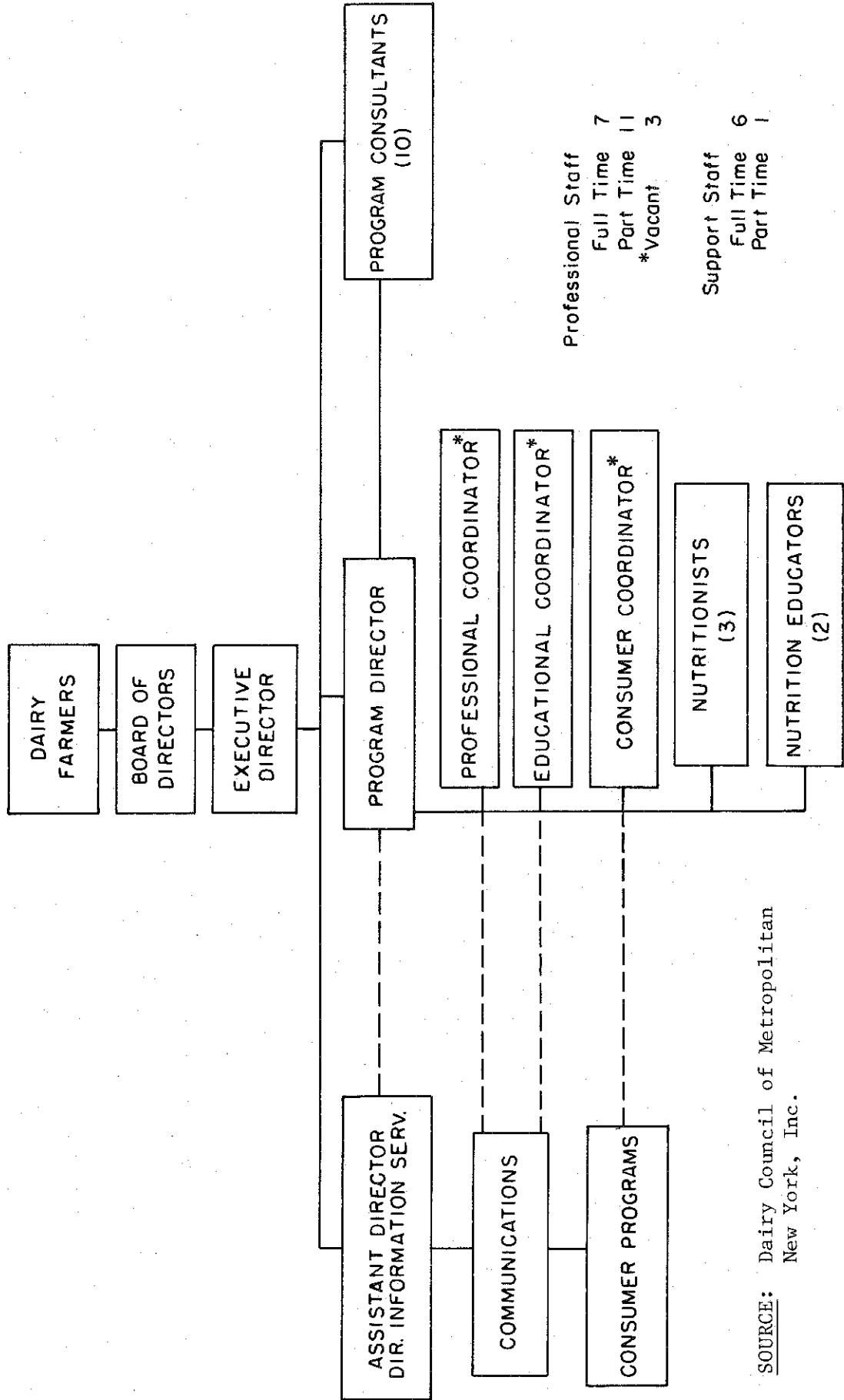
---

<sup>20</sup>Bachelor's and Master's degree with a major in food and nutrition, dietetics, or public health nutrition; work experience in Dairy Council, foods and nutrition, hospital dietetics, public health nutrition, or teaching; personal qualities which enable them to work with community leaders and to communicate ideas and information clearly.

<sup>21</sup>For the current officers and professional staff of DCMNY, see Appendix 8.

<sup>22</sup>At present, the DCMNY Board has ten members. Four are on the Executive Committee of ADA&DCNY; the other six are all members of ADA&DCNY.

FIGURE 8. ORGANIZATION CHART OF DAIRY COUNCIL OF METROPOLITAN NEW YORK, INC.



SOURCE: Dairy Council of Metropolitan New York, Inc.

Income and Expenditures of DCMNY since the Promulgation  
of the New York State Dairy Promotion Order (1972-1979)

With the promulgation of the New York State Dairy Promotion Order in 1972, the annual membership income of the Dairy Council of Metropolitan New York increased by 31 percent over the previous year (Table 6). In 1973, the first full year of mandatory assessments for milk promotion in the State, DCMNY membership income was more than \$427 thousand, representing 10.7 percent of ADA&DCNY expenditures (Table 17). Five years later, in 1978, annual membership income was \$500 thousand (11.5 percent of ADA&DCNY expenditures), 92 percent of which was from the New York State Dairy Promotion Order.<sup>23</sup>

During the past eight years, DCMNY has substantially varied its expenditures within the various program and support areas (Table 23). Expenditures for the Professional Program have decreased consistently since 1972 and accounted for less than eight percent of total costs in 1978. On the other hand, spending for the Educational Program has increased dramatically in recent years<sup>24</sup> and presently accounts for approximately 50 percent of all expenditures. Spending for the Consumer Program has been relatively consistent since 1973, varying between 7.5 and 10.9 percent of budget. The area of Dairy Industry relations has received a gradually increasing share of funds, increasing from 1.1 percent in 1972 to 3.1 percent in 1978.

All Dairy Council units which are affiliated with the National Dairy Council pay an annual fee to the national organization to help defray costs of research and development, from which the individual units benefit. The amount of this NDC Affiliation Fee is calculated on the basis of the annual income of the member unit:

- 9 percent on the first \$100 thousand of membership income;
- 6 percent on the next \$200 thousand of membership income; and
- 1 percent on membership income in excess of \$300,000.

Because DCMNY membership income has been greater than \$300 thousand a year since 1973, the annual Affiliation Fee has varied only slightly. In 1978, it amounted to \$23 thousand, approximately five percent of the total DCMNY budget for that year.

---

<sup>23</sup>\$39,118.00 was received from Pennsylvania dairy farmers (positive letter) through ADA&DCNY. DCMNY has never received funds from handlers and/or processors of milk and dairy products.

<sup>24</sup>The Food Your Choice program (see below) was initiated in 1977. Since the curriculum packets are purchased from NDC for \$10 each and sold to schools for only \$5, this new program has involved rather substantial costs. The figures in Table 23, however, somewhat exaggerate the increase in educational expenditures between 1976 and 1977 because of a new accounting system in which program personnel and support personnel expenses are pro-rated to each of the various program areas. This pro-rating of program personnel expenses also explains the sudden decrease in Administration/Program personnel expenditures in 1977 (Table 24).

TABLE 23: DAIRY COUNCIL OF METROPOLITAN NEW YORK, INC.,  
ANNUAL EXPENDITURES, 1972-1979

	1972	1973	1974	1975	1976	1977	1978	1979 <sup>a</sup>
	<u>Thousands of Dollars</u>							
Professional Program	43.7 12.2%	95.1 22.3%	85.0 21.4%	72.9 17.3%	41.0 9.0%	42.2 8.6%	36.2 7.8%	38.6 7.4%
Educational Program	99.6 27.9%	72.4 17.0%	64.0 16.1%	64.0 15.2%	75.7 16.6%	244.3 <sup>b</sup> 49.7%	216.7 46.9%	276.2 52.6%
Consumer Program	8.4 2.4%	42.0 9.8%	35.9 9.0%	45.3 10.7%	34.3 7.5%	44.0 9.0%	34.3 7.4%	57.3 10.9%
Dairy Industry	4.1 1.1%	4.8 1.1%	4.9 1.2%	5.1 1.2%	8.0 1.8%	12.2 2.5%	14.4 3.1%	16.2 3.1%
NDC Affiliation Fee	22.7 6.4%	22.3 5.2%	21.9 5.5%	22.6 5.4%	22.2 4.9%	22.7 4.6%	23.0 5.0%	23.3 4.4%
NDC Meetings	1.1 0.3%	3.5 0.8%	2.8 0.7%	1.3 0.3%	2.6 0.6%	3.9 0.8%	2.1 0.5%	4.5 0.9%
Administration/ Program Personnel	90.5 25.3%	75.9 17.8%	73.0 18.3%	86.5 20.5%	115.3 25.3%	6.5 <sup>b</sup> 1.3%	7.5 1.6%	10.2 1.9%
Communications	2.1 0.6%	5.1 1.2%	7.0 1.8%	6.5 1.5%	7.7 1.7%	1.0 0.2%	- <sup>c</sup> -	1.0 0.2%
Automobile Expenses	- <sup>c</sup> -	2.5 0.6%	1.5 0.4%	3.0 0.7%	7.8 1.7%	4.2 0.9%	3.9 0.8%	3.0 0.6%
General & Administrative Expenses	85.1 23.8%	102.9 24.1%	109.5 27.5%	114.7 27.2%	140.7 30.9%	110.6 <sup>b</sup> 22.5%	123.2 26.7%	94.8 18.1%
Total Expenditures	357.3 <sup>d</sup> 100%	426.5 100%	398.0 100%	421.8 100%	455.6 100%	491.5 100%	461.7 100%	525.0 100%

<sup>a</sup>Proposed budget for 1979.

<sup>b</sup>The dramatic increase in 1977 education program expenditures and decrease in administration/program personnel and general and administrative expenses is due to a definitional change of the budget categories. Program and support personnel expenses for 1977 through 1979 are allocated to individual program areas.

<sup>c</sup>Less than \$500.00

<sup>d</sup>Columns may not add due to rounding errors.

SOURCES: DCMNY, Statement of Cash Receipts and Disbursements, 1972-1978;  
DCMNY, Proposed Budget--1979.

TABLE 24: PROGRAM CONFERENCES AND MEETINGS, DCMNY, 1978

Program	Conferences (Number)	Meetings <sup>a</sup>	
		Number	Attendance
Professional	1,181	21	536
Educational	5,978	429	10,015
Consumer	878	13	421
Dairy Industry	<u>374</u>	<u>14</u>	<u>426</u>
Total	8,411	477	11,398

<sup>a</sup>Includes 354 Food Your Choice workshops and 41 Nutrition Education Workshops, accounting for 9,003 individuals out of the total attendance at all meetings of 11,398.

SOURCE: Dairy Council of Metropolitan New York, Inc., Program Contact Report, January, 1978 through December, 1978.

Activities of the Dairy Council of Metropolitan New York, Inc.

DCMNY divides its activities into four major program areas--Educational Program, Professional Program, Consumer Program and Dairy Industry relations. The major priority has always been given to the educational component.

a. Educational Program

The major accent of the 1978 educational program was on the introduction of a new, sequential nutrition curriculum, Food Your Choice,<sup>25</sup> to the eight-county area served by DCMNY, with a goal of reaching two-thirds of the area's public school districts by 1980. Conferences were held with supervisory personnel, and presentations were made at Board of Education meetings, and at meetings of superintendents, principals and teachers (Table 24). Also contacted during 1978 were school nurses, librarians, food service managers plus trade schools, colleges, daycare centers, special education facilities, health education centers and other such institutions. Food Your Choice workshops were conducted with teachers and key school personnel. A total of 354 such workshops were held in 1978, reaching a combined attendance of 7,951 (Table 25). Through the workshop program, 4,519 Food Your Choice curriculum packages were placed with teachers and key personnel (Table 26). The packages were purchased from NDC for \$10 each and sold for \$5.<sup>26</sup> DCMNY paid all shipping costs. As a followup to the Food Your Choice (FYC) workshops, nutrition seminars, conferences and meetings were held. An on-going evaluation of the entire FYC program was begun in 1978 and is continuing in 1979.

As a means of encouraging teachers to participate in nutrition education programs, Dairy Council Digest and Nutrition News were placed in schools. Additionally, FYC articles were written for educational journals and other publications, and libraries and various resource centers were sent FYC materials.

In addition to the Food Your Choice program, the Dairy Council continued its Nutrition Education Workshops (NEW) in 1978 on individual requests from a variety of educational institutions (Table 25). The DCMNY educational program of workshops was supplemented by the placement of Dairy Council films through BOCES centers, the New York City Board of Education and the Archdiocese Film Service. In all, Dairy Council films were shown to more than 1,250 school audiences, reaching some 162,000 students. Displays and exhibits were also used to reach the educational audience at various meetings in and around New York City.

---

<sup>25</sup> Food Your Choice was developed by the National Dairy Council. It is described in Part VIII of this study. During 1978, Levels 1, 2 and 3 (Kindergarten through sixth grade) were introduced. Current plans call for the introduction of Level 4 (seventh through tenth grade) in 1980.

<sup>26</sup> Not all of the 4,519 packages were the full kits; a small number were "Share Packs," which DCMNY buys from NDC for \$4 each and sells for \$2. The "Share Packs" contain the program overview, teacher materials, student materials and take-home materials. Teacher resource materials (e.g., posters, models, etc.) are not included.



TABLE 25: GEOGRAPHIC DISTRIBUTION OF CONFERENCES, MEETINGS AND WORKSHOPS, DCNMY, 1978

	New York City	Nassau	Suffolk	Westchester	Total
Conferences (Number held)	4642	1350	1491	928	8411
Meetings (Number/Attendance)	34/1502	16/160	24/628	8/105	82/2395
Food Your Choice Workshops (Number/Attendance)	189/3968	39/1220	83/1892	43/871	354/7951
Nutrition Education Workshops (Number/Attendance)	17/322	17/515	6/188	1/27	41/1052

SOURCE: Dairy Council of Metropolitan New York, Inc., Program Contact Report, December 1978.

TABLE 26: PLACEMENT OF MATERIALS AND LEARNING PACKAGES,  
DCMNY, 1978

<u>Item</u>	<u>Number Placed</u>
Periodicals	
Dairy Council Digest	55,928
Dairy Councilor	12
Newsletter	894
Nutrition News	13,945
Releases	209
Other	<u>9</u>
Total Periodicals	70,997
Booklets, leaflets, folders, posters, miniatures, kits, study prints, poster sets, Food Models, Comparison Cards	
	418,616
Learning Packages	
Food--A Super Natural Resource	2
Food Your Choice	4,519
Label It Nutrition	1
Toothtown U.S.A.	<u>12</u>
Total Learning Packages	4,534
Other	21

SOURCE: Dairy Council of Metropolitan New York, Inc., Program Contact Report, January 1978 through December 1978.

To maintain credibility in the educational community and to share ideas with others interested in nutrition education, DCMNY staff members regularly attended meetings of various professional educational associations.<sup>27</sup>

b. Professional Program

Dairy Council of Metropolitan New York feels that one of the keys to its success has been its continued interaction with medical, dental, nursing, dietetic and other health professionals. In 1978, DCMNY staff members served on a number of professional committees and thus actively participated in the activities of these organizations.<sup>28</sup> DCMNY also worked with several large health organizations,<sup>29</sup> providing professional expertise, materials and programs.

Dairy Council staff members regularly served as consultants to dietitians, nutritionists and home economists employed in hospitals, clinics, nursing homes and health agencies. A special Dental Program was conducted in the area's schools during Children's Dental Health Week. Also, two nutrition research projects<sup>30</sup> were partially funded by DCMNY in cooperation with the National Dairy Council. A program of professional meetings co-development was continued in which the DCMNY staff works with medical, dental, nursing and other health professionals to organize seminars, symposia and continuing education sessions.

In summary, the above activities with the professional community in 1978 involved over 1,000 conferences and 21 meetings, attended by 536 individuals (Table 24).

Various media were also used by the Dairy Council of Metropolitan New York to keep in contact with the professional community. Exhibits were placed in hospitals, medical centers and nursing homes.<sup>31</sup> Films were supplied on requests in 1978 to a total audience of 886 persons (35 presentations).

---

<sup>27</sup> Examples are: Early Childhood; N.Y.S. Home Economics Teachers Association, NYC, Nassau Suffolk, Westchester; N.Y. Regional Council of Industry-Education Cooperation; NYC Advisory Council on School Health. Also, it should be noted that DCMNY staff has participated in meetings of the City-wide Nutrition Committee, which is concerned with nutrition education in the city's schools.

<sup>28</sup> Examples are: American Academy of Pediatrics, New York University Dental School, Maternity Center Association Workshops for Nurses (Columbia University), Nutrition Education Task Force, Student National Medical Association, New York Academy of Medicine, American Council of Science and Health, Mt. Sinai School of Medicine and Health Systems Agency.

<sup>29</sup> Examples are: Blue Cross/Blue Shield, Life Extension Institute, Health Insurance Plan, Home Health Aide Training Programs and United Hospital Fund.

<sup>30</sup> Columbia University, Institute of Nutrition; and Rockefeller University.

<sup>31</sup> A total of 28 display days for the year 1978.

Dairy Council Digest, Nutrition News and various abstracts and reprints of pertinent articles were mailed to a selected group of physicians, dentists, dietitians, nurses and other health professionals in the eight-county area.<sup>32</sup>

Lastly, staff members of DCMNY continued their membership in nutrition organizations and participated in programs with the American Dietetic Association, American Home Economics Association, American Public Health Association, New York State Nutrition Council and the Society for Nutrition Education.<sup>33</sup>

c. Consumer Program

Although expenditures for Consumer Programming represent a relatively small part of the total DCMNY annual budget (7.4 percent in 1978), limited activities in this area can be rather effective because of New York City's unique position as the nation's major communications center. Through the use of mass media, it is possible to transmit nutrition information to more than 20 million consumers in the Metropolitan area, as well as many more across the country. To this end, DCMNY staff members have developed strong working relationships with key media personnel.

During 1978, in the area of "Nutrition Communication and Media Services," minimal amounts of staff time (and dollars) resulted in thousands of dollars worth of free time and space in various media.<sup>34</sup> Press releases and feature articles were placed with newspapers and (national) magazines.<sup>35</sup> Free radio time was also utilized. A fourteen-minute nutrition program was produced and broadcast locally 208 times in 1978. Also, in January, DCMNY staff members were interviewed on the NBC Radio Network program, "Consumer Challenge," reaching almost 250 stations nationwide. National Dairy Council public service messages were placed on television 144 times during the year,<sup>36</sup> and numerous appearances were made on various TV programs by DCMNY staff members.<sup>37</sup> Also, for several years the Dairy Council staff has served in an

---

<sup>32</sup>A total of 28,523 copies of Dairy Council Digest, alone, were placed with the professional community in 1978.

<sup>33</sup>DCMNY staff also participated in programs of regional and local branches of several of these national organizations.

<sup>34</sup>Only a few examples are listed in the text of this study. For a more complete description of such activities in 1978, see Dairy Council Scene, January through December, 1978.

<sup>35</sup>Sixty "Doctor in the Kitchen" features were published for a total of 9,720 column inches of copy. Forty-eight other stories resulted in 6,417 column inches.

<sup>36</sup>Total broadcast time = 72 minutes.

<sup>37</sup>In June, 1978, "Romper Room" (reaching 750,000 pre-school viewers per day) featured DCMNY programming in a week-long series. Excluding NDC psa's, DCMNY was involved in 803 appearances/presentations on television during the year, a total of 24,016 minutes.

advisory capacity to the Public Broadcasting System's "Sesame Street" television program.

In its "Programming for the Community" service DCMNY provided nutrition education for various consumer groups not covered by the Educational Program. Included here were programs for business and industry, adult education centers, selected youth groups and senior citizens organizations. Also, DCMNY exhibits were provided for a variety of community organizations during the year (109 display days in 1978).

In carrying out the above consumer-oriented activities, DCMNY staff were involved in 878 conferences during the year and held 13 meetings with consumer leaders (total attendance, 421). Dairy Council Digest, Nutrition News and other materials were placed throughout the year with leaders of numerous organizations. Lastly, DCMNY staff members maintained affiliations with a number of consumer-oriented organizations.

#### d. Dairy Industry

Approximately \$34 thousand were spent by DCMNY in 1978 to develop and maintain relations with the dairy industry, the major source of funds of the entire Dairy Council program. This expenditure included expenses associated with all meetings of the DCMNY Board of Directors, and also covered the cost of Dairy Council staff members' attendance at meetings of the Board of Directors of ADA&DCNY. In addition, members of the staff attended meetings of the New York State Milk Promotion Advisory Board, major milk cooperative associations and other dairy industry organizations. During 1978, such activities resulted in 374 conferences with dairy industry personnel and 14 meetings with a total attendance of 426 (Table 24).

To keep the industry informed of the operations of DCMNY, Dairy Council Scene was sent to 90 key dairy leaders each month. The publication describes the activities and accomplishments of the organization. In addition, news releases were sent to the dairy press periodically, focusing on nutrition research and its application to dairy products. Also, National Dairy Council publications were sent to a selected list of the area's producers.

#### Dairy, Food and Nutrition Council, Inc.

At the time of the promulgation of the New York State Dairy Promotion Order in 1972, there were six independent Dairy Council units operating in the Order 2 marketing area.<sup>38</sup> Four of the units were located in upstate New York, one in metropolitan New York (DCMNY), and one in northern New Jersey. As early as the summer of 1972, the four upstate units and the one in northern New Jersey considered the possibility of consolidating their activities "in order to effectuate administrative economies, strengthen programs, permit

---

<sup>38</sup>See Table 7 and Figure 4 in Part II of the study for the location and coverage of each of the Dairy Council units.

more specialization of staff and insure more uniformity of program and coverage" (New York State Milk Promotion Advisory Board, Minutes, November 21-22, 1972). Together, these five Dairy Council units were then spending approximately \$373 thousand per year and serving an area with a total population in excess of ten million persons (Table 27).

At its meeting of November 22, 1972, the New York State Milk Promotion Advisory Board resolved that it had no objection to a reorganization or consolidation of the Dairy Council units. The presidents and directors of the five units considering consolidation met in Syracuse on May 4, 1973.<sup>39</sup> A committee was established to consider the proposed merger, and after four months of deliberations it made its recommendations (September 1, 1973). The committee supported the concept of a consolidation and suggested that it be accomplished as soon as possible.

On September 18, 1973, the Dairy, Food and Nutrition Council, Inc. (DFNC) was incorporated in the State of New York as a not-for-profit organization.<sup>40</sup> On January 1, 1974, it began operations as the new Dairy Council unit for upstate New York and northern New Jersey<sup>41</sup> from its administrative and area offices in East Orange, New Jersey and from four area offices maintained in Syracuse, Binghamton, Poughkeepsie and Latham, New York, a suburb of Albany (Figure 9).

#### The Internal Structure of DFNC

The major purpose of the Dairy, Food and Nutrition Council is "to contribute to the achievement of optimal health by providing leadership in nutrition research and nutrition education based on the concept of a balanced diet, including milk and milk products, in accordance with scientific recommendations . . ." (DFNC, By-Laws, Article II).<sup>42</sup>

Control and management of the affairs and business of DFNC are delegated to a Board of Directors, which consists of not less than 12 nor more than 40 individuals (currently, 20). The Directors are from three categories:

---

<sup>39</sup>Dr. M. F. Brink, President of the National Dairy Council, presided at the meeting.

<sup>40</sup>Tax exemption as a 501 (c) (3) organization was received on March 8, 1976.

<sup>41</sup>The counties covered by each area office and the total area covered by the DFNC are not identical with the coverage of the original five Dairy Councils, as depicted in Figure 4 and Table 7. See Appendix 9.

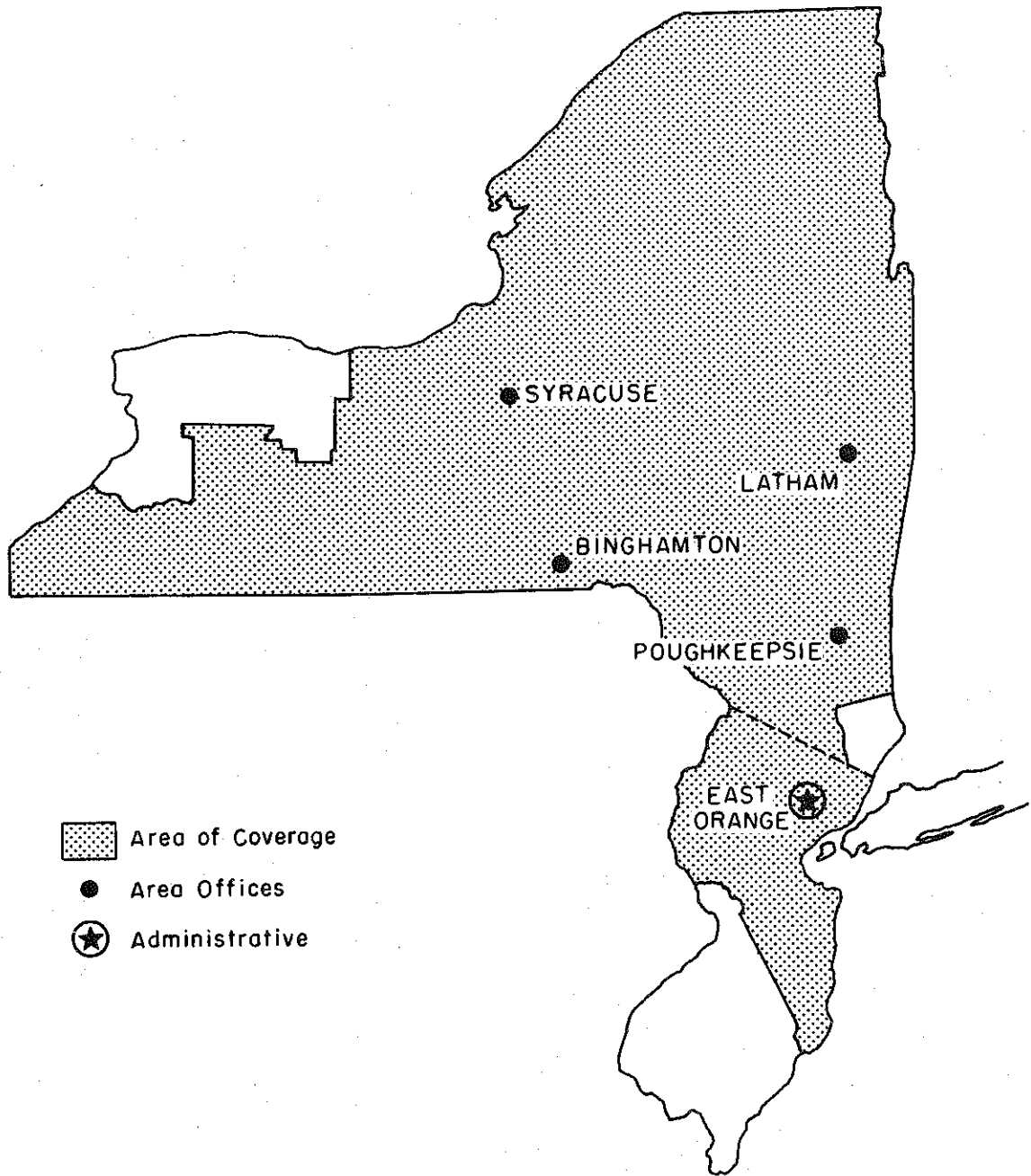
<sup>42</sup>According to the By-Laws, some of the other purposes are to train leaders in nutrition education methods, to serve as a resource on nutrition research and nutrition education with particular expertise on the nutritional significance of milk in the total diet, to educate the public on the essentials of a nutritionally adequate diet, and to act as a clearing house for the exchange of information and ideas.

TABLE 27: DAIRY COUNCIL UNITS IN UPSTATE NEW YORK AND NORTHERN NEW JERSEY PRIOR TO CONSOLIDATION (1973)

Unit	Population		Expenditures	
	#	%	\$	%
Northern New Jersey	5,564,800	55.0%	\$205,100	55.0%
Mid-Hudson	975,900	9.7%	36,400	9.8%
Northeastern New York	1,142,100	11.3%	42,000	11.3%
Central New York	1,364,500	13.5%	50,700	13.6%
Southern Tier	<u>1,059,800</u>	<u>10.5%</u>	<u>38,800</u>	<u>10.3%</u>
Total	10,107,100	100.0%	\$373,000	100.0%

SOURCE: N.Y.S. Milk Promotion Advisory Board, Analysis of Individual Dairy Councils, distributed at meeting of November 21, 1972.

FIGURE 9. AREA OF COVERAGE OF DAIRY, FOOD AND NUTRITION COUNCIL, INC. AND THE ADMINISTRATIVE AND AREA OFFICES





- (1) Sixty percent of the Directors are dairy farmers residing in the geographic areas served by DFNC;
- (2) Twenty-five percent are processors or handlers who distribute milk or other dairy products in the DFNC area; and
- (3) Fifteen percent are appointed by the American Dairy Association and Dairy Council of New York, Inc. (or its successor).

Directors from Categories 1 and 2 are elected to three-year terms by the membership of DFNC, with one-third elected each year. None of these directors may serve more than two consecutive terms. Directors from Category 2 are appointed by ADA&DCNY for terms of one year, the limit on service being six consecutive terms. Members of the Board receive no compensation for their services but are reimbursed for actual and reasonable expenses.

The Board of Directors elects from its own membership a President, Vice President, Second Vice President, Secretary and Treasurer as the officers of the corporation. These individuals plus additional members of the Board serve on an Executive Committee, the chairman of which is the President.<sup>43</sup>

The Board of Directors employs an Executive Director, who is responsible for the employment and immediate day-to-day supervision of all employees and the general administration of the organization. The Executive Director operates out of the East Orange, New Jersey area office, which also serves as the administrative office of DFNC. There are four professionals plus a support staff of five working with the Executive Director in this office. The other four area offices employ a total staff of six professionals and four office personnel (Figure 10). This makes for a total DFNC staff in the two-state area of 19 people, 11 of whom are professional nutritionists.<sup>44</sup>

#### The Relationship of DFNC to Other Dairy Promotion Institutions

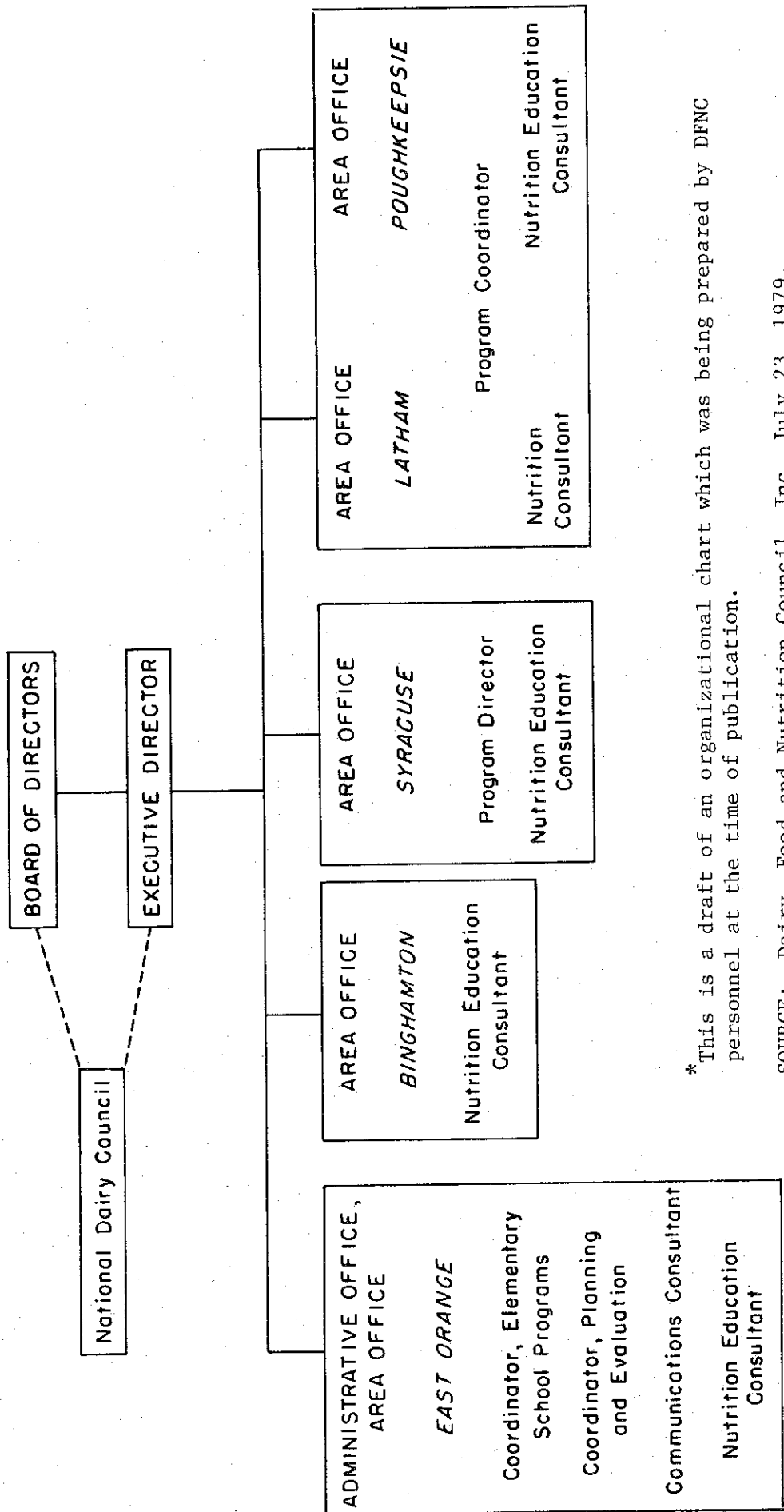
Dairy, Food and Nutrition Council, Inc. is an affiliated unit of the National Dairy Council. In 1978, it derived approximately 80 percent of its income from the New York State Dairy Promotion Order through an on-going contractual arrangement maintained by the Commissioner of Agriculture and Markets with ADA&DCNY and the National Dairy Council. An additional 17 percent of the 1978 budget was provided by New Jersey dairy farmers, also through ADA&DCNY. Thus, 97 percent of the total income of DFNC came from the Syracuse-based organization. This fact, together with the ADA&DCNY representation on the Dairy Council Board of Directors, is clearly indicative of an extremely close relationship between these two organizations, although in practice each operates relatively independently of the other. Like DCMNY, the Dairy, Food and Nutrition Council is not directly associated with the Dairy Promotion Advisory Board, but members of its professional staff

---

<sup>43</sup>The executive committee is composed of directors from the three categories in the same general proportion as such categories are represented on the Board.

<sup>44</sup>A list of the current professional staff and officers of DFNC is provided in Appendix 10.

FIGURE 10. ORGANIZATIONAL CHART, DAIRY, FOOD AND NUTRITION COUNCIL, INC.\*



\* This is a draft of an organizational chart which was being prepared by DFNC personnel at the time of publication.

SOURCE: Dairy, Food and Nutrition Council, Inc. July 23, 1979.

periodically attend Advisory Board meetings to keep that body aware of DFNC programs and operations.

#### Income and Expenditures of DFNC (1974-1979)

In 1972, the combined income of the four upstate New York and one northern New Jersey Dairy Council units was approximately \$335 thousand. By 1974, the first year of operation of the consolidated Dairy, Food and Nutrition Council, total income had increased by more than 29 percent to approximately \$432 thousand.<sup>45</sup> Since that time, annual income has increased by an average of 2.7 percent per year, reaching a level of \$473 thousand in 1978 (Table 28). Contributions from milk and dairy product processors have decreased over the years, accounting for less than two percent of total 1978 income. The proposed budget of DFNC for 1979 is based upon expected total income of \$488 thousand, more than 98 percent of which will be from dairy producers.

During the six years of its existence, the Dairy, Food and Nutrition Council has not substantially varied the allotment of funds to its various program and support areas (Table 29).<sup>46</sup> A few changes, however, may be discerned. Spending for the Professional and Educational Groups has been gradually increasing since 1977, while expenditures for the Consumer Group and Dairy Industry relations have been slowly decreasing during the same period. The only other important change in the allotment of annual funds has been a consistent, yet gradual increase in costs of office operation (including office personnel).

#### A Comparison of the Expenditure Patterns of DFNC and DCMNY

Over a period of years, considerable interest has been expressed<sup>47</sup> in making comparisons between the expenditures and activities of the two principal Dairy Council units in New York State. For this reason, the percentage expenditures of the two units in the years 1978 and 1979 are provided in Table 30. It should be pointed out, however, that it is not possible to draw definitive conclusions from the evidence provided in the table. The accounting systems of the two Dairy Council units are not identical. As a result, some of the variation between their expenditures in given program and support areas may be due to differences in accounting, not to actual differences in operations and/or program emphasis. These limitations notwithstanding, it is interesting to note that the differences in program expenditure pattern

---

<sup>45</sup>Increased funding under the New York State Dairy Promotion Order began in 1972, but 1973 was the first full year of funding under the Promotion Order.

<sup>46</sup>The rather dramatic changes which appear in Table 29 between the years 1976 and 1977 are not due to actual changes in the budget, but rather are a result of a change in the accounting system of DFNC. Beginning in 1977, program personnel expenses have been pro-rated to the four major program areas.

<sup>47</sup>This interest has been expressed by the New York State Milk Promotion Advisory Board and other institutions.

TABLE 28: ANNUAL INCOME OF DAIRY, FOOD AND NUTRITION COUNCIL, INC., 1974-1979

	1974	1975	1976	1977	1978	1979 <sup>a</sup>
Producers	\$398,887 92.2%	\$419,053 92.1%	\$385,508 95.3%	\$432,563 96.2%	\$460,000 97.2%	\$479,000 98.2%
Processors	27,596 6.4%	23,201 5.1%	12,104 3.0%	9,157 2.0%	9,025 1.9%	9,000 1.8%
Special Projects <sup>b</sup>	6,000 1.4%	7,900 1.7%	6,400 1.6%	8,059 1.8%	4,002 0.8%	- -
Total Income	\$432,483 <sup>c</sup> 100.0%	\$455,240 100.0%	\$404,463 100.0%	\$449,779 100.0%	\$473,028 100.0%	\$488,000 100.0%

<sup>a</sup>DFNC proposed budget for 1979 (October, 1978).

<sup>b</sup>Income from the Federal Order 4 promotion agency, through the Garden State Milk Council, to adjust for milk from that area being marketed in Order 2; discontinued in 1979.

<sup>c</sup>Does not include interest income. All figures are rounded to nearest dollar; columns may not add due to rounding error.

SOURCE: Dairy, Food and Nutrition Council, Inc., Statement of Income and Expenditures, 1974 through 1978.

TABLE 29: DAIRY, FOOD AND NUTRITION COUNCIL, INC.,  
ANNUAL EXPENDITURES, 1974-1979

	1974	1975	1976	1977	1978	1979 <sup>a</sup>
	<u>Thousand of Dollars</u>					
Professional Group <sup>b</sup>	25.3 5.9%	19.8 4.9%	21.7 5.1%	40.3 8.9%	42.0 9.1%	45.0 9.2%
Educational Group <sup>b</sup>	76.0 17.6%	75.0 18.6%	67.5 15.9%	218.7 48.6%	225.7 49.1%	248.2 50.9%
Consumer Group <sup>b</sup>	24.9 5.8%	16.9 4.2%	11.6 2.7%	27.8 6.2%	24.0 5.2%	20.7 4.2%
Dairy Industry <sup>b</sup>	6.2 1.4%	7.7 1.9%	6.5 1.5%	10.6 2.4%	9.0 2.0%	8.0 1.6%
NDC Affiliation Services	22.5 5.2%	22.3 5.5%	22.1 5.2%	22.5 5.0%	22.7 4.9%	22.9 4.7%
NDC Annual Meeting and Conference	3.2 0.7%	3.5 0.9%	3.2 0.8%	4.9 1.1%	1.8 0.4%	2.6 0.5%
Administration/ Program Personnel <sup>b</sup>	177.1 41.0%	164.3 40.7%	182.7 43.1%	17.1 3.8%	17.4 3.8%	15.0 3.1%
Communications	2.6 0.6%	3.0 0.7%	3.2 0.8%	3.4 0.8%	3.3 0.7%	3.5 0.7%
Automobile Expenses	13.7 3.2%	13.6 3.4%	14.1 3.3%	14.9 3.3%	14.2 3.1%	16.5 3.4%
Office Operation <sup>c</sup>	80.4 <u>18.6%</u>	77.2 <u>19.1%</u>	91.4 <u>21.6%</u>	90.1 <u>20.0%</u>	99.2 <u>21.6%</u>	105.6 <u>21.6%</u>
Total Expenditures	432.0 <sup>d</sup> 100%	403.4 100%	424.1 100%	450.4 100%	459.3 100%	488.0 100%

<sup>a</sup>DFNC proposed budget for 1979.

<sup>b</sup>Beginning in 1977, program personnel expenses were prorated to the four major program areas.

<sup>c</sup>Office Operation includes office personnel, rent, supplies and services, audit, legal costs, business taxes and insurance.

<sup>d</sup>Columns may not add due to rounding error.

SOURCES: DFNC, Statement of Receipts and Expenditures, 1974-1978; DFNC, Proposed Budget for 1979, October 1978.

TABLE 30: COMPARISON OF ANNUAL EXPENDITURES,  
DCMNY AND DFNC, 1978 AND 1979

	1978		1979 <sup>a</sup>	
	DCMNY	DFNC	DCMNY	DFNC
Professional Group	7.8%	9.1%	7.4%	9.2%
Educational Group	46.9%	49.1%	52.6%	50.9%
Consumer Group	7.4%	5.2%	10.9%	4.2%
Dairy Industry	3.1%	2.0%	3.1%	1.6%
NDC Affiliation Fee	5.0%	4.9%	4.4%	4.7%
NDC Meetings	0.5%	0.4%	0.9%	0.5%
Program Administration	1.6%	3.8%	1.9%	3.1%
Communications	-	0.7%	0.2%	0.7%
Automobile Expenses	0.8%	3.1%	0.6%	3.4%
Office Operation	<u>26.7%</u>	<u>21.6%</u>	<u>18.1%</u>	<u>21.6%</u>
Total Expenditures	100.0% <sup>b</sup>	100.0%	100.0%	100.0%

<sup>a</sup>Proposed budgets for 1979.

<sup>b</sup>Columns may not add to 100.0% due to rounding error.

NOTE: The accounting systems of the two Dairy Council units are not necessarily identical. Therefore, some of the variation between their expenditures in given program and support areas may be due to differences in accounting, not to actual differences in operations and/or emphasis.

SOURCES: DFNC, Statement of Receipts and Expenditures, 1978; DFNC, Proposed Budget for 1979, October 1978; DCMNY, Statement of Cash Receipts and Disbursements, 1978; DCMNY, Proposed Budget--1979.

between the two Dairy Councils are directly related to the radically different social and geographic environments in which they operate. While DCMNY utilizes a single office to carry out its programs in a small geographic area of extremely high population density, DFNC maintains five offices in northern New Jersey and upstate New York and operates over a rather vast area of somewhat less total population. Thus, in 1979, DFNC's total allocation to program administration and automobile expenses (6.5 percent of budget) is more than twice that of DCMNY (2.5 percent).

Activities of the Dairy, Food and Nutrition Council, Inc.

DFNC has a potential clientele of more than 10 million people, approximately 200 thousand health professionals and some 150 thousand school teachers spread out across 13 counties of northern New Jersey and 50 counties of upstate New York. Although some programs are carried out through direct contacts with the target audiences, most programs are executed through intermediaries who are expected to pass on the information to others. This approach is utilized in the educational realm, in the health professional field and in the consumer area. A fourth area of operations, Dairy Industry relations, is concerned with keeping the area's dairy producers informed of the activities of the Dairy Council unit.

a. Educational Group<sup>48</sup>

The primary emphasis of DFNC programming is on the educational component, which accounted for nearly half of all expenditures in 1978 (Table 30). During the past two and a half years, the major aspect of educational programming has been the implementation of the Food Your Choice sequential curriculum. Since the introduction of this new nutrition education program in 1977, DFNC has trained some 9,277 individuals in its use. This means that a like number of full programs or share packs have been placed during the same period. Food Your Choice materials are provided only with training, and teachers are not trained without being provided with materials.<sup>49</sup>

Dairy, Food and Nutrition Council, Inc. offers a comprehensive consultation service of which the Food Your Choice learning system is an integral part. Component parts of the service include:

- (a) Teacher-orientation workshops in local school districts;

---

<sup>48</sup> Descriptive comments and statistics dealing with this and the three other program areas of DFNC do not necessarily parallel those provided in previous sections concerning the DCMNY. This is indicative only of differences in the type of information which was provided by the two organizations. In this regard, statistics from DFNC were in a more aggregated format and for this reasons only do not present as quantitatively detailed a portrait of operations as was possible for DCMNY.

<sup>49</sup> DFNC feels that this is an important point, since not all affiliated Dairy Council units follow this practice.

- (b) Opportunity to purchase Food Your Choice learning systems for eligible<sup>50</sup> teachers;
- (c) Workshops for parent-teacher groups and/or food service personnel if requested;
- (d) Provision of support materials for use in the classroom including films on loan; and
- (e) Continued consultation by DFNC staff.

Originally, the Food Your Choice programs were distributed free of charge to workshop participants. The New York State Milk Promotion Advisory Board objected to this practice since other Dairy Council units in the State were charging a fee for the programs. DFNC was responsive to this criticism, and since September, 1978, the full programs have been sold to all participants for \$10 each and the share packs for \$5 each.

In addition to regular channels through individual school districts, a number of other means were used to publicize the Food Your Choice program in 1978.<sup>51</sup> As a result of these efforts, more than 4,000 Food Your Choice (FYC) programs were placed during the year.

Even with the introduction of the FYC program, the Dairy, Food and Nutrition Council has continued other types of nutrition education workshops. In 1978, 112 such workshops were held, attracting 3,281 participants (Table 31). A new high school nutrition education program for teenagers, "Food in Today's World," was tested in 1978 in two secondary schools by DFNC. The program provides four topics, one for use in health classes, one for science, one for physical education and one for home economics. In each case the format emphasizes the importance of including milk and milk products in a balanced diet throughout life.

In addition to its extensive workshop program, DFNC was involved in a number of other nutrition education activities in 1978.<sup>52</sup> The organization

---

<sup>50</sup> A minimum of one full Food Your Choice program per grade is recommended with an additional Share Pack per teacher. Educators receive the appropriate program for use in the classroom (Levels 1, 2 or 3). Only those teachers attending the workshop are eligible to receive the Program. DFNC will not schedule workshops in school districts where the minimum recommended number of programs are not provided (DFNC, Food Your Choice Policy Statement).

<sup>51</sup> Examples include an exhibit at the Dairy Building of the New York State Fair, a series of press luncheons in each of the five DFNC areas, and an article published in Interact, an official publication of the New Jersey State Department of Education.

<sup>52</sup> Among these were a graduate nutrition seminar held at Kean College, and participation in a series of dental health seminars sponsored by the New York State Education Department and the New York State Dental Society. Also, the Executive Director of DFNC served as chairman of a Committee on Program Planning and Evaluation, co-sponsored by NDC and affiliated Dairy Council units.



TABLE 31: DAIRY, FOOD AND NUTRITION COUNCIL, INC.,  
WORKSHOPS OTHER THAN FOOD YOUR CHOICE, 1978

<u>Number of Workshops</u>	<u>Group</u>	<u>Participants</u>
21	Colleges	1,028
14	Early Childhood	499
11	High School	362
8	Nurses	234
9	Food Service	674
8	Health Educators	137
4	Science Teachers	70
4	Nutritionists	155
4	Home Economists	85
14	Consumers	289
4	Health Aids	48
10	Adult Education	90
<u>1</u>	Dairy Princess	<u>150</u>
112		3,821

SOURCE: DFNC, Program Statistics and Highlights (1978), July, 1979.

continued to utilize various media, including displays<sup>53</sup> and films.<sup>54</sup> More than 215 thousand pieces of education material were placed during the year, as were 4,716 learning packages.<sup>55</sup> This broad range of activities within the Educational Group of DFNC resulted in 2,194 conferences with representatives of educational organizations during the year 1978. Lastly, memberships and affiliations were continued with a number of organizations concerned with nutrition education.

b. Professional Group

Program activities within the Professional Group have two objectives--first, to better inform health professionals about nutritional matters, and second, to develop and maintain the credibility of Dairy Council within the professional community. To further this second objective, DFNC staff members are involved in diverse health activities.<sup>56</sup>

Lectures and seminars for physicians, dieticians and other health professionals were held throughout the year.<sup>57</sup> Also, DFNC staff members were available to the professional community for consultation and were involved in the co-sponsorship of professional meetings. Among the media used to communicate with health professionals, were periodicals,<sup>58</sup> films<sup>59</sup> and exhibits.<sup>60</sup> A total of 626 conferences were held by DFNC staff members in 1978 with representatives of professional organizations.

Finally, DFNC staff maintained active memberships in a wide variety of professional organizations, including those of nutritionists, dieticians, home economists and various health professionals.

---

<sup>53</sup>A total of 318 exhibit days in 1978 for all program areas.

<sup>54</sup>Four Dairy Council films were included in the Government and Industrial Films for Teaching Program, under the auspices of the New York State Education Department.

<sup>55</sup>Food--A Super Natural Resource; Food Your Choice; Label it Nutrition; Tothtown U.S.A.

<sup>56</sup>For example, DFNC is represented on the Medical Society of the New Jersey Committee on Teenage Pregnancy.

<sup>57</sup>For example, a one-day seminar for dieticians was held to acquaint them with the valuing process in diet counseling. Also, a program was presented at the Annual New Jersey Home Economics Educators Fall Conference.

<sup>58</sup>Dairy Council Digest and Nutrition Newsletter.

<sup>59</sup>In all four program areas, a total of 3,754 film showings were conducted in 1978, with a total audience of 136,888.

<sup>60</sup>Two examples are a DFNC exhibit at the Nutrition Institute at Cornell University and an exhibit at the Health Professionals Teaching Day on Infant and Maternal Nutrition in Chemung County.

c. Consumer Group

The Dairy, Food and Nutrition Council serves as an information resource to upstate New York and northern New Jersey consumers. Most inquiries are in regard to nutrition, food and dairy-related topics. A total of 655 conferences were held in 1978 with representatives of consumer organizations. In addition to such individual consultations, DFNC utilized various mass media to communicate with the consuming public. In the press, special events (such as June Dairy Month) were publicized and news releases dealing with dairy product nutrition developments were regularly sent to the area's newspapers.<sup>61</sup> More than 3,500 minutes of free radio time were utilized during the year for "Nutrition Message" and other spot announcements. Television<sup>62</sup> and film were also used to communicate with consumers.

Exhibits,<sup>63</sup> meetings,<sup>64</sup> and other programs<sup>65</sup> rounded out the 1978 activities of the DFNC Consumer Group.

d. Dairy Industry

DFNC invested approximately \$9 thousand in 1978 in developing and maintaining relations with the dairy industry of upstate New York and northern New Jersey. Staff members attended a wide range of producer meetings, including those of dairy cooperatives, ADA&DCNY, the DFNC Board of Directors and the New York State Milk Promotion Advisory Board. DFNC's own Annual Meeting provided an opportunity for the staff to summarize the year's activities for dairy farmers and to preview the budget for the following year. The dairy press was again utilized--news releases and feature articles were sent to the major periodicals in the area. This was supplemented by direct communications with local dairy industry leaders. In all, 655 conferences were held by the DFNC staff during the year with representatives of various dairy organizations.

Dairy Promotion Programs in the Niagara Frontier Area

Two organizations are responsible for milk and dairy product promotion in the marketing area of State Order 127. Milk for Health on the Niagara

---

<sup>61</sup>In 1978, the "Doctor in the Kitchen" series resulted in 3,641 column inches published and other material produced an additional 21,016 column inches of publication.

<sup>62</sup>991 minutes of free TV time for NDC-produced spots.

<sup>63</sup>At New York State Fair, for example.

<sup>64</sup>Examples from 1978 include the Annual Media Writers' Conference, a series of press luncheons, and participation in the Nutrition Fair of SUNY-Utica.

<sup>65</sup>DFNC took part in the planning and execution of a Preventive Dental Health Workshop for School Personnel and Parents in Broome County.

Frontier, Inc. carries on an independent program of advertising, sales promotion and public relations in the Buffalo area, and Dairy Council of the Niagara Frontier Area conducts nutrition education programs in the region as an affiliated unit of the National Dairy Council.

#### Milk for Health on the Niagara Frontier, Inc.

Local promotional programming in the Buffalo area was initiated in 1949 with the founding of Milk for Health on the Niagara Frontier, Inc.<sup>66</sup> Although producer funding of the organization was entirely voluntary, more than 87 percent of the area's dairy farmers were contributing to its support by 1955.<sup>67</sup> In 1956, the New York Milk Control Law was amended to authorize State milk marketing orders to directly finance promotion activities. Pursuant to this change in the law, the Niagara order was itself amended<sup>68</sup> such that effective July 1, 1956, provision was made for cooperatives to be reimbursed from pool funds for up to 80 percent of approved expenditures on milk promotion efforts.<sup>69</sup> With this new approach to more equitable funding of promotion, total annual income of Milk for Health on the Niagara Frontier was more than \$350 thousand in 1962 (based upon producer assessments of four cents per hundredweight of milk marketed). The assessment rate was increased to five cents per hundredweight in 1971, to six cents in 1972 and to eight cents in 1977. Thus, by 1978, annual income was more than \$588 thousand (Table 9).

#### a. The Internal Structure of Milk for Health on the Niagara Frontier

Milk for Health on the Niagara Frontier, Inc. is a not-for-profit corporation operating out of offices in Buffalo, New York. The Board of Directors of the corporation has 16 members, providing proportional representation of the area's eight major cooperatives.<sup>70</sup> The Board elects a President, Vice President, Secretary and Treasurer from among its own members.<sup>71</sup> These four officers, plus one other Board member, constitute a "Working Committee," which is the major policy-making body of the organization. The full Board employs an Executive Secretary to oversee the day-to-day operations and management of the Buffalo office.

---

<sup>66</sup>For a more complete description of the history of Niagara Frontier milk promotion efforts between the years 1948 and 1963, see Part II of this study.

<sup>67</sup>Total income in 1955 was approximately \$275 thousand.

<sup>68</sup>I NYCRR Part 21, Section 21.68.

<sup>69</sup>The Order was amended again in 1972 such that cooperatives are now fully reimbursed from pool funds for deductions for promotional purposes.

<sup>70</sup>Arcade Farms (3), Buffalo Milk Producers (3), Collins Producers (1), Dairylea (3), Erie County Milk Producers (1), Genesee Milk Producers (1), Hollisville Milk Producers (1), and Niagara Milk Producers (3).

<sup>71</sup>For a list of the current officers and staff for Milk for Health on the Niagara Frontier, see Appendix 11.

By State law, the geographic area of the organization is that of State Order 127. The marketing area of the Order includes all of Niagara County and parts of Erie and Orleans Counties, whereas the total production area of the Order includes all or part of seven counties--Erie, Niagara, Orleans, Genesee, Wyoming, Chautauqua and Cattaraugus. For purposes of promotion (and Dairy Council) work, only the marketing area is covered. Thus, Milk for Health on the Niagara Frontier is supported by 975 dairy farmers (6.3 percent of those in the State),<sup>72</sup> annually producing approximately 64.6 million pounds of milk (7.8 percent of the State total).

b. The Relationship of Milk for Health on the Niagara Frontier to Other Dairy Promotion Institutions

The "parent organization" of Milk for Health on the Niagara Frontier (MHNF) is the Niagara Frontier Cooperative Milk Producers Bargaining Agency. There is some overlap between the Boards of Directors of the two organizations, and the Executive Secretary of MHNF holds the same position with the Bargaining Agency.

MHNF is not and never has been a member unit of UDIA, although until 1973 there was a memorandum of agreement between the two organizations by which Buffalo paid to UDIA its share of the national budget through ADA&DCNY.<sup>73</sup> Even during that period, however, all local advertising was placed directly by the Buffalo office.

The Niagara Frontier promotional program is unique in New York State because of its special relationship with the Ontario Milk Marketing Board, whereby since 1973 that organization has provided, for only a token fee (\$6,078 in 1978) ready-to-use television and radio commercials and completed copy for buses, billboards and newspapers. The reason the Ontario organization is willing (and eager) to do this is that a significant number of Canadians, particularly in the Toronto metropolitan area, regularly watch Buffalo television stations.<sup>74</sup> Thus, both sides benefit from this unique arrangement.<sup>75</sup>

The Niagara Milk Producers Cooperative Bargaining Agency has one member on the Board of Directors of ADA&DCNY. Also, Milk for Health on the Niagara Frontier pays a small, annual fee (\$7,500 in 1978) to ADA&DCNY to cover the cost of promotional operations carried out in the Niagara Frontier area

---

<sup>72</sup>Under the provisions of the New York State Dairy Promotion Order, these farmers are credited for their contributions and thus do not pay into the N.Y.S. Dairy Promotion Fund.

<sup>73</sup>Note that the Order limits expenditures on national programs to 20 percent of total expenditures. See Appendix 12, Section 21.68 (e) (2).

<sup>74</sup>In previous years, the Ontario Milk Marketing Board had itself purchased TV commercial time on Buffalo stations.

<sup>75</sup>Note that the Ontario program is purely a fluid milk operation. At times, MHNF has acquired manufactured product promotion materials from ADA of Wisconsin.

(primarily, Dairy Princess). The Bargaining Agency also has a single seat on the New York State Milk Promotion Advisory Board.

MHNF is directly associated with the New York State Department of Agriculture and Markets because of its funding through a State Order. The Market Administrator for the Order is officed in Buffalo. Lastly, MHNF is the sole funding agent of Dairy Council of the Niagara Frontier Area, and there is a close relationship between the Boards of Directors of these two Buffalo organizations (see below).

c. Activities and Expenditures of Milk for Health on the Niagara Frontier, Inc.

In 1978, total income of MHNF was approximately \$589 thousand, almost 97 percent of which was from cooperative assessments.<sup>76</sup> These funds were spent on direct advertising and promotion programs in the area, to support the local Dairy Council unit and in payments to several other promotion organizations for services rendered.

The purchase of TV commercial time accounted for more than half of all expenditures by Milk for Health on the Niagara Frontier in 1978 (Table 32). Scheduling was targeted towards women, aged 18 to 35, children and total audience. Purchase of radio commercial time represented the second largest expenditure of advertising monies. In this case, scheduling was directed primarily toward the teenage audience. Billboards were used during the summer months of 1978 and bus cards (both inside and outside) were placed throughout the entire year.<sup>77</sup> Newspaper advertisements were used only on occasion. All media advertising is handled directly by MHNF, without the use of an advertising agency. This results in further cost savings.<sup>78</sup>

Direct advertising and promotion expenditures amounted to approximately \$458 thousand in 1978, more than 76 percent of all expenses. The remaining 24 percent was divided among support of Dairy Council (18.4 percent), payments to ADA&DCNY (1.3 percent) and Ontario Milk Marketing Board (1.0 percent), and administrative costs (3.2 percent).

Dairy Council of the Niagara Frontier Area

The Dairy Council of the Niagara Frontier Area (DCNFA) is a "non-profit scientific educational organization," affiliated with the National Dairy

---

<sup>76</sup>In 1978, \$15,633 was collected from processors through reblending agreements.

<sup>77</sup>MHNF paid only for the paper on which the posters and card were printed. Creative and production costs were covered by the Ontario Milk Marketing Board.

<sup>78</sup>MHNF is recognized by the media as a "house agency" and so does not have to pay the usual 15 percent commission to an advertising agency. Instead, they receive this back in extra time/space, i.e., they pay only \$85 for \$100 of advertising time or space.

TABLE 32: MILK FOR HEALTH ON THE NIAGARA FRONTIER, INC.,  
INCOME AND EXPENDITURES, 1978

<u>Income</u>		
Cooperative Assessments	\$570,538 <sup>a</sup>	96.9%
Reblending Agreements	15,633	2.7%
Interest on Deposits	<u>2,732</u>	<u>0.5%</u>
Total Income	\$588,903	100.0%
<u>Expenditures</u>		
Advertising		
Television	\$327,589	54.4%
Radio	77,593	12.9%
Special Promotions	8,540	1.4%
Newspapers	8,122	1.3%
Buses	3,979	0.7%
Billboards	14,443	2.4%
School Assembly Programs	6,341	1.1%
Fairs	<u>11,506</u>	<u>1.9%</u>
Total Advertising (Direct)	\$458,114	
Niagara Frontier Dairy Council	\$100,000	
National Dairy Council	10,874	18.4%
American Dairy Association and Dairy Council of New York	7,500	1.3%
Ontario Milk Marketing Board	<u>6,078</u>	<u>1.0%</u>
	\$124,452	
Total Advertising and Promotion	\$582,566	
Administration <sup>b</sup>	<u>19,409</u>	<u>3.2%</u>
Total Expenditures	\$601,975	100.0%

<sup>a</sup>All figures are rounded to nearest dollar. Columns may not add due to rounding error.

<sup>b</sup>Includes office salary, payroll taxes, office expense, Working Committee and Meeting expense, professional services, insurance and depreciation.

SOURCE: Milk for Health on the Niagara Frontier, Inc., Statement of Income and Expenses, January 1, 1978 thru December 31, 1978, Buffalo, New York.

Council. The stated purpose of the organization is to promote "better health through wise food selection," with the goal of "increasing consumption of milk and milk products" (DCNFA, 16th Annual Report, 1979). The Board of Directors of DCNFA consists of nine persons, elected to three-year terms. All of the Directors are also members of the Board of Milk for Health on the Niagara Frontier, Inc. The Dairy Council Board elects a President, Vice President, Secretary and Treasurer and employs an Executive Director to administer the program and supervise the professional and support staff.<sup>79</sup>

Dairy Council of the Niagara Frontier Area is solely funded by Milk for Health on the Niagara Frontier, Inc. In 1978, this amounted to \$100 thousand for operations plus \$10,874 for National Dairy Council affiliation.

The activities carried out by the Niagara Frontier Dairy Council are similar to those previously described for the DCMNY and DFNC. Table 33 provides a statistical summary of these activities during the years 1970 to 1977.<sup>80</sup> DCNF found it necessary in 1977 to cut back in several activity categories (Table 33) as it focused increased attention on the introduction of the Food Your Choice program in the area's elementary schools. Between September, 1977, and May, 1979, a total of 137 Food Your Choice workshops were conducted with 2,366 teachers, approximately 35 percent of the total number of K-6 teachers in the area. Through the workshops, 1,023 FYC learning systems were sold to teachers at \$10 for the full kit and \$4 for share packs.

#### Dairy Promotion Programs in the Rochester Area

The Rochester Milk Marketing Area (State Order 129) consists of the City of Rochester and 13 specified towns within Monroe County. The production area of the Order includes all of Monroe, Wayne and Ontario Counties and parts of Livingston, Genesee and Orleans. In April of 1979, the Order had 406 dairy farmers, 2.6 percent of those in the State, producing approximately 3.7 percent of the total State milk supply. Of the 406 dairy farmers, all but 49 are cooperative members.

Two organizations are responsible for milk and dairy product promotion in the marketing area of State Order 129--the Rochester Health Foundation, Inc. and the Dairy Council of the Rochester Area, Inc.

#### Rochester Health Foundation, Inc.

Producer financed milk promotion programs began in the Rochester area in 1945 with a two cents per hundredweight assessment on June milk produc-

---

<sup>79</sup>For a list of the current officers and professional staff, see Appendix 13.

<sup>80</sup>The most recent year for which this information was available at the time of publication.



TABLE 33: ACTIVITIES OF DAIRY COUNCIL OF NIAGARA FRONTIER AREA, 1970-1977

	1970	1971	1972	1973	1974	1975	1976	1977
Conferences	2,670	2,737	2,265	1,909	1,963	2,730	3,337	3,802
Material Placed (x 1000)	736	502	431	422	405	374	361	318
Meetings	148	121	153	103	143	161	238	248
Film Showings	4,486	3,428	4,263	5,311	4,750	4,795	5,172	4,484
Radio PSA Time (minutes)	930	1,228	1,372	1,394	1,002	1,073	2,861	3,441
TV PSA Time (minutes)	-	-	228	736	695	912	2,167	786
Press Stories (Lines of space)	20,708	19,482	28,338	16,890	15,496	20,166	17,232	5,821
Animal Feeding Demonstrations	10	7	7	13	27	22	26	9
Exhibits (days)	883	555	452	121	195	76	128	144
Loan Projects	1,301	874	779	1,286	1,483	858	837	454

SOURCE: Dairy Council of Niagara Frontier Area, Annual Report, 1970 through 1977.

tion.<sup>81</sup> Promotion programming was formalized in February, 1954, with the founding of the Rochester Health Foundation, Inc.<sup>82</sup> Voluntary contributions were made at the rate of four cents per hundredweight of milk marketed. Pursuant to the amended New York Milk Control Law (1956), the Rochester Order was itself amended in 1963 to allow for reimbursement of cooperatives from pool funds for up to 80 percent of their expenditures on approved promotional programs.

Annual income was approximately \$137 thousand in 1963. In 1971, the assessment rate was increased from four to five cents per hundredweight, and annual income reached \$172 thousand. The assessment rate was again increased in 1972 (to six cents) and in 1977 was increased again, this time to eight cents per hundredweight. Thus, by 1978, annual income was more than \$247 thousand (Table 8).

a. The Internal Structure of the Rochester Health Foundation, Inc.

The Rochester Health Foundation Inc. is incorporated under the Membership Corporation Law of the State of New York, with its stated purpose being "to improve the diet and promote the maximum health and welfare of the community through stimulating increased consumption of fresh fluid milk, cream and milk products . . ." (Rochester Health Foundation, Inc., By-Laws, Article II). The Board of Directors of the Foundation consists of seven members designated each year by the cooperatives of the area.<sup>83</sup> The Board elects from its membership a President, Vice President, Secretary and Treasurer.<sup>84</sup> The voting power of each cooperative on the Board is weighed by the respective proportion of the total funds contributed. The full Board meets three times a year, and in the interim the affairs of the Foundation are overseen by a Management Committee, comprised of the Foundation's officers plus the managers of the respective cooperatives. An Assistant Secretary is employed to conduct the day-to-day operations and management of the Rochester office.

As was previously explained, funding of the organization is carried out under a 1963 amendment to the Rochester Milk Marketing Order (State Order No. 129), which permitted only partial (80 percent) reimbursement of cooperatives for promotional expenditures. The Order was amended again in 1972 such that

---

<sup>81</sup>For a detailed chronology of the early history of milk promotion in the Rochester market, see Bailey 1957.

<sup>82</sup>A more complete description of the Rochester program between the years 1954 and 1963 is found in Part II of this study.

<sup>83</sup>Arcadia Cooperative Marketing Association, Inc.; Community Cooperative Marketing Association, Inc.; Dairylea Cooperative, Inc.; Genesee Milk Producers Cooperative, Inc.; Rochester Guernsey Producers Cooperative, Inc.; Rochester Independent Milk Producers Cooperative, Inc.; and Western New York Milk Producers Cooperative Association, Inc.

<sup>84</sup>For a list of the current officers and professional staff of the Rochester Health Foundation, see Appendix 14.

cooperatives are now fully reimbursed from pool funds for deductions for promotional purposes.<sup>85</sup>

b. The Relationship of the Rochester Health Foundation to Other Dairy Promotion Institutions

The "parent organization" of the Rochester Health Foundation is the Rochester Cooperative Milk Producers Bargaining Agency. There is some overlap between the respective Boards of Directors, and the Assistant Secretary of the Foundation is also the Assistant Secretary-Treasurer of the Bargaining Agency.

Previous to 1962, the Rochester Health Foundation operated independently of ADA&DCNY. Three of every four cents collected at that time were retained by the Foundation for expenditures on its own programs.<sup>86</sup> Advertising was placed (and paid for) directly by the Rochester staff through the Campbell-Mithun Agency (Minneapolis). However, in 1962 the Foundation signed a Memorandum of Agreement with the American Dairy Association and Dairy Council of New York and began sending most advertising funds to that organization to cover the cost of the Rochester advertising program. At the present time, the Foundation turns over virtually all local advertising and promotion monies to ADA&DCNY (which pays UDIA, which pays the advertising agency, which buys commercial time on television and radio in the Rochester area). Also, the Rochester Health Foundation pays a small, annual fee to ADA&DCNY to cover the cost of local promotion programs, such as Dairy Princess. Furthermore, the Foundation pays for its share of the national UDIA program (\$0.0095/cwt) through ADA&DCNY, although the Foundation is not a member unit of UDIA. The Bargaining Agency has a seat on the ADA&DCNY Board of Directors.

The Assistant Secretary of the Rochester Health Foundation often attends meetings of the New York State Milk Promotion Advisory Board, and the Bargaining Agency holds a seat on that Board. Through the "companion program provisions" of the New York State Dairy Promotion Order, producers contributing to the Rochester Program (at eight cents/cwt) are exempt from the Promotion Order's mandatory assessment (of five cents/cwt).

The Foundation is associated with the New York State Department of Agriculture and Markets because of its funding through a State Order. The Market Administrator for the Order is officed in Albany. Lastly, the Rochester Health Foundation supplies approximately 80 percent of the funds of the Dairy Council of the Rochester Area, Inc., and there is some overlap between the Boards of Directors of the two organizations.

c. Activities and Expenditures of the Rochester Health Foundation, Inc.

Because of the current arrangement between the Rochester Health Foundation and the American Dairy Association and Dairy Council of New York, the

---

<sup>85</sup>I NYCRR Part 22, Section 22.68. See Appendix 15.

<sup>86</sup>The other cent was divided between the local Dairy Council unit and the national ADA.

Foundation's advertising and promotion program basically parallels that of ADA&DCNY. Total income in 1979 is expected to be approximately \$251 thousand. Of this amount, more than 60 percent will be turned over to ADA&DCNY to finance Rochester's local advertising and promotion program, which includes television and radio commercials and point-of-purchase promotions in food stores (Table 34). A fee of \$6 thousand will be paid to ADA&DCNY to cover the cost of administering the Rochester program. The Rochester Health Foundation is continuing to support the national programs carried out by UDIA and its affiliated organizations. This support amounts to 12.2 percent of the total Foundation budget for 1979.

Almost 22 percent of Rochester Health Foundation funds are being turned over in 1979 to the Dairy Council of the Rochester Area, Inc.<sup>87</sup> Administrative expenses are projected to account for less than 3 percent of total expenditures.

#### Dairy Council of the Rochester Area, Inc.

The Dairy Council of the Rochester Area, Inc. was founded in 1952 and is an affiliated unit of the National Dairy Council. The Board of Directors of the Corporation consists of six producers,<sup>88</sup> nominated by the Rochester Milk Producers Cooperative Bargaining Agency, and three milk dealers, nominated by the Western New York Dealers' Association. The Board elects a President, Vice President, Secretary and Treasurer from among its own membership and employs an Executive Director to administer the Dairy Council programs and supervise the professional and support staff.<sup>89</sup>

Until 1962, the Rochester Dairy Council received 7/12 cent per hundredweight of milk marketed (first, from Milk for Health, Inc., and later from the Rochester Health Foundation). This was increased to 3/4 cent per hundredweight on January 1, 1962. By 1977, the Dairy Council was funded by the Rochester Health Foundation at the rate of 1 1/4 cents per hundredweight of milk marketed and by a number of contracted distributors at the rate of one cent per hundredweight of Class I sales. With the 1978/79 budget, the funding system was again changed such that now the Rochester Health Foundation and the Dairy Council agree each year on a set level of support, which amounted to \$55 thousand for the 1978/79 marketing year. An additional \$11 thousand was collected from distributors on contracts which in some cases date back to 1952.

The activities carried out by the Dairy Council of the Rochester area are similar to those previously described for the other Dairy Council units located in the State. Over a period of years, the Rochester Dairy Council

---

<sup>87</sup>For comparisons of the allocation of funds of the various promotional organizations in New York State and elsewhere, see Part X of this study.

<sup>88</sup>There is some overlap between the Boards of the Rochester Health Foundation and the Dairy Council of the Rochester area.

<sup>89</sup>For a list of the current officers and professional staff of the Dairy Council of the Rochester Area, Inc., see Appendix 16.

TABLE 34: ROCHESTER HEALTH FOUNDATION, INC., 1979 BUDGET

Rochester Market Advertising & Promotion (Paid to ADA&DCNY, Inc.)	\$152,000	60.6%
National Program Support	30,685	12.2%
ADA&DCNY Local Promotion Programs	6,000	2.4%
Dairy Council of Rochester Area, Inc.	55,000	21.9%
Administration <sup>a</sup>	<u>7,315</u>	<u>2.9%</u>
	\$251,000	100.0%

<sup>a</sup>Includes office facilities and supplies, personnel and Directors' expenses.

SOURCE: Rochester Health Foundation, Inc., 1979 Proposed Budget, Rochester, New York, June 1979.

has evolved from being primarily a material provider to being an organization which depends upon the personal skills of its staff to deliver nutrition education programs to the area (Fischer 1979).

In 1978/79, total expenditures of \$66 thousand were allocated to four program areas as follows:

Educational Program	60% <sup>90</sup>
Professional Program	20%
Consumer Program	10%
Dairy Industry	10%

The major aspect of the current Educational Program is Food Your Choice workshops. By December of 1978, 33 workshops had been held for 588 teachers in Monroe County. Through these workshops, a total of 378 full programs and 13 share packs had been placed.<sup>91</sup> In addition to working with teachers, Dairy Council held FYC workshops for school food service directors and cooks. Other aspects of the Educational Program include a pre-school program, animal feeding demonstrations, placement of other NDC materials in secondary schools and a continuing program evaluation.

In the Professional Program, FYC workshops have been held for school nurses, and a variety of resources and materials are continually provided to allied health professionals. Contacts are maintained with professional organizations through memberships by the Dairy Council Staff.

The increased emphasis on the Food Your Choice educational program has necessitated somewhat less emphasis than in the past on the Consumer Program, which is now carried out mainly via mass media. Relations are maintained with the Dairy Industry via a regular newsletter and an Annual Meeting.

Role of the New York State Department of  
Agriculture and Markets

The New York State Department of Agriculture and Markets plays a central role in the functioning of the New York State Dairy Promotion Order. The Dairy Promotion Act of 1969 delegates to the Commissioner of Agriculture and Markets the authority to administer and enforce all provisions of the Act. This role is reiterated in the Promotion Order itself (I NYCRR Part 40). It is the Commissioner who appoints all members of the Advisory Board. Furthermore, the Advisory Board's authority is limited to that of making recommendations to the Commissioner. In actual practice, however, the Commissioner has never overruled the Advisory Board. The Department is charged with the

---

<sup>90</sup>These are approximate allocations of funds and staff time, according to Ruth Fischer, Executive Director of the Dairy Council of the Rochester Area, Inc.

<sup>91</sup>The full Food Your Choice kits are sold for \$10 each and the share packs for \$5.

responsibility of providing direction and evaluation of promotion programs.<sup>92</sup> In this capacity, the Department's Division of Dairy Industry Services acts in an advisory capacity to the New York State Milk Promotion Advisory Board. This same Division also conducts hearings and supervises referenda dealing with the Promotion Order.

The Legal Bureau of the Department prepares contracts between the Commissioner and various organizations and institutions, under the authority of the Dairy Promotion Act and the Order. There are currently five active contracts:

- (1) American Dairy Association and Dairy Council of New York, Inc.;<sup>93</sup>
- (2) American Dairy Association and Dairy Council of New York, Inc. and National Dairy Council;<sup>94</sup>
- (3) United Dairy Industry Association and American Dairy Association and Dairy Council of New York, Inc.;<sup>95</sup>
- (4) Cornell University, Acting through and in behalf of the College of Agriculture and Life Sciences;<sup>96</sup> and,
- (5) Cornell University, Acting through and in behalf of the College of Agriculture and Life Sciences.<sup>97</sup>

The five cent per hundredweight assessment of milk marketed is collected monthly by handlers (deducted from producers' milk checks) and submitted before the 25th day of the following month to the Division of Dairy Industry

---

<sup>92</sup>Much of this work has been contracted out to the Department of Agricultural Economics at Cornell. See Part VI.

<sup>93</sup>" . . . in relation to the conduct of local advertising and sales promotion programs and the conduct of programs relating to producer communications and information and industry and consumer relations."

<sup>94</sup>Covers funding of DFNC and DCMNY "for the purpose of disseminating accurate nutritional information and to promote balanced diets among consumers through adequate use of milk and milk products."

<sup>95</sup>" . . . in relation to support for the conduct of national programs of advertising and sales promotion, nutrition research and education, product development and marketing competence, and marketing and economic research."

<sup>96</sup>The Department of Agricultural Economics is "to undertake programs of research, studies and investigations designed to measure and evaluate the effectiveness of the Dairy Promotion Order and the advertising, nutrition education and promotion programs conducted thereunder."

<sup>97</sup>The Department of Food Science is "to undertake a program to improve the flavor and quality of milk from farm to consumer by conducting research to determine the cause of off-flavors in the milk supply, and by conducting educational programs and preparing educational materials pertaining to methods of correcting milk quality defects. . . ."

Services.<sup>98</sup> The funds are transferred to the Department of Audit and Control, which makes all payments for the promotion programs in accordance with Department of Agriculture and Markets authorization. The funds are invested by the State and draw interest. In recent years, such interest has paid for almost half of the administrative expenses associated with the Promotion Order. It is the further responsibility of the Division of Dairy Industry Services to verify payments by all dairy producers in the State, whether the payments are to the New York State Dairy Promotion Order or to approved companion programs.

Extensive audits of all participating organizations and institutions are carried out by the Department of Agriculture and Markets and others to verify cash receipts and expenses and to determine if they are in agreement with the amounts budgeted within the scope of the law and in compliance with the terms of contracts. The Division of Dairy Industry Services regularly conducts such audits of ADA&DCNY, DFNC, DCMNY, major cooperatives and other contractors. Also, the Buffalo and Rochester programs are audited under the Division's authority as administrators of State milk marketing orders.

The expenditures of UDIA of funds received from Federal Order promotion agencies and from the New York State Dairy Promotion Order is audited by the Chicago Market Administrator for the U.S. Department of Agriculture.<sup>99</sup>

The New York State Department of Agriculture and Markets is itself audited in terms of its handling of the Dairy Promotion Order funds by the Office of the State Comptroller. Such audits have been conducted three times.<sup>100</sup>

Administrative expenses for the Dairy Promotion Order trended upwards between 1972 and 1977, but decreased in the 1978/79 fiscal year (Tables 11 and 14). During the calendar year 1978, total administrative expenses were \$127,221.01 (Table 35).

---

<sup>98</sup>The handlers (or cooperatives) deduct from these monies any payments which they have made (not to exceed \$.05 per cwt) to other milk promotion agencies on milk approved for State Order markets or marketed out-of-State. This is pursuant to the companion programs provision of the Dairy Promotion Order and currently applies to payments made to Milk Promotion Services, Inc. (New England), Mideast United Dairy Industry Association (Eastern Ohio--Western Pennsylvania), Milk for Health on the Niagara Frontier, Inc. and the Rochester Health Foundation, Inc. See Part VII of this study.

<sup>99</sup>Such funds make up approximately 40 percent of total UDIA income, and by federal and state law cannot be used either for membership solicitation or for research projects which have patent applications for particular brands.

<sup>100</sup>The most recent audit, covering the period January 1, 1977 through December 31, 1978 was completed in the spring of 1979 and is currently being prepared for publication.



TABLE 35: ADMINISTRATIVE EXPENSES OF THE NEW YORK STATE  
DAIRY PROMOTION ORDER, 1978

Advisory Board <sup>a</sup>	\$ 12,739.17
Personal Service <sup>b</sup>	63,007.37
Referendum <sup>c</sup>	360.72
Staff Benefits <sup>d</sup>	18,239.72
Travel <sup>e</sup>	6,164.92
Supplies and Materials	69.95
Data Processing <sup>f</sup>	671.39
Printing, Postal & Telephone <sup>g</sup>	6,682.83
Audit (USDA) <sup>h</sup>	2,052.00
Cheese Promotion <sup>i</sup>	2,000.00
Market Administration/Farm Locations <sup>j</sup>	<u>15,232.70</u>
Total Administrative Expenses	\$127,221.01

<sup>a</sup>Advisory Board meetings (per diem & travel) and UDIA annual meeting for those not covered by their organizations.

<sup>b</sup>Personnel in the Department of Agriculture and Markets whose salaries are totally paid with Promotion funds.

<sup>c</sup>Notices placed in newspapers--paid advertisements.

<sup>d</sup>Standard New York State pensions, health insurance, etc.

<sup>e</sup>Travel of Department staff to Advisory Board meetings, etc.

<sup>f</sup>Computer time for assembly of producer lists, etc.

<sup>g</sup>Ballots for referendum are included here.

<sup>h</sup>USDA audits UDIA and UDIA advertising agency for the Department of Agriculture & Markets.

<sup>i</sup>The Advisory Board matched funds provided by the New York State Cheese Manufacturing Association as part of the "Produced in New York" campaign of the Department of Agriculture and Markets.

<sup>j</sup>Paid to the New York-New Jersey Market Administrator's office in New York City for producer lists.

SOURCE: New York State Department of Agriculture and Markets, Division of Dairy Industry Services, May 2, 1979.



VI

RESEARCH CONDUCTED AT CORNELL UNIVERSITY SPONSORED BY  
THE NEW YORK STATE MILK PROMOTION ADVISORY BOARD

Since the beginning of the transition to mandatory assessment for milk promotion in New York State, faculty members of the College of Agriculture and Life Sciences at Cornell University have worked in an advisory capacity with the State's dairy leaders and with personnel of the State Department of Agriculture and Markets. A representative of Cornell's Department of Agricultural Economics was present at the Commissioner's Meeting of State Dairy Leaders, held on November 18, 1969, to discuss possible action under the provisions of the Dairy Promotion Act of 1969. Faculty members of the Department of Agricultural Economics presented testimony at the first hearing on the proposed New York State Dairy Promotion Order on August 24, 1971 (and at the second hearing to extend the Order in 1974). At the first meeting of the State Milk Promotion Interim Advisory Committee, on January 20, 1972, an Agricultural Economics faculty member was again present, this time to offer suggestions on the kind of program and approach which the Committee might use in the administration of the promotion funds.

The first producer referendum having successfully passed, the first meeting of the New York State Milk Promotion Advisory Board was held on April 12, 1972. Dean Charles Palm of the New York State College of Agriculture and Life Sciences at Cornell attended this initial meeting, at the Advisory Board's invitation, to outline for the Board the contributions which the College might be able to make to the State milk promotion effort. Dean Palm introduced Professor Olan Forker of the Department of Agricultural Economics, who described some of the work which that Department could do for the Advisory Board, such as conducting consumer attitude surveys and developing methodologies for program evaluation. Dean Palm also introduced Professor R. A. Ledford of the Department of Food Science, who discussed the capabilities of his Department in providing certain research. He mentioned such projects as a quality assurance program, the development of new dairy products and the control of rancidity in milk.

In the summer of 1972, Professors Olan Forker and Doyle Eiler of Agricultural Economics, proposed to the Advisory Board a multifaceted research program including evaluation of promotion efforts and an examination of consumer attitudes regarding milk and dairy products. On June 26, 1972, the Advisory Board approved the proposed research and moved to recommend to the Commissioner that he enter into a contract with Cornell University to support the project. The contract was signed and the research project was initiated on September 28, 1972.

On November 21, 1972, Professor David Bandler of the Department of Food Science at Cornell, submitted to the Advisory Board a proposal for a "Survey and Action Program to Increase the Consumption of School Milk." At the following meeting of the Advisory Board, on December 6, 1972, the research project was approved and recommendation was made to the Commissioner to enter into a contract to support the research. This was done, and the project began in February, 1973.

Since that time, both the Department of Food Science and the Department of Agricultural Economics at Cornell have continued to carry out a variety of research projects for the State Milk Promotion Advisory Board. The following sections briefly review the histories of these research relationships and summarize the results of the research conducted during the past seven years.

#### Department of Agricultural Economics

The first contract for research by the Department of Agricultural Economics provided a maximum of \$180 thousand to be utilized over a three-year period.<sup>1</sup> The purpose of the research was to "develop methodology and data in aid of the proper measurement and evaluation of the effectiveness of the Dairy Promotion Order and the advertising and promotion program conducted thereunder . . . to conduct research . . . in the measurement of consumer attitudes toward milk and milk products . . . and, such other programs of research and study as the College is able to perform within the financial limits of this contract as the Commissioner may hereafter request" (Commissioner of Agriculture and Markets, Agreement with Cornell University, September 28, 1972).

A second contract was signed on August 25, 1975, providing a maximum of \$220 thousand for another three-year period. The expressed purpose of the second research contract was almost identical to that of the first. During the six years covered by the two contractual arrangements, research conducted by the Department of Agricultural Economics helped clarify the nature of consumer attitudes toward major beverages, including milk, beverage consumption patterns, consumer recall of milk and other beverage advertising, the sales response to generic milk advertising in New York State markets, producer returns from advertising milk and the extent to which dairy industry nutrition education programs reached teachers and school children. Actual expenditures under the two contracts totaled \$247,565. Of this, \$164,202 was expended during the first three-year period, and \$83,363 during the second. It is estimated that the College contributed approximately \$200 thousand in faculty time and general support expenditures during the six-year period.

As the second research contract was about to expire in 1978, personnel in the New York State Department of Agriculture and Markets and officers of the Dairy Promotion Advisory Board indicated that the research which had been conducted up until that time had been valuable to them in encouraging

---

<sup>1</sup>A 1973 amendment to the contract expanded the scope of the research and provided an additional \$30 thousand.

continuing support of the program and in helping them to make rational decisions regarding the allocation of promotion funds among markets and program areas. Therefore, a third contract was developed to continue and expand the research. This was signed on September 1, 1978 and authorized maximum expenditures of approximately \$242 thousand over the period October 1, 1978, through September 30, 1981. The expressed overall purpose of the research is to "facilitate a better understanding of the factors that affect the consumption or sales of milk and dairy products and a better understanding of the various programs possible, planned or implemented for and on behalf of the dairy farmers of the State of New York" (Cornell University Agricultural Experiment Station 1978).

The research programs of the past seven years may be grouped under four major subject areas--consumer attitudes toward milk and other beverages, factors affecting beverage consumption levels (including advertising awareness), sales response to milk promotion campaigns, and nutrition education programs in New York State.

### Consumer Attitudes toward Milk and Other Beverages<sup>2</sup>

The objectives of this initial research effort were to determine and compare the attitudes toward and consumption of milk and other beverages in the major markets of New York State. It had previously been argued that advertising influences consumer attitudes which in turn influence behavior (i.e., consumption patterns). The research plan was to determine attitudes toward milk and other beverages at the beginning of the expanded advertising program and then measure attitudes again later in the program to determine the extent to which attitudes had been changed.

In November of 1972, professional enumerators collected attitude and estimated consumption data through personal interviews in the homes of 1,479 adults in the seven largest markets in New York State (2, 6, 11 and 21), New York City-White, New York City-Black, New York City-Spanish, Buffalo, Rochester, Albany and Syracuse. Attitudes toward the major beverages--beer, coffee, regular whole milk, lowfat milk, skim milk, orange juice and soft drinks-- were measured on sixteen semantic differential scales,<sup>3</sup> which were developed from an extensive literature review and pretest (4). The scales covered five attitudinal dimensions--nutrition, health, taste, price and image. A 24-hour recall procedure was used to obtain estimates of individual beverage consumption, including both at-home and away-from-home consumption.

All beverages were seen as high in cost, and responses to nutrition scale items indicated some uncertainty about the content of most beverages. With respect to health considerations, regular milk and orange juice were

---

<sup>2</sup>A list of 30 publications which have resulted to date from the Agricultural Economics research program carried out on behalf of the Advisory Board is included as Appendix 17. Numbers in brackets refer to that list.

<sup>3</sup>Cost, fat, weight, health, taste, protein, heart, calcium, value, man, woman, cholesterol, energy, calories, restaurant and vitamins.

favorably regarded, and compared with other beverages, relatively more respondents liked the taste of orange juice and regular milk.

A chi-square statistical procedure was used to make inter-group comparisons of the distribution of responses on the attitude scales. Although attitude differences existed among markets and among different groups of consumers, the attitude of consumers for each beverage in each market did not differ significantly from non-consumers.<sup>4</sup> For instance, virtually no significant differences were observed between the nutritional attitudes of adult milk consumers and adult milk non-consumers in any of the seven markets. The researchers concluded that "this lack of attitudinal differences raises considerable doubt as to the likely effectiveness of adult nutrition education programs aimed at altering adult attitudes and milk consumption" (11).

Since differences in consumption did not appear to be related to attitudinal differences in most dimensions, doubt was cast on the usefulness of attitudinal surveys as a basis for determining the effectiveness of advertising or nutrition education programs. Therefore, the Cornell research team decided that repeated attitudinal surveys would be of little value to the Advisory Board or to the advertising agencies involved. Thus, the research team moved on to other approaches to evaluating the effectiveness of milk and dairy product promotion.

#### Beverage Consumption and Advertising Awareness

The second research thrust focused on individuals between the ages of 12 and 65, living in Albany, New York City and Syracuse. The overall purpose of this second effort was to attain a better understanding of consumption patterns in the various New York State markets and to attempt to measure awareness of the advertising efforts. There were three specific objectives of the study:

- (1) To estimate and compare beverage consumption rates;
- (2) To determine beverage consumption patterns according to place of consumption and time of day; and,
- (3) To measure and examine beverage advertising awareness levels (8).

To meet these objectives, telephone surveys were conducted among the target populations at six-month intervals, in April and September of 1973 (8, 16) and in March and September of 1974. Approximately 4,200 observations were made during each survey. A professional, centralized telephone survey firm was employed to do the enumeration.

The surveys provided a great deal of insight into beverage consumption patterns (13, 14, 16, 22, 24)<sup>5</sup> and advertising awareness (3, 8). Excellent estimates of beverage consumption among different demographic and socio-

---

<sup>4</sup>The only consistent exceptions were on taste and restaurant scales.

<sup>5</sup>A separate and distinct study provided further insights into the lowfat milk situation in the State (7).

economic groups were obtained. On the average in all markets, per capita consumption of beverages was ranked in the following order: Coffee and tea, soft drinks, water, milk, beer and wine, fruit drinks, liquor. Soft drinks, coffee and tea, and water accounted for almost two-thirds of all beverage consumption, indicating strong and successful competition for milk. A tremendous difference in consumption levels among age groups was observed, as expected. Young adults consumed less than half as much milk as teenagers, and more mature adults consumed about a third less than young adults. Differences in milk consumption between the sexes were also observed.

The most pronounced and somewhat unexpected differences were between the markets. Although consumers in New York City drank somewhat less liquid in total, the greatest difference observed between New York City and the two upstate markets was in the quantity of milk consumed. Milk consumption per capita per day in Albany and Syracuse was in the neighborhood of 10 ounces, while consumption in New York City was only six ounces. The same basic relationship held for all three age groups identified above.

Systems of aided and unaided recall were used to obtain information about advertising awareness. In order to determine the statistical effect and significance of an individual's awareness levels to promotional themes on his probability of milk use, a multivariate probit model was developed (5, 12). Empirical results with the model indicated that respondents in all markets who were aware of milk advertising were more likely to consume milk than respondents who were not aware of such advertising. It is important to note that the implied relationship between advertising awareness and consumption was statistical and not necessarily causal.

The Cornell research team was interested, at this point, in quantifying the implied relationship between milk promotion and milk consumption. To this end, an investigation was begun to examine directly the response of fluid milk sales to generic advertising.

#### The Response of Fluid Milk Sales to Generic Advertising

There were two major purposes for this third research project: First, to provide dairy farmers with an estimate of the economic return from their investment in generic advertising; and second, to provide the Advisory Board with information to guide them in determining appropriate levels of advertising expenditure among markets.

Within this framework, five specific objectives were set:

- (1) To estimate the total effect of generic advertising expenditures on the quantity of fluid milk sold in three New York State markets;
- (2) To evaluate the profitability of the expanded New York State fluid milk advertising program in each market;
- (3) To estimate the level of generic advertising investment that might be expected to maximize aggregate net producers' returns to advertising in each market;
- (4) To prescribe the appropriate level of generic advertising investment

when the opportunity cost of the advertising investment is considered; and,

- (5) To determine how a fixed advertising budget might be allocated so as to achieve a specific rate of return.

The first stage of the project was to estimate the impact of generic advertising on milk sales (3, 9, 13, 21). Data were obtained on fluid milk sales and prices, personal income, population, competitive beverage prices, generic milk advertising expenditures, and competitive beverage advertising expenditures for three markets--New York City, Albany and Syracuse. For each market, monthly observations were available from January 1971 to March 1974. This included a 16-month period prior to the implementation of the Dairy Promotion Order.

A polynomial distributed lag econometric model was used to examine the effect of advertising on milk sales.<sup>6</sup> Empirical results with the model indicated that most of the variation in sales could be explained by seasonality, but that the other factors, including advertising level, were also significant. It was shown that the impact of advertising on sales was spread out over a period of months, with almost all of the total effect taking place within a five-month period. The study indicated that generic advertising was indeed having a positive impact upon fluid milk sales, and that the New York City market was more sales responsive to advertising than were the Albany or Syracuse markets.<sup>7</sup>

The next stage of the research was one of estimating the returns to producers from the advertising program (15, 17, 18, 22). To do this, the farm value of the increased milk sales attributed to advertising were compared with the increased cost of financing the New York State Dairy Promotion Order. Using estimated econometric models for each market, the expected sales with and without the increased advertising (of the Promotion Order) were estimated. It was assumed, at this point, that the advertising program had no effect on the total supply of milk, and that, therefore, the effect of advertising was simply one of shifting Class II milk to Class I use, thereby increasing the blend price paid to farmers. By comparing this increased income to farmers to the cost of the advertising program, the net return to producers as a result of generic advertising was calculated. This net return was found to be greatest in New York City, considerably less in Albany and negative in Syracuse.

A more elaborate econometric model was developed to include the effects of supply response to advertising programs. It was found that despite the countervailing effect of supply response, net producer returns to advertising remained positive when the response of sales to advertising was large (i.e., New York City). The optimal levels of fluid milk advertising that maximized net producer returns were determined for each market. The optimal advertising

---

<sup>6</sup>The model allows for the exploration of immediate and delayed effects of advertising on sales.

<sup>7</sup>Similar research utilizing California data also indicated a positive response of sales to generic advertising (10).



level exceeded the actual 1973 expenditures in New York City,<sup>8</sup> but in Albany and Syracuse the optimal levels were substantially below the actual 1973 advertising expenditures. A further extension of the model suggested that the optimal allocation of advertising monies in 1973 would have been 97 percent of the total three-market direct media advertising budget spent in New York City, with 2 percent in Albany and 1 percent in Syracuse.<sup>9</sup>

A number of events potentially influencing the effectiveness of generic milk advertising took place in the State during the years following the original sales response research. Therefore, that work was updated in September of 1978 by conducting a second analysis, for the period January 1975 through June 1977 (27, 28, 29). Once again, the effect of generic milk advertising on sales was found to be positive and statistically significant in all three markets examined.

In the updated research, a more complete economic model was implemented to determine the level of media advertising investment which would maximize net return to producers. In all three markets, the actual 1976 expenditure levels were less than the calculated optimums. The optimal spatial allocation of the advertising investment was calculated as being 96 percent of the budget placed in New York City, 1.5 percent in Albany and 2.5 percent in Syracuse. The Advisory Board had heeded the advice implicit in the earlier research and so by 1976 the actual allocation among the three markets was roughly equivalent to that which was recommended by this second econometric analysis.<sup>10</sup> The allocation scheme recommended did not depart substantially from that of the original research. However, largely because of rapidly increasing media costs, the total prescribed budget had expanded dramatically. Assuming an opportunity cost of capital of 10 percent, the recommended total advertising investment for the Federal Order No. 2 milk marketing area was approximately \$4.25 million, about twice the actual level for that period.

Early in 1979, the Advisory Board expressed an interest in similar research being carried out for other areas of New York State. Thus, in June of the same year, an examination was made of the economic effectiveness of the fluid milk advertising program in the Rochester market.<sup>11</sup> Utilizing the same methodology as had been used previously in the three-market analyses, the

---

<sup>8</sup>It was further determined that the optimal advertising level in New York City would fall below the actual 1973 level only when the opportunity cost of capital exceeded 25 percent per annum.

<sup>9</sup>The actual allocation at the time was 87% in New York City, 6% in Albany and 7% in Syracuse.

<sup>10</sup>The actual three-market total allocation among markets in 1976 was 96.4% in New York City, 1.7% in Albany and 1.9% in Syracuse.

<sup>11</sup>The per capita advertising investment in the Rochester market was (and is) significantly greater than that of the three markets previously examined-- 13.3¢ per capita per year in Rochester (between January 1975 and December 1978) versus levels of 9.1¢, 3.4¢ and 3.9¢ in the New York City, Albany and Syracuse markets, respectively.

response of fluid milk sales to generic advertising expenditures was estimated together with the corresponding returns to producers in the Rochester market.

Monthly data from January 1975 to December 1978 were used to estimate the sales response model. The effect of advertising on sales was found to be somewhat smaller than that previously estimated for New York City and larger than those estimated for the Albany and Syracuse markets. Furthermore, the estimated average net producer's return per capita was calculated as also being somewhat smaller than that previously estimated for New York City and larger than the net return estimates for the Albany and Syracuse markets. At a minimum, the results supported the hypothesis that generic fluid milk advertising in the Rochester market was a profitable activity.

Overall, the results of the sales response research have enabled the Advisory Board and the administrators of the Promotion Order to more reasonably determine the allocation of advertising funds among the major markets of the State. Additionally, the research has provided information to the Advisory Board and to the State's producers indicating that it is possible to receive a return above advertising expenditures if the promotion money is properly utilized.

#### Nutrition Education Programs in New York State

The previously described research programs have focused on the largest area of Promotion Order expenditures--media advertising. The Department of Agricultural Economics has also conducted research aimed at evaluating the second largest expenditures area--nutrition education.

In January, 1976, a mail survey was conducted of a random sample of the 130,000 public elementary teachers in New York State and northern New Jersey to provide data on the nutrition education practices and attitudes of 2,160 teachers (19, 20, 23, 25). Three-fourths of the teachers were found to be including nutrition/foods in their curricula, averaging 9.7 hours of class time on nutrition per year.

Using a probit model, it was found that elementary teachers who had taken a high school, college or inservice nutrition/foods course were significantly more likely to include nutrition in their curricula than teachers without such training. Considered in isolation, teacher interest in inservice nutrition training was relatively high. However, when the teachers considered all subject alternatives together, only six percent favored a nutrition workshop, although a substantial number of teachers expressed an interest in having an easily accessible, sequential curriculum for nutrition. The researchers concluded that administrative and curriculum support and reinforcement were necessary to maintain and encourage nutrition education in the elementary schools of the area.

An in-depth examination of dairy farmer funded nutrition education programs in the State was also carried out, including detailed analyses of Dairy, Food and Nutrition Council, Inc. and Dairy Council of Metropolitan New York, Inc. (19). The resulting study described in detail the activities of individual staff members of these two organizations. The researchers

concluded that "the substantial overhead costs" incurred by the two Dairy Council units were necessary if nutrition education programs were to be used as a means of influencing milk consumption. Furthermore, the study pointed out that "in addition to nutrition education, Dairy Councils provide favorable public relations for the dairy industry" (19, p. 8-1). As part of the same research effort, an extensive review of literature relating to nutrition education effectiveness was conducted. Based upon this literature review, the Cornell researchers concluded that "while studies have demonstrated improvements in nutrition knowledge, they have shown no consistently demonstrable relationship between a child's exposure to nutrition education and his (sic) dietary behavior or milk consumption" (19, p. 8-1).<sup>12</sup>

Department of Food Science<sup>13</sup>

In the fall of 1972, it came to the attention of the New York State Milk Promotion Advisory Board that milk served in many schools in the State was of poor flavor and that this was having an adverse effect on milk consumption in the schools. It was the opinion of the Advisory Board that since schools offered an important outlet for fluid milk products,<sup>14</sup> the milk that was being sold in the schools should be of high quality. The Advisory Board felt that it was necessary to find out what could be done to insure that good tasting and high quality milk was available. Therefore, on December 6, 1972, the Advisory Board recommended to the Commissioner of Agriculture and Markets that a proposed research project by the Department of Food Science at Cornell be funded. The overall objective of the research program was to identify the problem areas in milk handling. An extension component of the project would then seek to correct these problems through educational programs. The research program was begun in February of 1973. Since that time it has been funded at a level of approximately \$30 thousand per year.

The School Milk Survey program began immediately (and has continued until the present time). By 1975, approximately 1,000 schools, both at the elementary and secondary levels, had been surveyed. The results indicated that supplies of fresh fluid milk were of lesser quality than in the past and that this trend would likely continue. Approximately 50 percent of the milk available in schools was of poor flavor, the primary flavor defect being rancidity (a brochure was later prepared and distributed to schools for aid

---

<sup>12</sup>It should be pointed out that although this was the general conclusion of the Cornell literature review, the researchers did cite a number of studies which indicated significant linkages between exposure to nutrition education and changes in dietary behavior.

<sup>13</sup>A list of the publications which have resulted to date from the Department of Food Science research and extension program on behalf of the Advisory Board is provided as Appendix 18. Numbers in brackets in this section of the study refer to that list.

<sup>14</sup>When school is in session, over 10 percent of Class I milk sales are made to schools.

in the prevention of off-flavor milk (3)). The study also indicated that the consumption of milk was higher in schools where the milk was of uniformly good flavor and quality (1). Furthermore, it was determined that the major milk flavor problems were not caused by handling in the schools but by other factors. It seemed reasonable to the Advisory Board that the presence of flavor defects in the milk delivered to schools throughout the State indicated that similar flavor problems existed in milk available in other outlets. Therefore, in 1975 the Advisory Board recommended expansion of the research project to include an investigation into flavor problems in the entire milk supply of the State.

The Cornell research team began to make visits to processing plants to taste-test their milk and to measure acid degree values. Fluid milk samples from processing plants indicated that only 25 percent of the milk held for five days was of good flavor and that the predominant off-flavor was due to rancidity. The research team found that much of the flavor problem was due to the mechanical handling systems utilized in the plants. To correct this, meetings and workshops were held with plant personnel and extension materials were distributed (2, 4, 5).

The study also indicated that some of the milk received from farms was of poor quality. Further investigation confirmed that some of the quality problems were associated with processing and other were related to practices on the farm (6). Since it was beyond the capability of the Cornell research team to itself carry on an effective extension program with the State's producers, the Advisory Board agreed in late 1978 that further research by the Department of Food Science should have as its objective the preparation of a description of an effective flavor improvement program for the entire State. Once the Advisory Board has this knowledge, it will be able to decide what, if any, legislative or regulatory action should be undertaken to achieve its goal of improving milk flavor and quality.

## VII

### THE FEDERAL PROMOTION ORDER PROGRAM AND COMPANION PROGRAMS IN NEIGHBORING STATES

Following the principal that promotion funds ought to be utilized in the area where a producer's milk is marketed, the Dairy Promotion Act of 1969 (Article 21-A, Section 258-t (d) (1)) authorized New York dairy farmers whose milk is marketed in State Order areas or in out-of-state Federal Order Markets to contribute their (five cents/cwt) assessments directly to recognized promotion programs in those areas. The New York Dairy Promotion Order (Section 40.23) also explicitly provided for such "companion programs." In the 1977/78 marketing year, New York State producers contributed more than \$1.5 million to recognized companion programs, approximately \$763 thousand of which went to promotion programs in neighboring states.<sup>1</sup> The companion programs are required to be operated in accordance with the guidelines established under the 1969 Act and are subject to audit by the Commissioner of Agriculture and Markets. Thus, the New York State Milk Promotion Advisory Board is very much concerned with the operation of these programs. Because of this concern, this part of the study examines the Federal Order promotion program, in general, and describes in greater detail the promotional programs found in neighboring states.

#### The Federal Promotion Order Program<sup>2</sup>

In October of 1969, a bill to amend the Agricultural Marketing Agreement Act of 1937 to provide authority for promotion programs for milk (and tomatoes and potatoes) was considered and passed by the U.S. Senate.<sup>3</sup> In the following month, the bill was amended and passed by the House of Representatives. By late December of the same year, both houses of Congress had agreed to a conference report, and on January 11, 1971 the bill was enacted as Public Law 91-670.<sup>4</sup>

---

<sup>1</sup>The remainder went to the Rochester and Niagara Frontier area programs.

<sup>2</sup>The history of promotional programs in Federal Order areas previous to 1963 is described in Spencer 1963.

<sup>3</sup>Earlier attempts to amend the Agricultural Marketing Agreement Act are briefly described in Part I of this study.

<sup>4</sup>Title I of PL 91-670 deals with milk promotion and is included in this study as Appendix 19.

The Law provides that Federal Milk Marketing Orders may establish research and development projects, and advertising (excluding brand advertising), sales promotion and education programs designed to improve the consumption of milk and dairy products. The Act authorizes the Federal Orders to acquire funds from producers by making deductions from the total pool value of milk marketed.<sup>5</sup>

The inclusion of a "dairy promotion order" within a Federal Milk Marketing Order must be approved by the Order's producers in the same manner provided for the approval of marketing orders.<sup>6</sup> An important provision of the Law (the so-called "ask out provision") states that producers who do not wish to participate in an approved promotion program may demand and receive a refund of the promotional assessment:

. . . any producer against whose marketings any assessment is withheld or collected . . . and who is not in favor of supporting the research and promotion programs . . . shall have the right to demand and receive a refund of such assessment pursuant to the terms and conditions specified in the order (U.S. Agricultural Marketing Agreement Act (1937, amended by PL 91-670, Title I)).

An agency composed of producers and producers' cooperative associations is responsible for developing programs and plans for spending funds collected under an order. The membership of such an agency is apportioned between cooperative members and nonmembers in the program in relation to total participation in the market. The promotion agency is permitted to utilize existing outside promotional organizations as long as they meet the standards specified in the particular order provisions. Any organization receiving funds from the agency is audited by the Order's market administrator.

The first federal promotion program became effective in April of 1972 under the Middle Atlantic Order (Federal Order No. 4). By 1974, programs were operating in 22 markets and were spending a total of approximately \$8.3 million on advertising and promotion. As a result of consolidations, only 17 programs were operational in 1977. Sixteen of these markets continued an assessment rate of five cents per hundredweight, but the Middle Atlantic Order was amended to raise its assessment to seven cents per hundredweight, effective January 1, 1977. Although the average of participation rates gradually increased over the years,<sup>7</sup> particular markets experienced difficulties with substantial ask-outs. As a result, one market (Neosho Valley)

---

<sup>5</sup>All milk on which a mandatory assessment for advertising is required under any State Law must be exempted from the Federal Order assessment.

<sup>6</sup>The brief enabling legislation makes no mention of any particular assessment rate. This was left to the discretion of the individual orders.

<sup>7</sup>Total participation rates for all markets were 80.0%, 81.3% and 84.0% in 1976, 1977 and 1978, respectively. These participation rates are the number of producers participating in programs expressed as a percentage of the total number of producers in the markets. Producers who are subject to deductions under authority of a State Law are not considered as participating. This, of course, is reflected in the percentages.

terminated its promotion program in 1978.<sup>8</sup> Nevertheless, total expenditures in that year on advertising and promotion in the Federal Orders were greater than \$9 million.

The federal promotion programs vary in size from the Middle Atlantic order, with expenditures in 1978 of approximately \$3.4 million, to Order No. 102 (Fort Smith), with 1978 expenditures of less than \$14 thousand (Table 36). Participation rates in the same year varied between 72 percent and 95 percent (Table 36), with a total rate for all markets of 84 percent.

In 1978, total expenditures of assessed funds by all 16 Federal Orders were approximately \$11.3 million. Of this amount, almost 20 percent was returned to producers as a result of ask-outs. Another 1.5 percent of the total was paid over to the respective Market Administrators to cover costs of auditing and administration. This left approximately \$8.9 million, which was paid to advertising and promotion agencies (analogous to ADA&DCNY) in each market to execute the actual milk promotion programs (Table 37).

The 1978 budgets of the 16 advertising and promotion agencies indicate substantial variations in their allocation of funds to specific program areas (Table 38). Allocations to national program support (UDIA) ranged from as little as four percent of total budget to as much as 25 percent (Table 37). Spending on local market advertising and promotion (through UDIA) varied between seven percent and 54 percent of total budget.<sup>9</sup> Lastly, funds for support of local Dairy Council units consumed as little as 26 percent and as much as 55 percent of budgeted expenses for the year.

The total allocation of funds by all 16 agencies in Federal Order markets in 1978 (Table 37) indicates a pattern of spending which is rather different from that of the New York State Dairy Promotion Order (Table 14). Whereas almost 18 percent of federal promotion order funds went to support of national programs, the New York Promotion Order utilized approximately 15 percent of its funds for such purposes in the 1977/78 fiscal year. The most significant difference, however, between the Federal and the New York programs is in their relative emphasis on advertising versus nutrition education. In the 1977/78 fiscal year, the New York State Dairy Promotion Order invested more than 53 percent of its expenditures in local market advertising and sales promotion and only about 21 percent in support of local Dairy Council units. The Federal Promotion Orders, on the other hand, allocated (in 1978) only 39 percent of their funds to local advertising and promotion and almost 37 percent to the support of local Dairy Council programs.

---

<sup>8</sup>The participation rate in the Neosho Valley market had fallen from approximately 90 percent in 1977 to 58 percent in the second quarter of 1978.

<sup>9</sup>Although the correlation is far from perfect, the larger agencies tended to allocate greater shares of their budgets to local market advertising and promotion, while the smallest agencies allocated relatively large shares to administration.

TABLE 36: FEDERAL MILK MARKETING ORDERS WITH ADVERTISING AND PROMOTION PROGRAMS, 1978

Order <sup>a</sup>	Order Number	Assessment per Hundredweight	Participation <sup>b</sup> Rate	Payments to Advertising <sup>c</sup> and Promotion Agency
Central Arkansas	108	\$.05	88.0%	\$ 130,220
Eastern Ohio-Western Pennsylvania	36	.05	79.5%	1,229,500
Fort Smith	102	.05	90.3%	13,884
Indiana	49	.05	86.5%	808,000
Greater Kansas City	64	.05	90.8%	351,000
Lubbock-Plainview	120	.05	87.8%	26,679
Memphis	97	.05	89.3%	115,232
Middle Atlantic	4	.07	88.8%	3,361,839
Nebraska-Western Iowa	65	.05	81.8%	306,000
Oklahoma Metropolitan	106	.05	85.5%	327,015
Red River Valley	104	.05	88.0%	48,825
Rio Grande Valley	138	.05	94.8%	218,636
St. Louis-Ozarks	62	.05	84.5%	746,536
Texas	126	.05	72.0%	1,024,520
Texas Panhandle	132	.05	90.5%	41,133
Wichita	73	.05	91.5%	131,880

<sup>a</sup> Does not include Order in Neosho Valley, which terminated promotion program in June, 1978.

<sup>b</sup> Producers participating expressed as total number of producers in market. Producers subject to state law deductions are counted as not participating.

<sup>c</sup> Total income minus refunds to producers and payments to market administrators for administrative and auditing expenses.

SOURCE: U.S. Department of Agriculture, Federal Milk Order Market Statistics, Agriculture Marketing Service, Dairy Division, FMOS 230, April 1979.



TABLE 37: EXPENDITURES OF FEDERAL MILK MARKETING ORDERS FOR ADVERTISING AND PROMOTION AND ITEMS BUDGETED FOR ADVERTISING AND PROMOTION BY RESPECTIVE ADVERTISING AND PROMOTION AGENCIES, ALL MARKETS AND AGENCIES COMBINED, 1978

Market Order Expenditures

Payments to Advertising and Promotion Agencies	\$ 8,882,023	78.7%
Refunds to Producers	2,230,271	19.8%
Payments to Market Administrators for Audit & Admin. Expense	<u>169,533</u>	<u>1.5%</u>
Total Expenditures	\$11,281,827	100.0%

Advertising and Promotion Agency Budgets

Range of 16 Orders<sup>a</sup>

			<u>Low</u>	<u>High</u>
UDIA Nationwide Program	\$ 1,609,628	17.8%	4%	25%
UDIA Local Market Programs	3,531,721	39.1%	7%	54%
Local Dairy Council Units	3,318,049	36.7%	26%	55%
Other Local Promotion Programs	288,148	3.2%	0%	10%
Administrative Expenses	<u>282,292</u>	<u>3.1%</u>	0.3%	32%
Total Funds Budgeted	\$ 9,029,838	100.0%		

<sup>a</sup> See Table 38.

SOURCE: U.S. Department of Agriculture, Federal Milk Order Market Statistics, Agriculture Marketing Service, Dairy Division, FMOS 230, April 1979.

TABLE 38: FEDERAL MILK MARKETING ORDERS - 1978 BUDGET ALLOTMENTS OF THE ADVERTISING AND PROMOTION AGENCIES

Items Budgeted for Advertising and Promotion by the Advertising and Promotion Agencies	Federal Market Order Numbers															
	108	36	102	49	64	120	97	4	65	106	104	138	62	126	132	73
UDIA Nationwide Program	24	25	24	25	25	24	19	15	25	19	20	4	21	5	19	16
UDIA Local Market Programs	22	41	20	14	29	16	29	54	32	26	21	40	33	31	7	24
Local Dairy Council Units	51	28	51	46	40	52	49	26	40	45	54	49	41	59	42	55
Other Local Promotion Programs	0	3	0	10	5	0	0	2	3	6	0	2	5	1	0	2
Administrative Expenses <sup>b</sup>	4	4	5	5	1	8	3	3	1	4	4	4	0.3	4	32	4

Percentage Allocations<sup>a</sup>

<sup>a</sup>All figures are expressed to nearest whole percent. Columns may not add to 100% due to rounding error.

<sup>b</sup>Does not include administrative expenses for promotion of the respective milk marketing order.

SOURCE: U.S. Department of Agriculture, Federal Milk Order Market Statistics, Agriculture Marketing Service, Dairy Division, FMOS 230, April 1979.

Companion Programs in Neighboring States

Section 40.23 of the New York Dairy Promotion Order states that:

. . . there shall be credited against any such assessment the amount per hundredweight otherwise paid by any producer subject to this Dairy Promotion Order, by voluntary contribution or otherwise, pursuant to the Niagara Frontier and Rochester Milk Marketing Orders and any other State or Federal milk marketing order for any similar research, promotion or advertising program (I NYCRR Part 40, Section 40.23).

At its meeting of May 3, 1972, the Advisory Board reaffirmed this companion program policy. Since that time, the Department of Agriculture and Markets and the Advisory Board have continued to monitor the operations of these programs and to pay over to them appropriate funds pursuant to the 1969 Law and the Order.

There were originally five recognized companion programs--Milk for Health on the Niagara Frontier, Inc. in State Order 127, the Rochester Health Foundation, Inc. in State Order 129, Milk Promotion Services, Inc. in Federal Order 1 (Boston Regional), Connecticut Milk for Health, Inc. in Federal Order 15, and Mideast UDIA in Federal Order 36 (Eastern Ohio-Western Pennsylvania). In the fall of 1976, following the consolidation of Federal Orders 1 and 15 (to form the enlarged Order 1--New England), Milk Promotion Services, Inc. (MPSI) and Connecticut Milk for Health, Inc. also merged.

Between 1972 and 1977, New York contributions to the out-of-State programs steadily increased as larger amounts of New York State produced milk were utilized in out-of-State fluid milk markets (Table 39). Furthermore, by 1978 the assessment rates (and/or voluntary contribution rates) in all of the companion programs except that of Federal Order 36 had been increased above the five-cent level of the New York State Dairy Promotion Order. In the 1977/78 marketing year, total contributions by New York State producers to companion programs amounted to approximately \$1.6 million (Table 39).<sup>10</sup>

The Buffalo and Rochester companion programs were described in detail in Part V of this study. The remainder of this part briefly outlines the operations of the out-of-State companion programs plus the status of milk promotion efforts in New Jersey and Pennsylvania.

Milk Promotion Services, Inc.--Federal Order 1 (New England)

Milk Promotion Services, Inc. (MPSI) is a non-profit corporation which collects and allocates funds to promote the consumption and sales of milk and

---

<sup>10</sup>It is not reasonable to view this entire amount as money foregone by the New York State Dairy Promotion Order, because of the higher contribution rates present in four out of five of the companion programs. At the rate of five cents per hundredweight, the New York milk being marketed in companion programs during the 1977/78 marketing year represented potential income to the Promotion Order of \$1,253,331.

TABLE 39: CONTRIBUTIONS TO COMPANION PROGRAMS BY NEW YORK STATE PRODUCERS, 1972-1978

	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
Milk for Health on the Niagara Frontier, Inc. - State Order 127	\$418,631	\$387,927	\$404,410	\$420,143	\$420,226	\$552,575
Rochester Health Foundation, Inc. - State Order 129	185,974	178,034	191,500	189,634	188,139	247,712
Milk Promotion Services, Inc. - Federal Order 1	301,955	300,180	276,599	255,779	640,705	698,705
Connecticut Milk for Health, Inc. - Federal Order 15	263,893	247,079	285,363	348,949	a	a
Mideast UDIA - Federal Order 36	<u>21,912</u>	<u>30,118</u>	<u>51,815</u>	<u>58,553</u>	<u>62,350</u>	<u>63,944</u>
Total	\$1,192,365	1,143,338	1,209,687	1,273,058	1,311,420	1,562,964

<sup>a</sup>In the fall of 1976, Connecticut Milk for Health, Inc. merged with Milk Promotion Services, Inc.

SOURCE: New York State Department of Agriculture and Markets, Dairy Promotion--A Report to New York State Dairy Farmers on Programs and Activities under the New York Dairy Promotion Order, June 1974, 1976, October 1977, 1978.

dairy products in New England markets. MPSI is a member unit of UDIA and functions in the Federal Order 1 Market (somewhat as a counterpart of ADA&DCNY in Order 2).<sup>11</sup>

Effective March 1, 1979, cooperatives representing a majority of producers in the New England marketing area approved a rate of eight cents per hundredweight for MPSI programs. Although the funding rate is standardized throughout the market, the methods used to collect these funds vary from state to state:

Connecticut: Cooperative action and positive letter.

Maine: State tax of five cents per hundredweight on all federal order producers, additional three cents per hundredweight by cooperative action and positive letter.

Massachusetts: Cooperative action, positive letter.

New Hampshire: Cooperative action, positive letter.

Rhode Island: Cooperative action, positive letter.

Vermont: State tax of one cent per hundredweight, plus seven cents by cooperative action and positive letter.<sup>12</sup>

New York: State law assesses five cents per hundredweight, plus three cents per hundredweight by cooperative action and positive letter.

In 1978, promotional contributions on milk produced in New York State and marketed in New England were voluntarily sent to MPSI by New York farmers producing 92 percent of all milk moving from New York State to New England markets. The remaining producers were assessed at the five cent rate by the New York Dairy Promotion Order and these funds, approximately \$50 thousand annually, were paid over to the New York State Department of Agriculture and Markets. The Law does not make it mandatory that this money be turned over to MPSI but leaves it to the discretion of the Commissioner of Agriculture and Markets. In fact, over the years these funds have been retained by the Department to defray the cost of administering the Promotion Order, to offset the value of advertising from New York metropolitan area TV stations which reaches into the southern portion of the New England Market, and to compensate for the sales of New England milk dealers in the eastern counties of New York State.

The 1978 Budget of MPSI called for the expenditure of \$2,578,500, of which \$707,000 (approximately 27 percent) was contributed by New York dairy farmers (Table 40). In fact, contributions by New York State producers were

---

<sup>11</sup>Note that although MPSI functions in the Federal Order 1 market, the agency is not funded through a Federal Promotion Order.

<sup>12</sup>There is currently a bill in the Vermont Legislature which would have the effect of increasing the tax to 7¢/cwt. If this passes, cooperative action and positive letter assessments will be reduced to 1¢ per cwt.

TABLE 40: MILK PROMOTION SERVICES, INC. - INCOME AND EXPENDITURES, 1978

Income:

Vermont	\$ 939,000	36.4%
Massachusetts	291,000	11.3%
New Hampshire	158,000	6.1%
Maine	142,000	5.5%
Connecticut	281,000	10.9%
Rhode Island	28,000	1.1%
New York	707,000	27.4%
Balance from 1977	30,000	1.2%
Interest	<u>2,500</u>	<u>0.1%</u>
Total Funds Available	\$2,578,500	100.0%

Expenditures:

Special State Programs	\$ 31,300	1.2%
Public Relations, Communications & Industry Relations	71,950	2.8%
Merchandising & Quality Programs	95,425	3.7%
Food Publicity & Consumer Relations	29,500	1.1%
Nutrition Education	832,725	32.3%
National Program Support	502,550	19.5%
Local Market Advertising	883,925	34.3%
Administration	<u>131,125</u>	<u>5.1%</u>
Total Expenditures	\$2,578,500	100.0%

SOURCE: Milk Promotion Services, Inc. Adapted from information provided at Annual Meeting, October 16 and 17, 1978, Sturbridge, Massachusetts.

second only to the funds provided by Vermont dairy farmers. Like the Federal Promotion Order programs discussed in the previous section of this study, the New England promotion effort (MPSI) allocates its funds to program areas in a manner which contrasts rather sharply with that of the New York State Dairy Promotion Order. Whereas the New York program in 1978 spent nearly 50 percent of its budget for media advertising and approximately 21 percent in support of local Dairy Council units, the MPSI budget allocated about one-third of total expenditures to each of these program areas.

#### Mideast UDIA--Federal Order 36 (Eastern Ohio--Western Pennsylvania)

Since January, 1973, a Federal Promotion Order program has been operating in the Eastern Ohio--Western Pennsylvania market (Federal Order No. 36). The amount of New York produced milk moving into this marketing area is rather small compared to that moving into the New England market. In the 1977/78 marketing year, approximately \$64 thousand was contributed by New York State producers to the promotional program in Order 36 (Table 39), which is carried out by Mideast UDIA, a member unit of the national UDIA. In 1978, New York producer support accounted for only five percent of total Mideast UDIA income of approximately \$1.2 million (Table 36).

The overall allocation of funds by this agency to program areas is similar to that of the New York State Dairy Promotion Order (Table 38). However, funds from New York producers are maintained in a separate account by Mideast UDIA and are not included with other income and expenditures. At the request of the two cooperatives which ship milk from New York State into Order 36 (Dairylea and Milk Marketing, Inc.), funds allocated to nutrition education (through Dairy Institute of the Erie Area) have accounted for almost 40 percent of the utilization of income from New York State producers.

#### ADA of Atlantic--Federal Order 4 (Middle Atlantic Milk Marketing Area)

The dairy promotion program operating in Federal Order 4 was the first and remains the largest of the Federal Promotion Orders (Table 36). During the early years of the New York State Dairy Promotion Order, it was noted that a small amount of milk was moving from New York State (Order 2) into the Order 4 marketing area in Pennsylvania and that a similar amount of Pennsylvania produced milk was being marketed in the Order 2 area of New Jersey. In 1975, the Advisory Board considered the possibility of establishing a reciprocal companion program arrangement with the Advertising and Promotion Agency of the Middle Atlantic Milk Marketing Area. However, the amount of funds potentially involved was extremely small and so no action was taken.

Thus, although the Order 4 program operates in an adjacent area, that program is not now and never has been recognized as a companion program of the New York State Dairy Promotion Order. At the present time, the amount of milk moving in both directions is minimal and approximately off-setting.

Producer Funding of Milk Promotion in the  
Order 2 Areas of Pennsylvania and New Jersey

In 1977, approximately 90 percent of the cost of ADA&DCNY media advertising in the New York metropolitan area was borne by New York State producers, the other 10 percent being funded through positive letter contributions from producers in the Order 2 areas of Pennsylvania and New Jersey (Table 16). However, at that time milk produced in New York State accounted for only 65 percent of all fluid milk marketed in the Order 2 area.<sup>13</sup> Since any benefits of advertising and promotion in a given area accrue to producers in relation to their portion of the total milk sold in that area, New York State dairy leaders have been extremely concerned about the low levels of producer participation in New Jersey and Pennsylvania. Over the years, the New York State Milk Promotion Advisory Board has exhibited much interest in attempts at greater participation in promotional funding by Pennsylvania and New Jersey dairy farmers.

Such attempts have met with rather continual frustration in Pennsylvania. Because of the low level of funds brought in by individual authorizations and positive letter procedures, there has been much interest (by ADA&DCNY) in establishing a system of mandatory assessment in the State. Pennsylvania's Apple Marketing Act of 1961 was amended in 1968 to allow any agricultural commodity group (including milk producers) to seek (through legal channels of hearings and referenda) to promulgate a marketing order designed to assess producers for the support of advertising and promotion.<sup>14</sup> Pursuant to this legislation, promotion order referenda were held among Pennsylvania dairy farmers in 1969 and 1972 and were decisively defeated on both occasions.

At the present time, the positive letter program continues in the Order 2 area of Pennsylvania (at five cents per hundredweight). Producer participation is increasing but is still only about 35 percent (50 percent in terms of potential dollars). ADA&DCNY is continuing to explore the possibility of a Pennsylvania promotion order (for Order 2 producers) with cooperative leaders and State officials (New York State Milk Promotion Advisory Board, Minutes, December 14, 1978).

In contrast to the repeated frustrations encountered in attempts at broader based producer support in Pennsylvania, such attempts have met with recent success in the neighboring state of New Jersey.<sup>15</sup> The movement toward

---

<sup>13</sup> Pennsylvania accounted for approximately 30 percent, and New Jersey for the remaining five percent (New York State Department of Agriculture and Markets, New York Dairy Statistics 1977. New York Crop Reporting Service, August 1978, p. 22).

<sup>14</sup> Pennsylvania Apple Marketing Act of 1961; amended by Public Law 359, Section 1, 1968.

<sup>15</sup> However, total promotion support by New Jersey Order 2 producers is of much less significance to the New York State Advisory Board and New York State



mandatory assessment began in 1971 with the passage of enabling legislation<sup>16</sup> which provided for the establishment of promotion orders for five commodities. The legislation remained on the books unused by dairy farmers for seven years.<sup>17</sup>

In 1978, dairy farm leaders began to move vigorously toward a mandatory program. Late in the year, the "New Jersey Milk Research, Development and Promotion Program" was put forward by cooperative and independent dairy leaders. The proposal called for the promulgation of a State milk promotion order, similar to that of New York State, confined to the Order 2 production area of New Jersey and calling for a mandatory assessment of five cents per hundredweight. A producer referendum on the proposed order was held between January 15 and February 28, 1979. The Law stated that if 51 percent of producers representing 65 percent of volume or 65 percent of producers representing 51 percent of volume voted "yes," the referendum would be successful. This requirement was met and the New Jersey Promotion Order was passed. It is expected that a total of \$148 thousand will be collected in 1979 under the authority of the new Order, approximately \$110 thousand of which will be turned over the ADA&DCNY. These funds together with income from the positive letter program in the Order 2 area of Pennsylvania are expected to provide approximately \$600 thousand to the ADA&DCNY budget in 1979.<sup>18</sup>

---

producers than would be such support from Pennsylvania's Order 2 dairy farmers. Note that producers in Pennsylvania produce six times as much milk for the Order 2 market as do New Jersey producers (and hence could potentially provide six times as much promotion money for ADA&DCNY as could New Jersey producers at the same mandatory assessment rate).

<sup>16</sup>New Jersey State Assembly, Chapter 308 of the Public Laws of 1971, N.J.S.A. 4:10-43.

<sup>17</sup>In the meanwhile, a positive letter program in the Order 2 area of New Jersey was approved by the Market Administrator and initiated on June 1, 1976 (5¢/cwt).

<sup>18</sup>Thus, New York State dairy farmers, who produce approximately 65 percent of the fluid milk sold in the Order 2 marketing area, will provide about 85 percent of advertising and promotional funds for the area.



## VIII

### PROMOTION ON A NATIONAL SCALE:

#### THE UNITED DAIRY INDUSTRY ASSOCIATION

During the first half of the twentieth century, two national organizations were founded which had as their principal aim the stimulation of increased consumption and sales of milk and dairy products.<sup>1</sup> In 1915, the National Dairy Council (NDC) was organized by leaders of various producer and dealer groups across the country. The major thrust of the Council's activities was and continues to be one of emphasizing the importance of milk and dairy products in a healthy diet. From the beginning, NDC has operated a two-part program of nutrition education, aimed mainly at children in school, and nutrition research to support its educational programming.

Twenty-five years after the founding of the National Dairy Council, a need was perceived for other forms of dairy promotion, such as advertising and merchandising. The American Dairy Association (ADA) was formed in 1940 by the leaders of several producer groups to carry out such activities. Over the years, ADA has developed national programs of advertising, merchandising, public relations and product and market research. In 1969, the product research division of ADA became a separate corporate entity, Dairy Research Inc. (DRINC).

Since their founding, both ADA and NDC were largely dependent upon the nation's dairy producers for financial support.<sup>2</sup> The result was that the two organizations often found themselves in competition with each other as they solicited funds from producers in the field. Furthermore, by the late 1960's there was growing concern among some dairy industry leaders that ADA and NDC were beginning to overlap each other in terms of responsibilities and programming. Although both organizations had their home offices in Chicago, "regular communications (between them) did not always exist in the proper measure" (Turner 1970).

In 1969, an outside management consulting firm was employed by ADA and NDC, through a coordination committee, to examine the feasibility of the two organizations becoming more closely related. The conclusion of the study was that although closer cooperation between ADA and NDC was necessary, it was

---

<sup>1</sup>For a detailed history of nation-wide milk and dairy product promotion during the period 1915-1963, see Spencer (1963), pp. 1-6.

<sup>2</sup>ADA was exclusively funded by producers. NDC also received financial support from handlers and dairy equipment supply firms.

important to maintain separate corporate identities.<sup>3</sup> During late 1969 and 1970, ADA, NDC and the then newly established product research organization, DRINC, continued to consider various approaches to consolidating some aspects of their operations, particularly their funding.

After a two-year period of further study and work, the United Dairy Industry Association (UDIA) was formed in 1971 "to eliminate duplication of promotion efforts (and funding efforts), to coordinate diverse educational, research and promotional programs, and to concentrate dollars to achieve the greatest market input" (UDIA, Meet UDIA, 1976).

### The United Dairy Industry Association

#### UDIA's Internal Structure

The United Dairy Industry Association is incorporated under the not-for-profit laws of the state of Illinois for the expressed purpose of promoting "the sale and consumption of milk and milk products produced in the United States by effectuating joint and non-conflicting programs of research, advertising, promotion, (and) education . . ." (UDIA, By-Laws, Article II). Basically, UDIA serves as an umbrella organization for the American Dairy Association, National Dairy Council and Dairy Research, Inc. The internal structure of UDIA is such that the three component organizations are merged in certain respects, yet function as independent and relatively autonomous corporations.

The single, governing body of UDIA, ADA, NDC and DRINC is the 162-member House of Delegates,<sup>4</sup> which is elected each year at the UDIA Annual Meeting in March. Representation in the House of Delegates is determined on the basis of each member unit's investment in the total, unified budget of UDIA and its member units for the previous year. Each member organization (such as ADA&DCNY, MPSI, etc.) is allotted one seat in the House of Delegates for the first \$100 thousand of its total budget, plus one seat for each additional \$250 thousand budgeted. Through this formula, New York (ADA&DCNY) had 16 seats out of a total of 162 in the 1978 House of Delegates.<sup>5</sup> Seventeen UDIA member organizations were represented in the 1978 House, in addition to delegates present on behalf of processors, handlers and equipment/supply manufacturers (who contribute annually to UDIA support). Because of annual budgets

---

<sup>3</sup>A. T. Kearney and Company, Inc., American Dairy Association and National Dairy Council--Study of Organizational Relationships, Chicago, 1972.

<sup>4</sup>The structure described here was created through extensive modifications of the UDIA By-Laws in November, 1973. These changes were made as a result of an outside evaluation of UDIA and its three affiliated organizations (Booz, Allen and Hamilton, Management Evaluation, 1972).

<sup>5</sup>Four of the sixteen New York delegates were also members of the New York State Milk Promotion Advisory Board.

less than the \$100 thousand minimum, two member organizations were not represented, ADA of Alaska and ADA of Montana (Table 41).

The House of Delegates meets twice a year, once at the Annual Meeting in the spring and once in the fall. A UDIA Board of Directors of 25 individuals is elected by the full House of Delegates each spring. Twenty-three of the Directors are elected from the member organizations of UDIA and two from the processor-handler/equipment-supply representatives in the House. The member-unit Directors are in proportion to representation in the House of Delegates of six geographic regions (Table 41). The Board of Directors is responsible for the management and affairs of UDIA within the context of policies and procedures adopted by the full House of Delegates.

The Boards of Directors of ADA and DRINC are identical to the UDIA Board. However, the NDC Board has 38 members, only 21 of whom are selected from the UDIA Board of Directors. The other 17 individuals on the NDC Board are processors/handlers or equipment/supply manufacturers and are also elected at the Annual Meeting. Thus, a total of 42 different persons serve on the Boards of Directors of UDIA, ADA, NDC and DRINC. Of these 42 individuals, three are representatives of ADA&DCNY (Table 41). Each of the four Boards of Directors elects officers from among its own members, and no person may serve as an officer of more than one Board.

The UDIA Board of Directors employs and fixes the compensation of an Executive Vice President (of UDIA), who has charge of all affairs of the association. This person is the chief executive officer of UDIA (in the nomenclature of most corporations, the appropriate title would be "President").<sup>6</sup> Directly under the supervision of the Executive Vice President in the Rosemont, Illinois offices, is a UDIA staff of 56 professional and clerical employees.<sup>7</sup> Also located in the same building are the offices of ADA, DRINC, and NDC.<sup>8</sup> These organizations employ staffs of 17, 5 and 67 respectively. Thus, total UDIA employment is 145 persons.

In addition to serving as the funding and coordinating agency of NDC, ADA and DRINC, UDIA directly carries on specific activities in support of the three affiliated organizations. These activities are divided administratively into four areas--Marketing and Economic Research, Communications, Program Planning and Support, and Finance and Administrative Services (Figure 11).

---

<sup>6</sup>Following the nomenclature common in the corporate world, the head of the Board of Directors would be called the "Chairman." NDC follows this practice. However, UDIA, ADA, and DRINC all refer to their "chief executive officer" as "Executive Vice-President," and call their respective Board "chairmen," "President."

<sup>7</sup>A list of the 1978 officers, management and program directors of UDIA is found in Appendix 20.

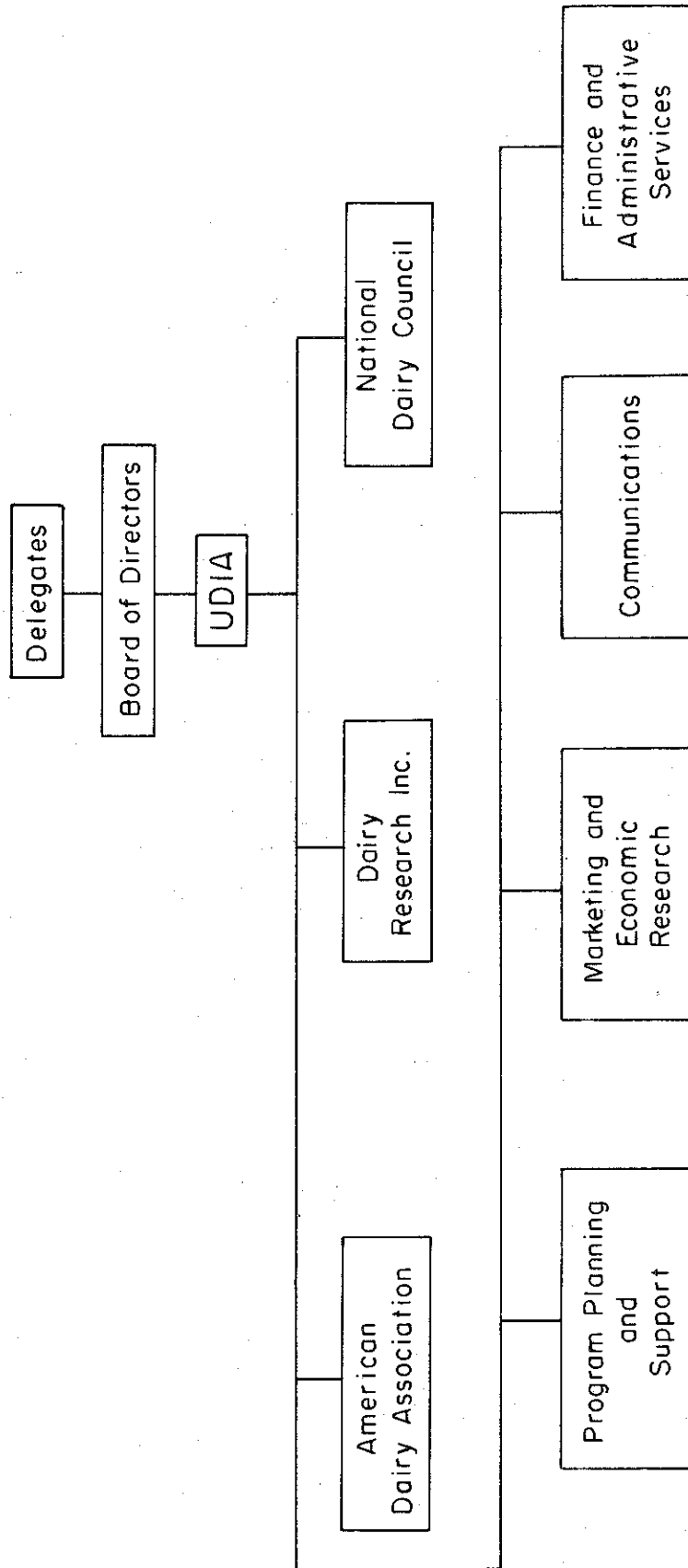
<sup>8</sup>NDC occupies a separate floor.

TABLE 41: UNITED DAIRY INDUSTRY ASSOCIATION - REPRESENTATION  
AND PARTICIPATION OF MEMBER UNITS AND  
INDUSTRY ORGANIZATIONS, 1978

	House of Delegates	Boards of Directors	Officers
<b>Atlantic Region</b>			
ADA of Atlantic	14	2	2
Maine Milk Program, Inc.	2	0	0
Milk Promotion Services, Inc.	10	2	1
<b>New York Region</b>			
ADA & DC of New York	16	3	2
<b>East Central Region</b>			
ADA of Illinois	3	0	0
ADA of Indiana	4	1	1
ADA of Michigan	10	1	1
Mid East UDIA	10	2	1
<b>Southeast Region</b>			
Dairy Farmers, Inc.	5	1	1
Southeast UDIA	28	3	1
<b>West Central Region</b>			
ADA of Minnesota	13	2	2
ADA of South Dakota	2	0	0
Midland UDIA	10	2	1
North Dakota Dairy Products Comm.	1	0	0
<b>Western Region</b>			
ADA of Alaska	0	0	0
ADA of Montana	0	0	0
Goddess of the Rockies Milk, Inc.	3	1	1
Idaho Dairy Products Commission	3	1	1
Southwest UDIA	9	2	1
All Member Units	(143)	(23)	(16)
Processors/Handlers, Equipment/Supply Manufacturers	<u>19</u>	<u>19</u>	<u>3</u>
Total	162	42	19

SOURCE: United Dairy Industry Association, Annual Report 1978.

FIGURE II. UNITED DAIRY INDUSTRY ASSOCIATION - ORGANIZATION CHART



SOURCE: United Dairy Industry Association. UDIA - A Total Promotion Program. Rosemont, Illinois, MNB-777. 1977.





TABLE 42 (continued)

<sup>a</sup>Income from member organization assessments, affiliated unit service fees and contributions to the National Dairy Council affiliated unit equalization fund. Beginning in 1978, Dairy Council units which are affiliated with NDC but whose funding organization is not a member of UDIA, pay into the NDC equalization fund. This applies, for example, to the Dairy Council of the Niagara Frontier, Inc.

<sup>b</sup>Commercial Development Division (DRINC) funds are used to further the development of new dairy products and processes through cost-sharing advances to contractors. Certain of these advances are refundable to CDD contingent upon success of the projects and others are wholly or partially refundable without regard to ultimate success. The figures in this row of the table are net excess of such income over expenses.

<sup>c</sup>In 1977 and 1978, net income from the sales of nutrition education materials by NDC (minus costs of production) are included in Nutrition Research & Education.

<sup>d</sup>See note (c) above.

<sup>e</sup>For the years 1972 through 1975, Product & Process Development expenditures are augmented by net excess of CDD income over expenses. See note (b) above.

<sup>f</sup>Administration costs for 1975 include deferred building development costs--\$107,821.00.

<sup>g</sup>All figures are expressed to nearest one thousand dollars. Columns may not add due to rounding error.

SOURCE: United Dairy Industry Association, Annual Reports, 1973 through 1978.

UDIA Income and Expenditures: 1972-1979

UDIA's major source of income for its national programs is in the form of contributions from member organizations and affiliated units.<sup>9</sup> This income has been relatively constant each year since 1972, and amounted to approximately \$7 million in 1978 (Table 42), some 94 percent of all income in support of national programs. In the same year, contributions from processors, handlers and equipment and supply manufacturers totaled approximately \$281 thousand, about 4 percent of national support income. Investment income yielded another \$136 thousand (2 percent of national support income).

Most local market advertising by individual member organizations, such as ADA&DCNY, is placed through UDIA and its advertising agency. This additional income is described as being for Market Intensification (Table 42) and is totally expended each year in the respective marketing areas. Whereas the funding of national programs has varied little over the years, there has been a tremendous increase in expenditures by the member organizations on advertising in their own market areas. In 1978 these expenditures totaled approximately \$12.2 million, almost twice the 1972 total (Table 42).

Total expenditures by and through UDIA (both national programs and local market intensification) increased from approximately \$15.8 million in 1972 to a little more than \$20 million in 1978.<sup>10</sup> As noted above, most of this increase was due to greater local market advertising. Expenditures in national program areas have varied much less, at least during the past four years (Table 42).

By eliminating the Market Intensification funds, and looking only at the remaining percentage expenditures on national programs, certain trends in budget allocations may be distinguished (Table 43). Although the annual allocation to advertising and sales promotion (American Dairy Association) has remained in the range of 38 to 43 percent of total budgets, the share of funds utilized for nutrition research and education (National Dairy Council) has gradually increased over the years. In 1972, only 12.5 percent of the UDIA national program budget was in this area, but more than 24 percent of the budget is allocated to NDC in the current year. The administration budget has decreased gradually over the years, from 10.9 percent in 1972 to 9.0 percent in 1978. Directors' Expenses abruptly decreased in 1974 (due to the bureaucratic reorganization of UDIA carried out in November 1973) and have remained less than two percent of the UDIA national program budget since that time.

---

<sup>9</sup>The formula through which member organizations of UDIA are assessed for support of national programming is discussed in a later section of this part of the study. The formula through which affiliated units of the National Dairy Council are assessed for support of NDC activities is discussed in Part V, in the section titled, "Income and Expenditures of DCMNY Since the Promulgation of the New York State Dairy Promotion Order."

<sup>10</sup>The "total unified budget" of UDIA and its investing members was \$36.8 million in 1978. This includes funds retained at the local level for advertising and promotion, nutrition education, public relations and all other activities.



As a background to the remaining sections of this Part of the study, a highly simplified<sup>11</sup> picture of UDIA's 1978 expenditure priorities is provided below:

American Dairy Association	48%
National Dairy Council	24%
Dairy Research, Inc.	7%
United Dairy Industry Association	<u>21%</u>
Total UDIA National Program	100%

The table above indicates that approximately 21 percent of the national budget is spent by UDIA in administration plus four activity areas--Marketing and Economic Research, Communications, Program Planning and Support, and Finance and Administrative Services (Figure 11 and Table 43). The following sections discuss activities in these four areas.

### Marketing and Economic Research

Since 1972, UDIA's Marketing and Economic Research area has expended approximately \$3.7 million on wide-ranging topics which have served most of the UDIA program elements--advertising, promotion, foodservice, nutrition education, product development and communications. Since National Dairy Council and Dairy Research, Inc. have substantial research programs of their own, most of the Marketing and Economic Research projects have been in support of American Dairy Association advertising and promotional efforts.

The program is executed by its Director and a current staff of four professionals<sup>12</sup> (plus clerical support). A substantial number of research projects are farmed out to independent marketing research firms and academic institutions through contractual relationships. Between 1970 and 1978, a total of ninety-one individual research projects were carried out.

In 1978 the Marketing and Economic Research program expended approximately \$528 thousand on the following projects:

- a. Pretesting ADA advertising;
- b. Post-testing ADA advertising;
- c. Analysis of the impact of Dairy Department Management Seminars on sales as part of the "Dairy Track" program;
- d. Measuring attitudes toward milk and dairy products in foodservice establishments;

---

<sup>11</sup>To arrive at this simplified 1978 budget, we have allocated administration and Directors' expenses to each of the four areas in proportion to the program expenditures of each.

<sup>12</sup>The Director is a highly experienced Ph.D. in Agricultural Economics. The four staff members represent the following academic backgrounds: M.B.A., Ph.D. (Education), M.S. (Agricultural Economics), and B.A.

- e. Evaluation of K-6 segment of Food Your Choice Program;
- f. Measuring and analyzing attitudes and consumption trends of dairy and competitive products;
- g. Determining the best target audiences for milk advertising;
- h. Analysing household uses of dairy products; and,
- i. A feasibility study of alternative milk packaging for school systems.

The New York State Milk Promotion Advisory Board has sought to keep itself informed of the activities of UDIA's Marketing and Economic Research unit to prevent duplication of efforts by its own research program carried out under contract with Cornell University.<sup>13</sup> Several times since the promulgation of the New York Dairy Promotion Order, the Advisory Board's Committee on Research, together with representatives of Cornell research teams, have met with UDIA Staff to review mutual research interests.<sup>14</sup>

#### Communications

The Communications Division provides public relations programming to support the total promotion program of UDIA, NDC, ADA and DRINC. Total expenditures by the Division in 1978 amounted to \$685 thousand. Corporate Communications publicize the program activities of all four organizations through six regular publications--Annual Report, Dairy Promotion Quarterly, To Keep You Informed (a monthly newsletter about program results), Keypoints (a newsletter for member unit managers), For Your Information/Update, and Focus (a bi-weekly newsletter describing developments in the nutritional field which may affect dairy product sales). In addition, the Division maintains contact with editors, broadcasters and other communicators.

In the area of Consumer Communications, publicity materials dealing with milk and milk products are prepared for mailing directly to editors and to member organizations for local delivery.<sup>15</sup> Another aspect of the Communications Division's work is in the area of Nutrition Communications, in which selected releases and articles from National Dairy Council's Nutrition Information department are rewritten for dairy and grocery publications. In the area of trade publicity, articles and releases are prepared for dairy industry trade journals. Lastly, Program Services develop a variety of additional materials for use by member organizations.

---

<sup>13</sup>See Part VI.

<sup>14</sup>The most recent of such meetings was held on February 26, 1979 at the UDIA headquarters in Rosemont, Illinois.

<sup>15</sup>For information regarding the use of these materials in New York State, see Part V, ADA&DCNY, "Consumer/Industry Relations," discussion of the food publicity program.

Program Planning/Support and Affiliated Unit Services

The Program Planning/Support and Affiliated Unit Services Division of UDIA worked with nineteen member organizations during 1978,<sup>16,17</sup> The Division's staff of five persons, in cooperation with member organization managers, helped in the planning of local marketing programs and maintained liaison services between those organizations and UDIA.

In 1978, \$36.8 million was invested in a total unified budget to support local programs plus national efforts of UDIA, NDC, ADA and DRINC. The funds were utilized as follows:

UDIA National Programs <sup>18</sup>	\$7.6 million	21%
Member Organizations' Programs and Activities	\$8.1 million	22%
NDC Affiliated Units' Nutrition Education Programs	\$8.6 million	23%
Local Advertising and Sales Promotion <sup>18</sup>	\$12.5 million	34%

One example of the role played by the Program Planning Division in 1978 is the development of a cooperative program of manufactured dairy products advertising. Three member organizations, ADA of Minnesota, ADA of South Dakota and the Idaho Dairy Products Commission, spent approximately \$820 thousand to support out-of-state sales of butter and cheese. The Program Planning Division doubled the initial investment to total \$1.6 million by developing tie-in promotions with other UDIA members (such as ADA&DCNY) across the country.

a. UDIA's Member Organizations

Member Organizations provide financial support to UDIA through an assessment formula which is set by the House of Delegates. This formula has varied through the years (Table 44) and currently provides an option to the individual organizations: They have the choice of paying to UDIA either 95/100 of a cent per hundredweight of milk produced in their respective areas or 25 percent of their own budgets. Naturally, each organization chooses whichever formula results in a smaller contribution.

<sup>16</sup>In 1979, a twentieth member organization, the Utah Dairy Products Commission, rejoined the UDIA family after a one-year absence.

<sup>17</sup>A reorganization was carried out in late 1978 through which the responsibilities of National Dairy Council's Affiliated United Services (AUS) to 37 affiliated Dairy Council units were reassigned. Staff services to the units are now provided by NDC's Program Implementation section (part of NDC's Division of Nutrition Education). Contacts with processor/handler and equipment/supply firms are now handled by UDIA's Program Planning division.

<sup>18</sup>UDIA National Programs and Local Advertising and Sales Promotion (Market Intensification) are included in Table 42.

TABLE 44: UDIA BASIC PROGRAM  
ASSESSMENT RATE, 1971-1979

1971	- Percentage of total UDIA national program budget in proportion to amount of milk produced in Member Organization's area as a percentage of total milk production in all UDIA areas.
1972	- same as 1971.
1973	- 1.07 cents per hundredweight of milk marketed.
1974	- 0.80 cents per hundredweight of milk marketed.
1975	- 0.85 cents per hundredweight of milk marketed.
1976	- 0.87 cents per hundredweight of milk marketed.
1977	- 0.87 cents per hundredweight of milk marketed.
1978	- 0.95 cents per hundredweight of milk marketed.
1979	- Option: 0.95 cents per hundredweight of milk marketed or 25 percent of member organization's total budget.

There are currently 20 Member Organizations<sup>19</sup> of UDIA, operating in 42 states.<sup>20</sup> The mechanisms by which these organizations are funded vary from state to state, and even within some states (Tables 45 and Figure 12). The funding mechanisms used, in descending order of frequency, are federal promotion order, cooperative action, state law, positive letter, voluntary contributions, super pool, state tax, and state marketing order. The variety of funding mechanisms provide for assessment rates which range between 2 cents and 8 cents per hundredweight of milk marketed and between 0.5 percent and 1.0 percent of the producer pay price.

b. New York State Financial Support of UDIA in 1979

The New York State Dairy Promotion Order's anticipated 1979 financial contribution to the UDIA national program budget is based upon the quantity

---

<sup>19</sup> Individual programs of these organizations are not discussed in this study (beyond the information provided for New York State programs, federal promotion order programs and programs in neighboring states, earlier in the study). Therefore, for further information on the dairy promotion programs of other areas of the country, a list of the Managers, addresses and phone numbers of the 20 Member Organizations is provided as Appendix 21.

<sup>20</sup> Five additional states have milk and dairy product promotion organizations which are not affiliated with UDIA. See Part IX.

TABLE 45: MEMBER ORGANIZATIONS OF UNITED DAIRY INDUSTRY ASSOCIATION:  
RATE AND METHOD OF SUPPORT, PARTICIPATION RATE, 1979

Number <sup>a</sup> on Map	Member Organization	Method & Rate of Support	Approximate <sup>b</sup> Participation Rate
1	ADA of Alaska	Voluntary: 2¢/cwt	100%
2	ADA of Atlantic (F.O. #4)	Positive Letter: 5¢/cwt Federal Prom. Order: 7¢/cwt	10% 90%
3	ADA of Illinois (F.O. #32) (F.O. #50)	Positive Letter and Cooperative Action: 2¢/cwt Super pool: 5¢/cwt Super pool: 4½¢/cwt	58% 95% 100%
4	ADA of Indiana (F.O. #49)	Positive Letter: 2¢/cwt Federal Prom. Order: 5¢/cwt	16% 90%
5	ADA of Michigan	Super Pool: 8¢/cwt Mfg. Voluntary: 2¢/cwt	95% 45%
6	ADA of Minnesota	State Law: 0.5%	75%
7	ADA of Montana	Positive Letter: 2¢/cwt	53%
8	ADA&DCNY, Inc.	NY Dairy Prom. Order: 5¢/cwt State Order: 8¢/cwt NJ F.O. #2 Order: 5¢/cwt Positive Letter (Penn): 5¢/cwt	100% 100% 100% 30%
9	ADA of South Dakota	State Law: 0.5%	72%
10	Dairy Farmers, Inc.	Cooperative Action: 8¢/cwt Voluntary: 5¢/cwt	70% 29%
11	Goddess-of-the-Rockies Milk, Inc.	Cooperative Action: 1%	100%
12	Idaho Dairy Products Commission	State Tax: 1%	100%
13	Maine Milk Program	State Tax: 8¢/cwt	100%
14	Mideast UDIA (F.O. #33) (F.O. #36)	Super Pool: 5¢/cwt Federal Prom. Order: 5¢/cwt	88% 76%



TABLE 45 (continued)

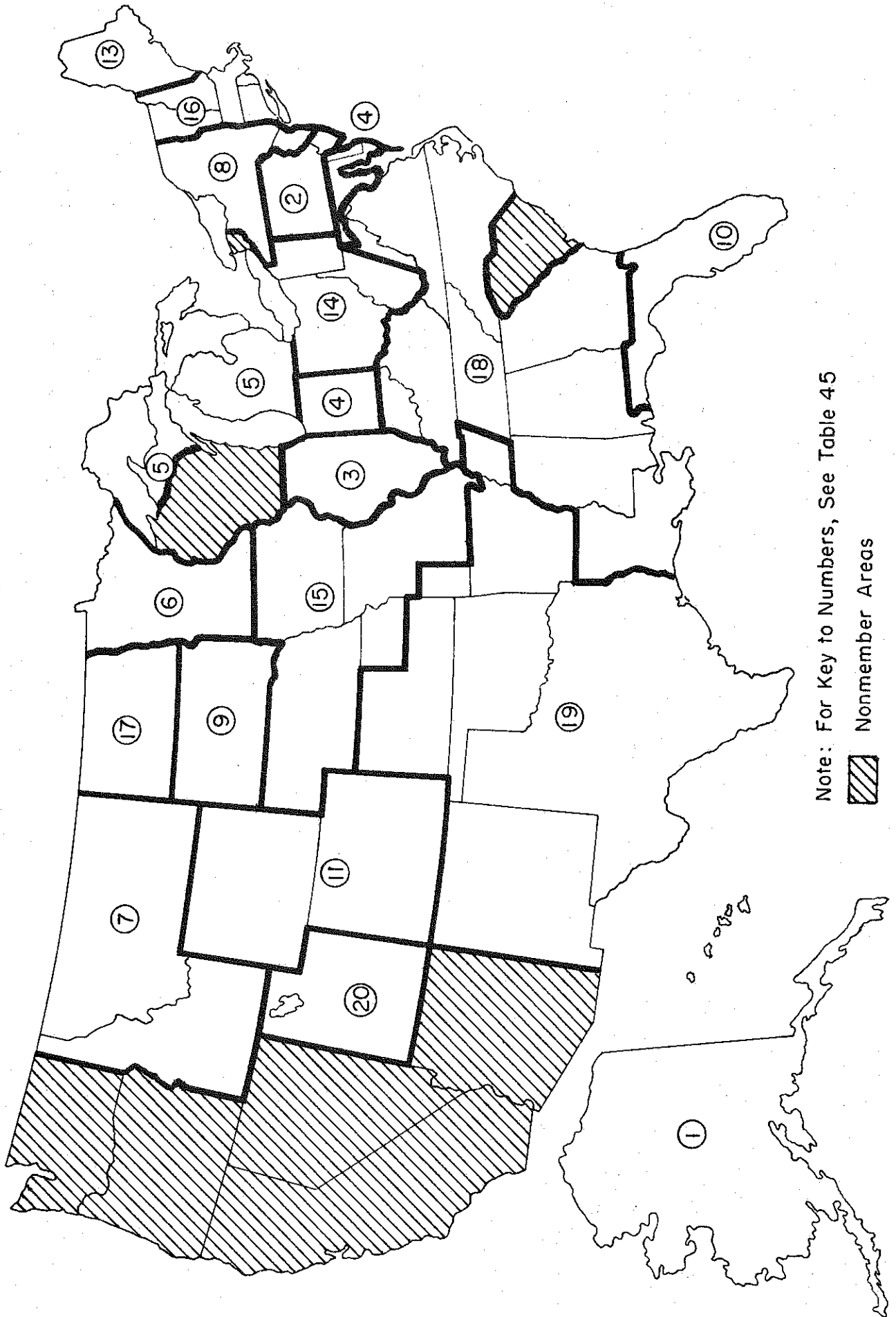
Number <sup>a</sup> on Map	Member Organization	Method & Rate of Support	Approximate <sup>b</sup> Participation Rate
15	Midland UDIA  (F.O. #62) (F.O. #64) (F.O. #65)	Iowa State Law: 4¢/cwt on May & June milk only	98%
		Positive Letter: 0.5%	50%
		Fed. Prom. Order: 0.75%	89%
		Fed. Prom. Order: 0.75%	84%
		Fed. Prom. Order: 0.75%	90%
16	Milk Promotion Services, Inc.	Cooperative Action and Positive Letter: 8¢/cwt	83%
		Vermont State Tax: 1¢/cwt and Coop Action: 7¢/cwt	100%
17	North Dakota Dairy Products Commission	State Law: 0.5%	75%
18	Southeast UDIA Virginia  North Carolina  Georgia Alabama Mississippi Louisiana Tennessee  Kentucky	Coop Action: 8¢/cwt	100%
		Coop Action: 1%	98%
		Coop Action: 6¢/cwt	100%
		State Law: 6¢/cwt	86%
		Coop Action: 8¢/cwt	100%
		State Law: 8¢/cwt	100%
		Voluntary: 0.7%	74%
		Coop Action: 8¢/cwt	60%
		Coop Action: 8¢/cwt	45%
		Coop Action: 8¢/cwt	100%
		Mfg. Voluntary: 3¢/cwt	35%
19	Southwest UDIA	State Law: 3¢/cwt on Grade B milk and 8¢/cwt on Grade A	95%
		Cooperative Action: 8¢/cwt	100%
19	Southwest UDIA	Ten Federal Promotion Orders (#s 73, 97, 102, 104, 106, 108, 120, 126, 132, and 138): 0.8%	80%
20	Utah Dairy Products Commission	State Law: 0.5%	98%

<sup>a</sup>See Figure 12.

<sup>b</sup>Number of Producers participating as a percentage of all producers in the area.

SOURCE: Robert J. Wilson, Director of Program Planning & Support, United Dairy Industry Association, Rosemont, Illinois, May 1979.

FIGURE 12. MEMBER ORGANIZATIONS OF UNITED DAIRY INDUSTRY ASSOCIATION, 1979



of milk marketed within the Promotion Order area in the year 1977, approximately 7.475 billion pounds.<sup>21</sup> At the UDIA assessment rate of 0.95 cents per hundredweight, the Promotion Order's contribution to UDIA will be approximately \$710 thousand, almost 9 percent of the total UDIA national program budget for 1979 (\$7.9 million). The Promotion Order, of course, is not a Member Organization of UDIA. The \$710 thousand will be paid through ADA&DCNY, which is a Member Organization.

ADA&DCNY expects to also pay approximately \$193 thousand to UDIA on behalf of producers in the Federal Order No. 2 areas of Pennsylvania and New Jersey, and \$31 thousand from the Rochester Health Foundation, Inc. National Dairy Council affiliation fees of the four Dairy Council units operating in New York State will amount to an additional \$62 thousand of income for UDIA's national program budget. Thus, total financial support of UDIA national programs in 1979 by organizations operating in New York State (at least partially) will amount to approximately \$996 thousand, almost 13 percent of UDIA's 1979 national program budget (Table 46).

#### Finance and Administrative Services

As is the case with the divisions of Marketing and Economic Research, Communications, and Program Planning and Support, activities of the Finance and Administrative Services division are carried out directly by UDIA staff members (Figure 11). This division has two major functions. First, it provides financial accountability to the dairy industry for funds invested in the programs of UDIA, ADA, NDC and DRINC. Second, the division works with other divisions of UDIA and with the three affiliated organizations to help them increase the effectiveness of their programs.

Major activities in 1978 included enlargement of computerized mailing lists for various parts of the UDIA organization, expansion of the Dairy Track computerized analysis system (see below), and further development of National Dairy Council's library reference system.

While the previous sections have examined the organization and direct activities of the United Dairy Industry Association, the primary function of UDIA is as a coordinating and funding body for the three non-profit corporations which function as part of the "total promotion program"--ADA, NDC and DRINC. The structure and programs of these three organizations are examined in the remaining sections of this Part of the study.

---

<sup>21</sup>UDIA utilized USDA statistics to arrive at this figure, by taking the total amount of milk produced in New York State in 1977 (10.303 billion pounds) and subtracting the amounts of New York State milk marketed that year in Federal Order No. 1 (New England), Federal Order No. 2 (Eastern Ohio-Western Pennsylvania), State Order No. 127 (Niagara Frontier) and State Order No. 129 (Rochester).

TABLE 46: 1979 ANTICIPATED FUNDING OF UDIA NATIONAL PROGRAMS  
BY ORGANIZATIONS OPERATING IN NEW YORK STATE

New York State Dairy Promotion Order (through ADA&DCNY)	\$710,000 <sup>a</sup>
ADA&DCNY on behalf of Pennsylvania and New Jersey producers in Order 2 areas	193,000
Rochester Health Foundation, Inc. (through ADA&DCNY)	31,000
Dairy, Food and Nutrition Council, Inc. Affiliation Fee (NDC)	23,000
Dairy Council of Metropolitan New York, Inc. Affiliation Fee (NDC)	23,000
Dairy Council of the Rochester Area, Inc. Affiliation Fee (NDC)	5,000
Dairy Council of the Niagara Frontier <sup>b</sup> Affiliation Fee (NDC) and Payment into UDIA Equalization Fund	<u>11,000</u>
Total	\$996,000

<sup>a</sup>All figures are rounded to nearest one thousand dollars.

<sup>b</sup>Because the funding organization of Dairy Council of the Niagara Frontier, Milk for Health on the Niagara Frontier, Inc., is not a Member Organization of UDIA, the Dairy Council unit is required by UDIA to pay into the "equalization fund" to help share the costs of UDIA's total promotion program.

## American Dairy Association

The American Dairy Association (ADA) was founded in 1940 to carry out milk and dairy product promotion activities in the areas of advertising and merchandising. In 1971, ADA became a part of the newly organized United Dairy Industry Association (UDIA) and moved from its downtown Chicago offices to UDIA's new headquarters in suburban Rosemont, Illinois.

### ADA's Internal Structure

As with all other segments of the UDIA organization, ADA's governing body is the House of Delegates. Within the context of the broader policies adopted by the House, ADA's 25-person Board of Directors is responsible for the affairs of the Association. The Board Members are the same as those of the UDIA Board of Directors,<sup>22</sup> serving for one-year terms. The ADA Board elects officers of the Association.<sup>23</sup>

The staff of the organization is made up of seventeen persons. Included are four executives--the Executive Vice President of ADA (chief executive officer of the corporation) and three individuals in charge of the three major program areas of the Association. These are National Advertising (Vice President), Marketing Services (Vice President) and Foodservice (Director). Three clerical employees provide support in the Rosemont office and a field staff of ten persons carry out much of the program of the Marketing Services division (described below).

### ADA--National Advertising

The major function of the National Advertising division of ADA is to prepare advertising materials and services for use by the individual Member Organizations (Local Market Intensification). This work is carried out in close cooperation with an outside advertising agency which is employed by the Association. Although national (network) advertising has not been placed on television or radio since 1973 (because of prohibitive costs), the Division continues to directly place advertisements in national magazines.

#### a. A Brief History of ADA Advertising

Since 1964, four major advertising themes have been utilized by ADA. The decision to change to a new theme has typically been a joint conclusion of ADA and its advertising agency. During the period 1964-1969, the Compton

---

<sup>22</sup>For a description of the composition of the Board, see earlier section, "UDIA's Internal Structure."

<sup>23</sup>The 1978 Officers of the Board of Directors and ADA's management and program directors are listed in Appendix 22.

Agency was employed by ADA.<sup>24</sup> Although themes were changed frequently during this period,<sup>25</sup> the common motif was "Vitality," the notion that milk has excellent value per nutrient content.

In September 1969, Leo Burnett, Inc. replaced the Compton Agency and a new advertising theme was introduced--"There's a New You Coming--Milk the Grade A Way." Within this new context, physical fitness was emphasized, mainly by the use of animation.

The Leo Burnett agency resigned the ADA account (claiming a poor agency-client relationship) on June 21, 1974, and was replaced by D'Arcy-MacManus & Masius, which continues to represent ADA at the present time. The "New You" campaign was dropped in an effort to more effectively meet consumer resistance to higher milk prices, and a new theme was introduced--"Milk Is a Natural" (September, 1974). The target audience of the new campaign was people of all ages, focusing on adult women. Beginning in 1976, the focus was shifted slightly to add greater emphasis to younger consumers. From the beginning of the "Milk Is a Natural" campaign, advertising placed significant emphasis on the cost effectiveness of milk as a source of protein. Although the theme was well received by the consuming public, the Federal Trade Commission was somewhat less enthusiastic about ADA's use of the word "natural" to describe a product which was prepared by pasteurization, introduction of vitamins and removal of fat. Although the FTC did not initiate regulatory action or litigation against ADA, subtle pressure from the government agency was at least one factor leading to the termination of the "Milk Is a Natural" theme in September, 1978.

Since that time, the major advertising theme of ADA has been "Milk's The One." The target audience is mainly "soft drink choosers," aged 6 to 34. In the TV and radio commercials, young adults are depicted in social situations in which they pass up the opportunity of a soft-drink and instead choose milk. The theme will be continued by ADA until such time as it is deemed appropriate to alter or change it.

b. Advertising Activities in 1978

In 1978, UDIA developed a list of product priorities which reflects both income potential to investors (producers, mainly) and potential to affect consumer demand. The priorities were as follows:<sup>26</sup>

1. Fluid Milk
2. Cheese
3. Butter
4. Ice Cream

---

<sup>24</sup>Between 1942 and 1967, Campbell-Mithun was ADA's primary agency.

<sup>25</sup>According to one ADA executive, the themes were frequently changed during this period because of competition with National Dairy Council for producers' attention and funds.

<sup>26</sup>The product priorities list for 1979 is identical.

5. Fluid Cream
6. Cottage Cheese
7. Sour Cream
8. Whey and Whey Powder
9. Nonfat Dry Milk
10. Yogurt
11. Cultured Milk Drinks
12. Evaporated/Condensed Milk

ADA's new advertising theme, "Milk's The One," was initiated on television in September, 1978. Two trends in American food and beverage consumption suggested the new theme. First, the traditional family unit with its strong influence on beverage choice had declined in importance. Second, "mother's influence on beverage choice had similarly become a thing of the past" (UDIA, Annual Report 1978). UDIA research indicated that significant numbers of people that drink milk regularly at home do not choose it in away-from-home eating situations. Thus, the "Milk's The One" theme has been aimed at making milk the first-choice beverage in free-choice situations.

During the year, a variety of other advertising and promotion projects<sup>27</sup> supplemented the basic fluid milk advertising effort. Radio commercials were run in the fall of the year, with the theme "Butter is Better," on a total of 573 network stations. The network broadcasts were financed by the Minnesota Dairy Promotion Council, ADA of South Dakota and the Idaho Dairy Products Commission. Some local stations were added by other Member Organizations.<sup>28</sup>

National magazine advertisements were placed directly by ADA during 1978. Included were a cheese promotion in the spring,<sup>29</sup> and fluid milk advertisements in the spring, summer and fall.<sup>30</sup> An additional cheese promotion in three national magazines<sup>31</sup> was directly financed by the Minnesota, South Dakota and Idaho Member Organizations. Most of these promotions were coordinated with in-store point-of-purchase advertising, developed and placed by ADA's Marketing Services division.

#### ADA--Marketing Services

In addition to conducting the ADA in-store sales promotion program, the Marketing Services division is responsible for the Dairy Department Management Seminar series, Dairy Track and the development of a new program to be implemented in 1980, "Preliminary Store Audits."

---

<sup>27</sup>The in-store sales promotion program is described in a later section, "ADA--Marketing Services."

<sup>28</sup>See previous section, UDIA, "Program Planning/Support and Affiliated Unit Services."

<sup>29</sup>Ladies Home Journal, Redbook, Family Circle, and Southern Living.

<sup>30</sup>Woman's Day (March) and Parent's Magazine (March through November).

<sup>31</sup>Ladies Home Journal, Good Housekeeping and Woman's Day.

a. Sales Promotion

ADA began to develop point-of-purchase promotional materials in 1957. From 1958 through 1978 three promotions were developed each year. Originally the materials were sold to particular brands, but with the movement of the major brands out of the fluid milk market ADA found it necessary to underwrite more of the cost of sales promotions. Beginning in 1963, 80 percent of sales promotion funds remained with local Member Organizations so that they could directly implement the programs in the stores of their areas.

By 1970, it became apparent that simply providing the materials to stores was not enough, and so Member Organizations began to hire professional installers to place the displays in stores. This procedure continues at the present time, with the cost of installation and shipping and one-half of the costs of production being borne by the local organizations.<sup>32</sup> In this way, the \$1 million which ADA spends each year on sales promotion is supplemented by an additional \$5.2 million spent by Member Organizations.

Marketing Services has a staff of ten field persons (two of whom are assigned to New York State) who spend approximately 25 percent of their time helping local organizations with the placement of in-store sales promotions.<sup>33</sup> For each promotion, displays are installed in between 18 and 20 thousand Class A stores across the country,<sup>34</sup> and mailed out to the headquarters of approximately 6 thousand (of 20 thousand nationwide) convenience stores for distribution.

ADA feels that its in-store sales promotion program has been very successful.<sup>35</sup> Approximately 96 percent of the displays produced are actually utilized in stores, versus an industry average of 34 percent. Although creative and conceptual talent of D'Arcy-MacManus & Masius is utilized in the development of promotions, the kits are basically an in-house product.

Point-of-purchase sales promotion campaigns in 1978 included the following themes: "Milk Brown Bossy" (chocolate flavoring, March, 21,500 stores), "Italian Dishes American Style--With Cheese" (18,000 supermarkets in February/March), "Magic Cow" (milk and powdered soft drink mixes, summer, 24,200 stores), "Great Summer Put-Ons" (manufactured products, summer, 24,000 stores), "Supercharge Breakfast with Milk" (fall, 18,000 stores) and "Pleasin'

---

<sup>32</sup> ADA&DCNY pays \$10 for the kits (ADA production cost is \$20), \$1 for shipping and \$9 for installation. Current costs to ADA&DCNY of convenience store kits (which are not installed) is \$3.50.

<sup>33</sup> The other 75 percent of their time is spent on the Seminar program.

<sup>34</sup> For detailed statistics on the placement of in-store promotions in New York State, see Part V, "Activities of ADA&DCNY."

<sup>35</sup> An ADA-sponsored study, conducted by Market Facts, Inc., an independent marketing research firm, indicated that proper placement of ADA point-of-purchase promotional material results in dairy department sales increases of 15 to 35 percent. See "Dairy: How to Turn P-O-P into Sales Dollars," Progressive Grocer, June 1977.



Season the Dairy Way" (holiday season, self-selected Member Organizations only).

In 1979, the number of major promotions has been cut back from three to two, because of budgetary considerations, with an optional third (fall) promotion available for those Member Organizations which wish to finance its placement.

b. Dairy Department Management Training

American Dairy Association research in the late 1960's indicated that milk and dairy product sales were greater in stores which had well managed dairy departments. Therefore, in 1969, ADA employed an educational consulting firm to develop a Dairy Department Management Training program. Following field-testing of the new program (in Albany, New York), implementation was begun in the fall of 1970. The program of full-day seminars is today considered to be the most sophisticated and successful program of its kind in the U.S. retail food industry.<sup>36</sup> Members of ADA's ten-person field staff serve as "Dairy Marketing Consultants," organizing and conducting the programs. The field staff is currently booked to 75 percent of capacity through the year 1980.

The materials used in the seminars cost ADA about \$25 each to produce, but this is paid for entirely by the sponsoring food chain, as are all out-of-pocket expenses for the workshops.

Attendance at the seminars averages about 28 persons (all from the same, sponsoring supermarket chain). Since the beginning of the program, more than 30 thousand retail food industry personnel have been trained, some 3,118 in 1978. In New York State alone, 58 seminars had been held from the program's initiation in 1970 through May of 1979, and some 2,500 dairy department managers had been trained.<sup>37</sup>

c. Dairy Track

In 1970, the National Association of Food Chains (NAFC) began developing a computerized management program for food retailers, with ADA underwriting the largest portion of the cost to develop a dairy department program. NAFC merged with the Supermarket Institute in 1975 and discontinued the project, at which time it was fully taken over by UDIA/ADA.<sup>38</sup>

The Marketing Services division worked in cooperation with UDIA's Marketing and Economic Research office to make the program fully operational. It was introduced in two stores in November, 1976. This dairy department

---

<sup>36</sup>Results are documented in Waschler 1977.

<sup>37</sup>For a list of the stores included in New York and New Jersey, see Appendix 23.

<sup>38</sup>The non-dairy segments of the system were sold.

"direct product-profit computerized analysis system" requires 21 weeks of data (and approximately 40 person-hours of work provided by the store) and is implemented directly from the Rosemont, Illinois offices of UDIA. As of the present time, some 36 supermarkets have been run through the program (including Star Markets in Rochester, New York), providing information which enables the store to improve its dairy department sales.<sup>39</sup> Additionally, the results of each analysis enable the Marketing Services division to improve its management training program.

d. Preliminary Store Audits

Expanding on the principles of the Dairy Track program, Marketing Services is developing a new system which will analyze 30 percent of a chain's stores in a consolidated study of the chain's dairy department efficiency. It is expected that information provided by these Preliminary Store Audits will enable participating stores to increase gross dairy department sales by at least 10 percent. Implementation is to begin 1980.

Foodservice

In the last decade, changing American lifestyles have resulted in substantially greater numbers of meals eaten away from the home. By 1977, one out of every five dollars worth of dairy products (farm value) was sold through foodservice outlets, including drive-ins, restaurants and institutional/in-plant feeding operations (UDIA, Annual Report 1977). In recognition of this fastest growing segment of the U.S. food marketing industry, ADA established a Foodservice division in September, 1977. An advertising agency specializing in foodservice was appointed,<sup>40</sup> and a leading foodservice research firm was commissioned to examine dairy opportunities in the area. Interim projects were begun while a more complete foodservice program was being established.

At the present time, the program is still in its developmental stage, although a number of foodservice projects are being carried out.<sup>41</sup> The overall objective of the program is "to expand foodservice markets by showing operators how to use milk and dairy projects to increase sales and profits" (UDIA, Annual Report 1978).

---

<sup>39</sup>By implementing the findings of Dairy Track analyses, participating stores have increased sales and profits by as much as 30 percent and reduced inventory investment by up to 25 percent. See Levine 1977 and "How to Skim 30% More Profits from Dairy," Progressive Grocer, June 1977.

<sup>40</sup>Mandabach & Simms was hired in 1977; account was transferred to Campbell-Mithun in 1978.

<sup>41</sup>Examples: A "Magic Cow" promotion in Walgreen's national drug chain; "Ask for Milk" campaign in Big Boy restaurants in Denver, Colorado and in Sambo's restaurants in the southeast.

### ADA Budget Allocations for 1979

ADA's 1979 budget of approximately \$3.2 million is allocated among National Advertising, Marketing Services and Foodservice activities as indicated in Table 47.

### Dairy Research, Inc.

In the late 1960's, the American Dairy Association became convinced that an effective dairy product research and development program was needed to counter the growth of dairy substitutes and imitations and to overcome the decline in per capita consumption of milk products. It was apparent that advertising and promotion had not been able to reverse these trends. Furthermore, research and development efforts (by both government and private industry<sup>42</sup>) had not identified sufficiently large-volume new uses for milk and dairy products to produce significant changes.

In January of 1968 a Research and Development Division was created within ADA, and at the March annual meeting, the House of Delegates approved a research and development budget of approximately \$1 million. ADA then contracted with a management consulting firm, McKinsey & Company, Inc., to develop a program for building a significant technical research and development capability. In November, McKinsey & Company submitted their report and made three major recommendations: (1) Spending for dairy product research needed to be increased substantially;<sup>43</sup> (2) the effort needed to be centralized; and (3) it was important to balance scientific and marketing efforts (McKinsey & Company, Inc., Building a Research and Development Capability for the Dairy Industry, November 1, 1968). These findings led to the decision to close down ADA's Research and Development Division and to establish in its stead an independent corporation, Dairy Research, Inc.

### Internal Structure of Dairy Research, Inc.

Dairy Research, Inc. (DRINC) was incorporated in Chicago on April 24, 1969 under the laws of the State of Illinois. Its Articles of Incorporation state its purposes as being "to promote and conduct research for the dairy industry in the United States, to carry out research and experimentation of new dairy products, or to investigate ways to improve or modify existing dairy products . . ." (Dairy Research, Inc., DRINC, mimeo, 1970). In 1971,

---

<sup>42</sup>Many of the product development efforts of the nation's major dairy companies ceased in the late 1950's and early 1960's as a result of the companies' diversifications.

<sup>43</sup>The report recommended expenditures of \$17 million per year by the seventh year of operation. Actual expenditures on research and development have approximated \$1 million/year since 1969.

TABLE 47: AMERICAN DAIRY ASSOCIATION, 1979 BUDGET

Advertising Materials	\$ 983,000
Television, radio, print and outdoor materials produced for member organization use, including broadcast talent fees and on-air or reproduction materials.	
Sales Promotions	1,085,300
Point-of-purchase display kits, media, milk carton art, shipping and handling.	
Dairy Department Management Training	513,000
Net cost after payments received for manpower, travel, materials and expenses incurred in conducting pre-seminar store audits and training seminars	
Foodservice	258,700
Creative and development costs of promotions, display materials, food-service recipe cards; restaurant and distributor results advertising; publicity and trade programs.	
Program Planning, Development & Direction	350,000
Salaries of all personnel plus related personnel expenses; direct program expenses of administration.	
Total	\$3,190,000

SOURCE: United Dairy Industry Association, Program Plans and Budgets--1979, September 11, 1978.

DRINC became a part of the newly organized United Dairy Industry Association (UDIA) and moved to the Rosemont, Illinois headquarters.

The Board of Directors of UDIA and ADA also serves as the DRINC Board, which meets eight to ten times per year. From among its own membership, the Board elects officers of the corporation.<sup>44</sup> Also, the Board appoints an Executive Vice President, who is the chief executive officer of DRINC. Two Vice Presidents are employed to serve as the directors of DRINC's two divisions--Dairy Research Foundation and the Commercial Development Division (Figure 13). The total staff of DRINC is made up of only five persons--the three executives plus two clerical workers. By farming out the individual research projects to some 30 corporations and academic institutions per year, DRINC is today the nation's largest producer-funded, food industry research organization.

#### DRINC's Dairy Research Foundation

The Dairy Research Foundation was established for the purpose of carrying out basic dairy product research which may benefit the entire dairy industry. Twenty research projects funded by DRINC were administered by the Foundation in 1978. A Grant-In-Aid program at land grant universities throughout the United States included projects pertaining to fluid milk, milk proteins, whey, whey products and cultured dairy products.<sup>45</sup> Matching, total funding and other arrangements are utilized. Since the inception of the program in 1972, four projects have been carried out in New York State, all at Cornell University in Ithaca.<sup>46</sup>

To aid in the selection of projects to receive funding, a Science Advisory Board (Figure 13) is appointed, with representatives from academia (three chairmen of Dairy Technology departments), the Canadian and U.S. governments (FDA) and the private sector. On the advice of this Advisory Board, a limited number of proposed projects are selected by DRINC management and presented to a Research and Development Committee of the DRINC Board of Directors, which itself makes recommendations to the full Board.

An additional area of activity of the Dairy Research Foundation is the sponsorship each year of several researchers through a fellowship program with the U.S. Department of Agriculture. Lastly, DRINC's Technical Informa-

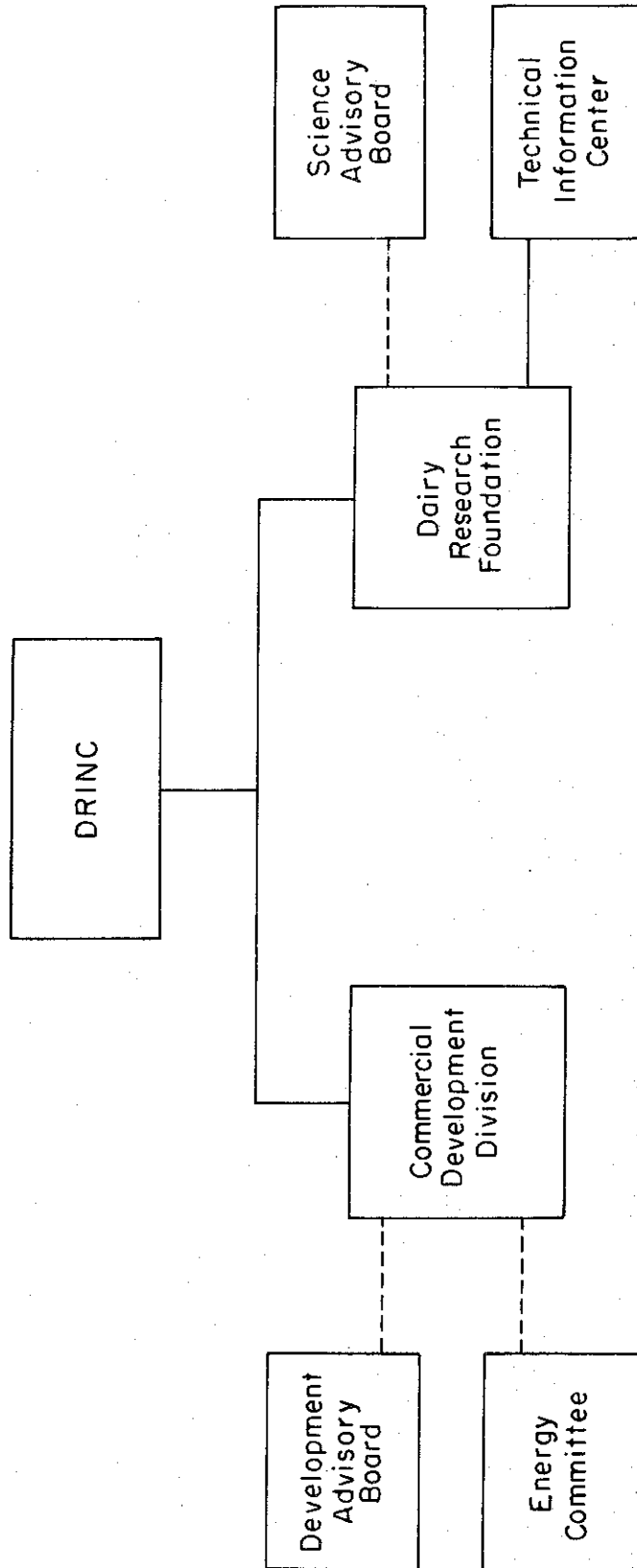
---

<sup>44</sup>The 1978 Officers of the Board of Directors and DRINC's management and program directors are listed in Appendix 24.

<sup>45</sup>A list of the current Grant-in-Aid projects is provided in Appendix 25.

<sup>46</sup>L. F. Hood & W. F. Shipe, "Utilization of Enzymes for Modifying Dairy Products"; J. E. Kinsella, "Investigation of Factors Affecting Production of Unsaturated Fatty Acids and Flavorful Carbonyls from Butter Fat by Penicillin Roquefort"; F. Shipe, "Development of a Rapid, Sensitive Method for Detecting Rancid Flavor in Milk"; and, J. W. Sherbon, "Determination of Cheese Yields and Relationship to Milk Composition." The last project is still active.

FIGURE 13. DAIRY RESEARCH, INC. (DRINC) - ORGANIZATIONAL STRUCTURE



SOURCE: Dairy Research, Inc. Rosemont, Illinois. February 6, 1979.

tion Center acts as a resource center on dairy technology issues for the entire industry.

#### DRINC's Commercial Development Division

Commercial Development Division (CDD) funds are used primarily to further the development of new dairy products and processes through cost-sharing grants and advances to contractors for specific research and development projects. Certain of the advances are refundable to CDD contingent upon success of the projects and others are wholly or partially refundable without regard to the ultimate success of the project. At the present time, fifteen such development projects are active.<sup>47</sup>

A Development Advisory Board (Figure 13) is made up of eight marketing and production executives in the dairy industry (mainly cooperatives) who advise the DRINC Board on the funding of specific projects. Because of the nation's energy situation, DRINC has established an Energy Committee, which advises on on-going projects which are energy related.

Funds from the New York State Dairy Promotion Order which are sent, through ADA&DCNY, to UDIA to support its national program are not utilized by the Commercial Development Division. By New York State law, promotion funds may not be utilized in confidential work or brand advertising. Thus all the New York Promotion Order funds which reach DRINC are applied to the operations of the Dairy Research Foundation.

#### DRINC Budget Allocations for 1979

DRINC's 1979 budget of approximately \$655 thousand is allocated among research and development programs as indicated in Table 48.

#### National Dairy Council

In 1915, the National Dairy Council (NDC) was formed by leaders of various producer and dealer groups for the purpose of carrying out activities in the areas of nutrition research and nutrition education. The major thrust of the overall effort has always been one of emphasizing the importance of milk and dairy products in a complete, healthy diet. After some 56 years of operation, the National Dairy Council joined together with the American Dairy Association and Dairy Research, Inc. to form the United Dairy Industry Association (UDIA). NDC was concerned about the possibility of its credibility with the professional community and the general public being jeopardized by this merger with ADA and DRINC. To guard against such a loss of credibility,

---

<sup>47</sup> See Appendix 26.

TABLE 48: DAIRY RESEARCH, INC., 1979 BUDGET

Dairy Research Foundation	\$205,000
Grants-in-Aid with government and universities, fellowship program, Technical Information Center, award program.	
Commercial Development Division	459,400*
Process, product and market development.	
Program Planning, Development & Direction	250,000
Salaries of all personnel plus related personnel expenses; direct program expenses of administration	<hr/>
TOTAL OPERATING BUDGET	\$914,000
*DRINC anticipates project commitments which are \$259,400 in excess of the UDIA Development budget. DRINC's CDD reserves will be used to defray this excess	<hr/> -259,400
NET BUDGET	\$655,000

SOURCE: United Dairy Industry Association, Program Plans and Budgets--1979, September 11, 1978.



it was agreed that NDC would retain significant autonomy within the UDIA structure.<sup>48</sup>

### NDC's Internal Structure<sup>49</sup>

As with the other segments of the UDIA organization, the House of Delegates is the official governing body of NDC. However, within the context of policies and procedures adopted by the Delegates, NDC retains considerable autonomy in its directions and operations. The Board of Directors of the Council has 38 members, only 21 of whom are selected from the UDIA Board. The other 17 individuals are processor/handlers and equipment/supply manufacturers. The Board elects its own officers,<sup>50</sup> and employs the President, who is the chief executive officer of the corporation. Serving immediately under the President are the Directors of NDC's two divisions--Nutrition Research and Nutrition Education (Figure 14). The total NDC staff in Rosemont consists of 25 professionals<sup>51</sup> and 13 support persons.

Unlike the other parts of the UDIA organization, National Dairy Council is supported at the national level by the total dairy industry--producers, processors/handlers and equipment/supply manufacturers. At the local level, approximately 80 percent of funding is from producers. NDC's 1979 forecasted income of approximately \$2.1 million will be derived as follows:

Non-Producer Income	14%
Producer Income	56%
Affiliation Fees	27%
Other Income	3%

### NDC's Division of Nutrition Research

The Nutrition Research program of the National Dairy Council has two main objectives.

- (1) To support scientific investigations which increase nutrition knowledge of dairy foods and their role in health.

---

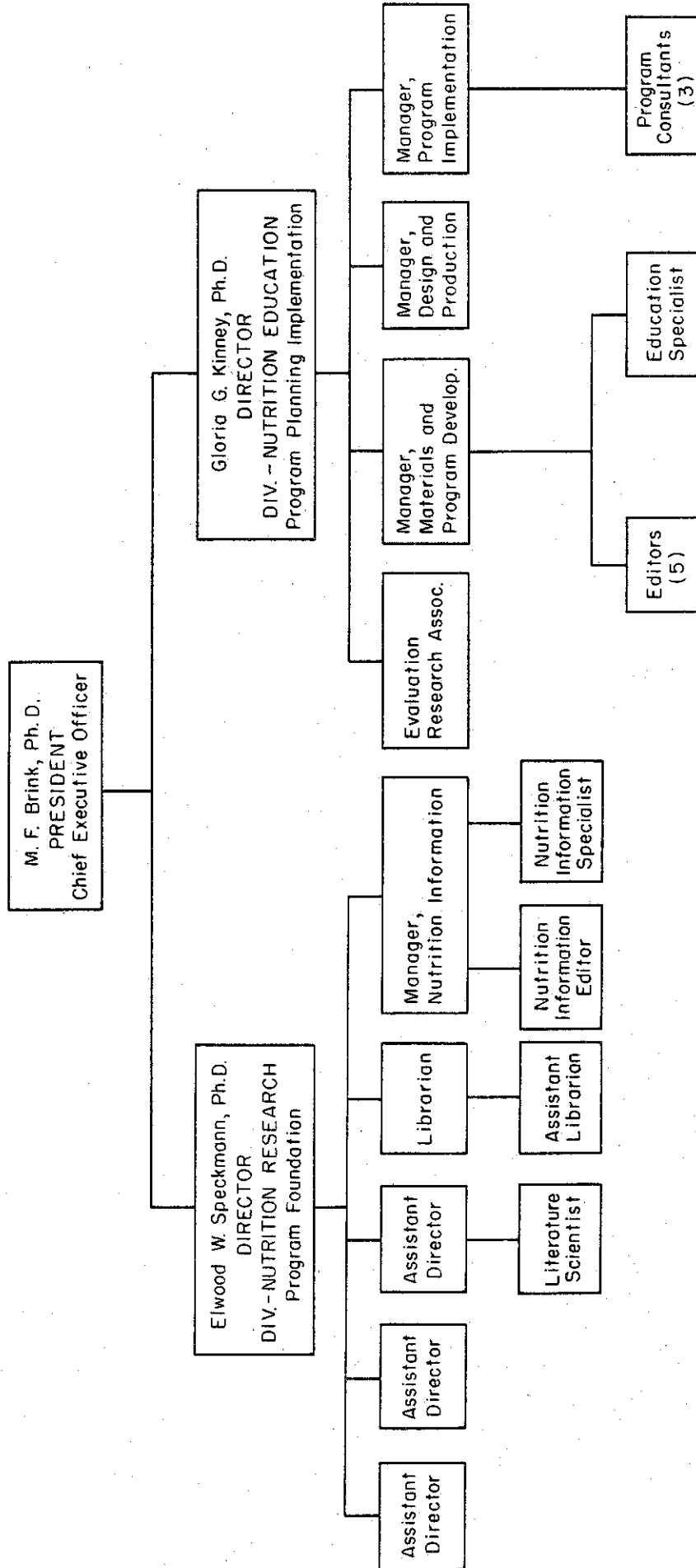
<sup>48</sup>In addition to having a Board of Directors which is not identical to the UDIA/ADA/DRINC Board, NDC maintains its offices on a separate floor of the UDIA building in Rosemont, Illinois. Also, NDC has a separate switchboard and its own letterhead (which makes no mention of UDIA, etc.).

<sup>49</sup>In January, 1970, NDC was designated an educational-scientific institution by the U.S. Department of the Treasury, Internal Revenue Service. This designation by the federal government is an unusual achievement for an industry-sponsored organization.

<sup>50</sup>The 1978 Officers of the Board of Directors and NDC's management and program directors are listed in Appendix 27.

<sup>51</sup>Of the 25 professional staff members, nine are Ph.D.' and many others hold M.S. degrees in nutrition and related fields.

FIGURE 14. NATIONAL DAIRY COUNCIL ORGANIZATION CHART



SOURCE: National Dairy Council, February 1979.

- (2) To transmit this information to health/nutrition leaders and science/food writers and, subsequently, to the general public.

Programs designed to meet these dual objectives are carried out by the Division's professional staff of ten (including five Ph.D.'s) and support staff of six. The Research Division is closely related to the Division of Nutrition Education. Two official liaisons exist within the Research program to review new materials. The two divisions work together on the production of a monthly publication, Nutrition News.

The Division of Nutrition Research also reviews all ADA promotion materials which make nutritional claims. The same applies to corporate communications of UDIA. To maintain cooperation between the Division and Dairy Research, Inc., one member of the Research staff sits on DRINC's Science Advisory Board.

To meet the objectives of the research program, a wide variety of activities are carried out by the Division (Figure 15). The major activities may be grouped as follows: Grant-in-Aid program, conferences and symposia, medical and scientific meetings, NDC Library Resource Center, publications, and Nutrition Information Program.

a. Grant-in-Aid Program

Since 1941, NDC has sponsored more than 500 research projects aimed at furthering knowledge of dairy food's nutritional value. In recent years, 25 projects have been operative at all times, with eight new ones added each year. In any year, 50 to 80 requests for funding of projects are received from researchers at universities and medical centers. Proposals are thoroughly reviewed by the Division staff (and external consultants if appropriate), and eight are usually recommended to the NDC Board of Directors for approval.

The Division's preference is to partially fund projects which already have substantial financial backing and which are being carried out by well prepared researchers. Funds may not be used for the purchase of equipment, and individual grants are usually in the range of \$15 to \$20 thousand per year, with most projects running for three years. Results are published by the researcher, although NDC may issue a news release dealing with the findings.

In 1979, the Grant-in-Aid program is sponsoring 24 research projects, five of which were initiated this year. The 24 studies fall into five basic areas--nutritional importance of milkfat, nutritional importance of milk's minerals, relationship of dietary cultures to gut ecology, interaction of milk's nutrients, and dairy foods and health.<sup>52</sup> Since 1963, eighteen Grant-in-Aid projects have been sponsored in New York State, six of these at Cornell University in Ithaca.<sup>53</sup>

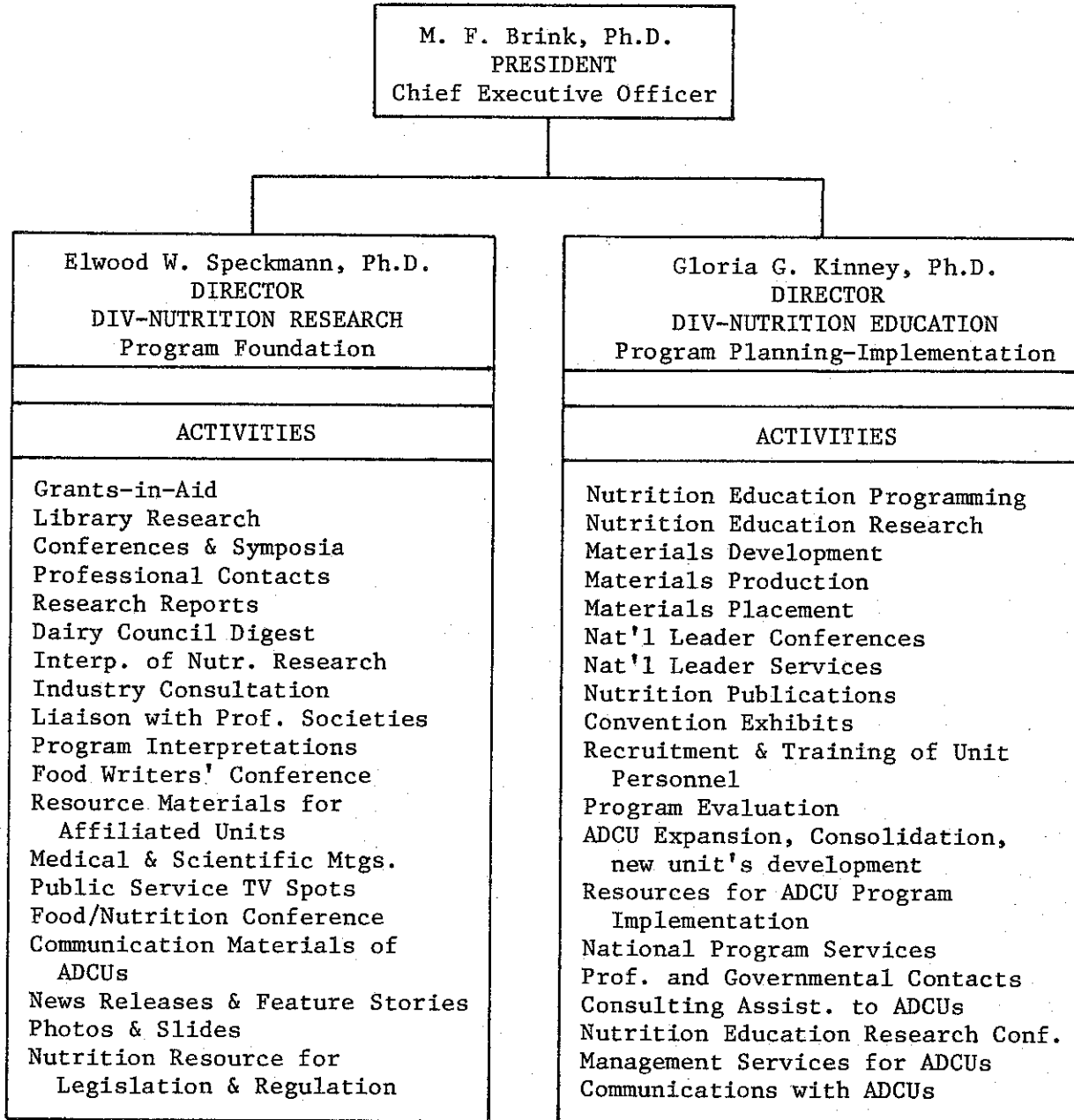
---

<sup>52</sup>A list of the 24 research projects which are operative in 1979 is included as Appendix 28.

<sup>53</sup>A list of these 18 New York State projects is provided in Appendix 29.

FIGURE 15

ACTIVITIES OF THE NATIONAL DAIRY COUNCIL



SOURCE: National Dairy Council, September 1978.

b. Conferences and Symposia

To help keep the National Dairy Council in a prominent position among nutritionists and health scientists, NDC co-sponsors a number of conferences and symposia each year with organizations such as the American Dairy Science Association, the American Institute of Nutrition, the American Society for Clinical Nutrition and the Institute for Food Technologists. In 1978, NDC's Annual Nutrition Research Conference focused on the topic "Nutrition and Bone Health."

c. Medical and Scientific Meetings

To maintain close relations with the scientific community, the NDC research staff attended 29 major medical and scientific meetings in 1978, and participated in staff meetings with more than 100 researchers in 36 nutrition laboratories across the country.

d. NDC Library-Resource Center

Over the past few years, NDC's library research program has been continually expanded to meet increasing demand. The library serves as a major resource center for the entire NDC program of nutrition research and education. In addition to serving the in-house needs of NDC, the Library-Resource Center staff provides assistance to the dairy industry, to professional staff of affiliated Dairy Council units and to other researchers and educators with an interest in the nutritional aspects of milk and dairy products.

e. Publications

Since August of 1929, Dairy Council Digest has served the professional nutrition community as an interpretive review of recent nutrition research. Now in its fiftieth year of continuous publication, the Digest is published bi-monthly. Nutrition News, now in its thirty-seventh year of publication, is a quarterly newsletter produced jointly with the NDC Division of Nutrition Education.

f. Nutrition Information Program

Activities in the Nutrition Information Program are aimed at extending information about dairy foods to the nation's consumers. In 1978, five groups of activities were prominent:

- (1) Nutrition public service spots were produced for television and distributed through affiliated units;
- (2) Approximately 1,000 newspapers continued to publish the NDC-sponsored "Doctor in the Kitchen" weekly nutrition column.
- (3) More than 700 radio stations nationwide regularly received "Nutrition Message for Today," a monthly script service which provides

to radio stations thirty half-minute public service nutrition announcements for daily use.<sup>54</sup>

- (4) News releases and feature stories were sent to science writers, medical columnists and food editors, detailing research findings of NDC.
- (5) Food writers from 11 national magazines and 86 newspapers, news syndicates and publishers attended NDC's Eighth Annual Food Writers' Conferences, held in Colorado Springs and Orlando, Florida (and co-sponsored by local Dairy Council units).

#### NDC's Division of Nutrition Education

National Dairy Council's nutrition education program is aimed at helping health and education leaders educate consumers in the basics of good nutrition with emphasis on choosing foods wisely from four food groups--milk, meat, fruits and vegetables, and grains. The Division of Nutrition Education has overall responsibility for the development of nutrition education materials and the implementation of programs through affiliated Dairy Council units.

The Division has a professional staff of fourteen (three Ph.D.'s) and a support staff of six. Operations are divided into four sections--evaluation, materials and program development, materials design and production, and program implementation (Figure 14).

#### a. Program Activities of the Division of Nutrition Education

NDC's education programming is firmly based upon a variety of activities in the area of nutrition education research. Late in 1978, NDC's first Nutrition Education Research Conference was held in Chicago. Forty national leaders in nutrition education and research were invited to the three-day event. Those attending came from universities, federal government agencies, cooperative extension services and U.S. Congressional staffs.

During recent years, the federal government has become increasingly interested and involved in Nutrition education. During 1978, NDC worked with the U.S. Department of Agriculture in establishing guidelines for the implementation of the nutrition education and training section of the National School Lunch Program. Also, staff members of both the Nutrition Education division and the Nutrition Research division of NDC testified, when requested, before Congressional committees.

The NDC Division of Nutrition Education produces materials and services for affiliated Dairy Council units in four basic program areas--consumers, schools, professionals and dairy industry.<sup>55</sup>

---

<sup>54</sup>For detailed statistics on the use of the radio, TV and newspaper nutrition information services in New York State, see discussions of DCMNY and DFNC in Part V.

<sup>55</sup>The following sections present brief overviews of the materials which are

(1) Consumer Programs

The 1979 National Dairy Council catalog lists more than 100 individual pieces of material--booklets, leaflets, folders, posters, films, film strips, slides, transparencies, curriculums, multi-media programs and teacher/leader guides. Approximately one-third of these materials are designed for use by adult consumers and deal with topics such as health, meal planning and dairy product information. All publications are sold to affiliated Dairy Council units<sup>56</sup> for distribution in local areas.

(2) School Program

In the United States, more than 55 percent of all fluid milk is consumed by persons 17 years of age or younger. Thus, National Dairy Council's Division of Nutrition Education concentrates its efforts on working through primary and secondary schools. Research in the early 1970's carried out independently by NDC and by the federal government indicated that nutrition education in the classroom was, at best, sporadic. When nutrition was taught at all, emphasis was placed on rote memorization of facts. National Dairy Council perceived a need for an exciting sequential approach to nutrition education. In 1975, the "K-12 Curriculum Project" was launched to formulate a sequential curriculum for nutrition education from kindergarten through grade 12. After two-and-a-half years of development and extensive testing, Level 1 (kindergarten through grade 2) of the new Food Your Choice program was introduced through affiliated units to the nation's schools in September 1977.<sup>57</sup>

By the end of 1977, Levels 1 through 3 (kindergarten through grade 6) had been introduced to 1.5 million students by teachers trained by affiliated units to implement the curriculum. By May of 1979, 143 thousand teachers had been trained and approximately 4.3 million children had received instruction. The introduction of the Food Your Choice (FYC) program initiated an important change in Dairy Council policy. Previous to the implementation of the FYC curriculum, local Dairy Council units had always placed nutrition education materials in schools free of charge. However, by March, 1978, 64 percent of local Dairy Councils were asking schools to share in production costs. This had increased to 77 percent by July of the same year. National Dairy Council conducted a nationwide study of implementation of the FYC program during February and March of 1979. A stratified random sample of 211 schools

---

produced in each category at the national level. For a more detailed description of the programs carried out in the four areas, see Part V, discussions of activities of individual Dairy Council units in New York State.

<sup>56</sup> Most materials are sold to affiliated units at a 10 percent discount rate; some are discounted even more, such as the Food Your Choice series.

<sup>57</sup> It is beyond the scope of this study to describe the many aspects of this important addition to the NDC education program. For further information, see Food Your Choice: A Nutrition Learning System and NDC Nutrition Education Materials 1979, both cited in the bibliography of this study.

indicated that use of the FYC materials in the second year of placement was more than 93 percent (Brun 1979).

Development of Levels 4 and 5 (junior and senior high school--grades 7 to 12) of the FYC program was begun in 1978. Level 4 consists of four strands (Social Science, Science, Home Economics and Health Education) for grades 7 through 10. Prototypes for the four curriculum strands are currently being produced, and national classroom testing will be conducted in the fall of this year. Achievement testing of a revised prototype will be conducted in the spring of 1980, with the final version of Level 4 being available for distribution in the fall of the same year.

In 1981, units of study for grades 11 and 12 (Level 5) will be completed on special topics in nutrition such as food chemistry, food economics and food technology. This will complete the development of the K-12 curriculum, the most ambitious nutrition education project in National Dairy Council's history.

Food Your Choice is only one part of NDC programming for nutrition education in schools. Other curricula and materials continue to be produced in Rosemont and placed through affiliated units.

### (3) Professional Program

An important aspect of local Dairy Council unit programming is the development and maintenance of relationships with nutrition and related health professionals. In support of such activities numerous materials are produced by NDC. In 1978, the first two of a series of seven "Leadership Packets" were introduced (Maternal and Infant Nutrition, and Nutrition, Athletics and Physical Fitness). Each packet has 180 pages of loose-leaf material that NDC will continuously expand and update.

### (4) Dairy Industry

The program of dairy industry relations is carried out by affiliated units in their particular areas. To better acquaint the general public with the dairy farming and dairy processing industries, NDC produces and distributes booklets, films and filmstrips which illustrate the process through which milk comes from the farm to the table.

#### b. Program Implementation: Relations with Affiliated Units

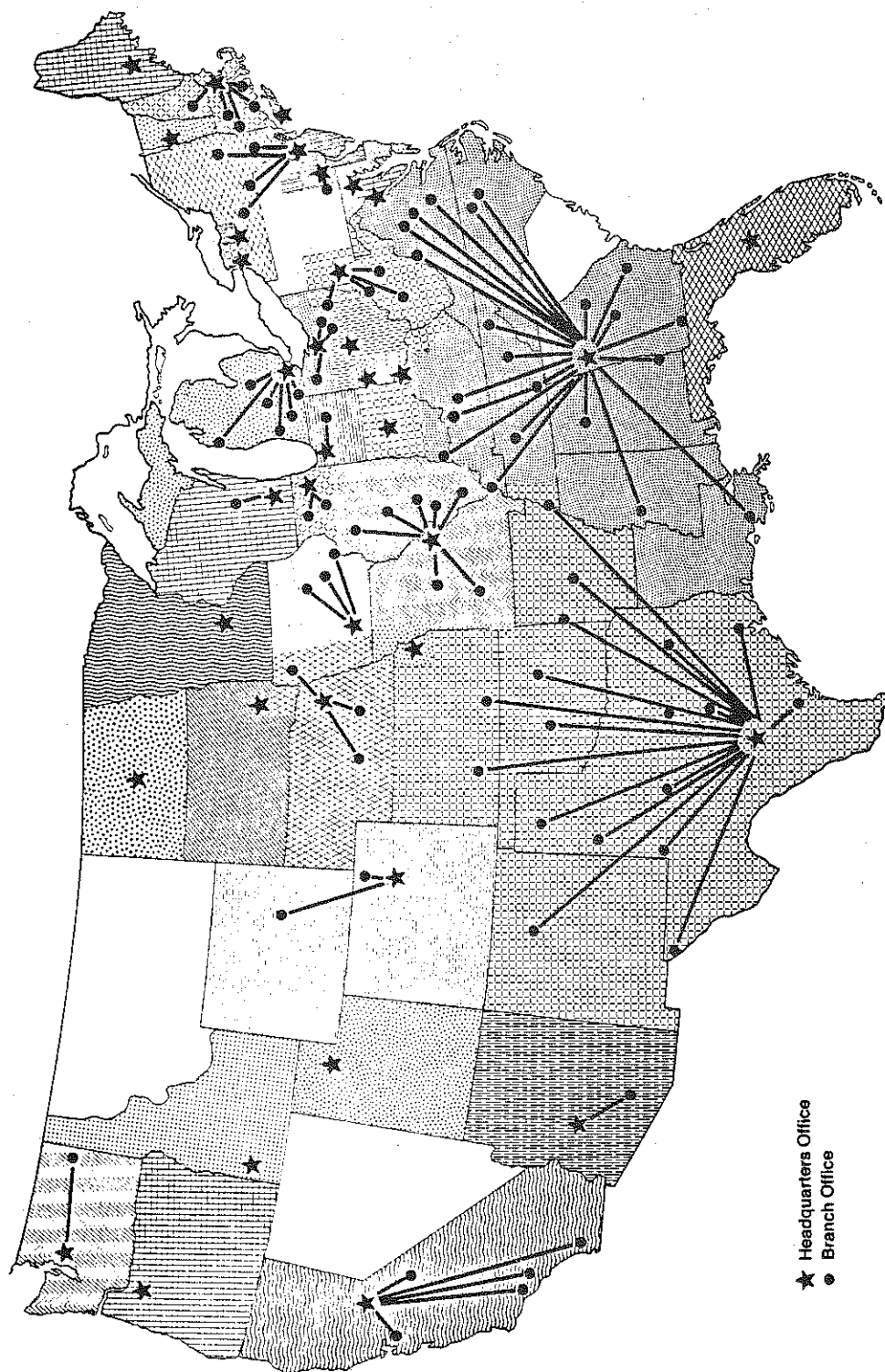
There are 37 affiliated Dairy Council units<sup>58</sup> across the United States, operating out of a total of 125 offices (Figure 16). Although affiliated units do not officially cover the states of Nevada, Montana and South Carolina (because of insufficient industry funds), National Dairy Council does in

---

<sup>58</sup>A list of the 37 Dairy Council units and the locations of their main offices is included as Appendix 30.



FIGURE 16. AFFILIATED DAIRY COUNCIL UNIT LOCATIONS



★ Headquarters Office  
● Branch Office

SOURCE: National Dairy Council, January 1979.

fact work in those areas.<sup>59</sup> Thus, unlike UDIA (Figure 12), National Dairy Council considers itself a truly national organization.

Affiliated units sign an "affiliation agreement" with NDC by which they are granted exclusive affiliation rights and privileges over a specified geographic area. In return, the units must follow the national organization's policies, procedures and programs, and pay an annual affiliation fee.<sup>60</sup> National Dairy Council has no additional authority over the units. Once programs are developed, field-tested and produced, the affiliated units have exclusive distribution rights for their areas.<sup>61</sup>

#### National Dairy Council Budget Allocations for 1979

NDC's 1979 budget of approximately \$1.9 million is allocated between nutrition research and nutrition education projects as indicated in Table 49.

---

<sup>59</sup>As an example, work is carried out in Nevada at the invitation of the Nevada Farm Bureau. Materials are sold at a substantially higher cost than to the affiliated units.

<sup>60</sup>For the formula through which the fee is determined for each affiliated Dairy Council unit, see Part V, "Income and Expenditures of DCMNY Since the Promulgation of the New York State Dairy Promotion Order."

<sup>61</sup>For a limited number of national programs, mainly associated with organizations which are themselves national in scope, NDC directly distributes materials and services from its Rosemont offices.

TABLE 49: NATIONAL DAIRY COUNCIL, 1979 BUDGET

Nutrition Research	\$ 580,000
Grants-in-Aid, Professional Contacts and Conferences, Library Research, Information Services.	
Nutrition Education	363,000
Materials Development, Food Your Choice Education Program, Program Research, Program Implementation, Professional Contacts	
Program Planning, Development & Direction	933,000
Salaries of all personnel plus related personnel expenses; direct program expenses of administration.	
Total	\$1,876,000

SOURCE: United Dairy Industry Association, Program Plans and Budgets--1979, September 11, 1978.



## IX

### STATE PROMOTION PROGRAMS UNAFFILIATED WITH UDIA

The 20 member organizations of the United Dairy Industry Association (UDIA) are currently operating in 42 states (Figure 12). In five other states there are independent milk and dairy product promotion organizations which are not affiliated with UDIA. Four of these promotion organizations are located in the far western part of the country--California, Arizona, Oregon and Washington. The four promotion agencies in these states form a "loose federation"<sup>1</sup> and have relatively similar structure and programming. A fifth agency, ADA of Wisconsin, also operates independently of UDIA but is maintaining a limited, cooperative relationship with that national organization.

#### The COW Board--California, Oregon and Washington--Plus Arizona

Since 1970 there has been active cooperative between the promotion organizations of California, Oregon and Washington.<sup>2</sup> In that year, the agencies responsible for promotion in the three states--the California Milk Advisory Board, the Oregon Dairy Products Commission and the Washington Dairy Products Commission--initiated cooperative activities in media advertising and in-store merchandising. Three times each year, the executive committees of the respective Boards of Directors meet together to plan common programming which may result in significant economies of scale and mutual benefit to the three independent organizations.<sup>3</sup>

Members of the COW Board<sup>4</sup> have the opportunity of purchasing advertising and promotional materials from one of the other participating organizations. Most importantly, the three promotion agencies frequently cooperate in making "west coast network" buys of television advertising time at

---

<sup>1</sup>This phrase, "loose federation," was used by an executive of one of the western organizations in describing the relationship between the four agencies.

<sup>2</sup>Oregon and Washington pulled out of ADA (national) when UDIA was formed.

<sup>3</sup>The trilateral arrangement is "unofficial" and not in writing. The agreement to work together is a verbal one only.

<sup>4</sup>At the risk of stating the obvious, we should point out that the names of the three cooperating states provide this fortunate acronym.

substantial savings as compared to local TV commercial rates.<sup>5</sup> Also, the three states work together in their in-store sales promotion program, in which displays are placed (by professional installers) three times per year in some five thousand supermarkets in the west coast area.

A third promotion agency, the United Dairymen of Arizona, participates in meetings of the COW Board as an "affiliate" organization. The Arizona promotion agency has the option of purchasing materials and services from any of the three west coast states, and, in fact, has a contractual arrangement with the California Milk Advisory Board for the use of television and radio commercials produced by that agency.

Although there are many differences in the structure and programming of the four western promotion agencies,<sup>6</sup> there are a number of similarities as well. All four organizations are supported by dairy farmers at relatively high assessment rates, between 0.8 and 1.1 percent of the producer pay price of milk (Table 50) and maintain extremely high levels of producer participation in the funding of their programs (between 95 and 100 percent). Relative to member organizations of UDIA, the percentage of total income allocated to advertising and promotion by the four agencies is very high, ranging from 77 to 89 percent of total budgets.<sup>7</sup> Because of their high rates of assessment and producer participation and because of their budget allocation patterns, expenditures on direct media advertising by these four promotional agencies are among the highest in the nation (Table 51).

#### California Milk Advisory Board

Fluid milk promotion has been funded through mandatory assessments under State Law in California since December, 1969. At that time, the California Milk Advisory Board was formed as the State's fluid milk promotion agency and has carried on promotional programming since 1970.<sup>8</sup> The program began with a mandatory assessment on all Class I producers of 0.5 percent of gross receipts. This was increased to the current one percent assessment in mid-1971. The total 1979 budget of the California Milk Advisory Board is greater than \$13 million, of which some 77 percent is to be spent on advertising and promotion efforts. Media advertising, alone, will account for \$8.8 million of expenditures in the current year, resulting in a per capita

---

<sup>5</sup>Such economies have also been realized in similar approaches to radio, newspaper and outdoor advertising.

<sup>6</sup>The names of the managers and addresses of the four agencies are provided in Appendix 31.

<sup>7</sup>This is exclusive of Dairy Council funding. Quantitative comparisons between the funding patterns of the western "federation" and those of ADA&DCNY and other UDIA member organizations are found in Part X of this study.

<sup>8</sup>The California Milk Advisory Board is exclusively a fluid milk operation. Two other producer-funded agencies also operate in the State, and are discussed later in this section.

TABLE 50: STATE DAIRY PROMOTION PROGRAMS UNAFFILIATED WITH UDIA, 1979

Promotion Organization	Funding Mechanism	Funding Rate	Participation Rate	Total <sup>a</sup> Budget 1979	Advertising & Promotion (% of Total <sup>a</sup> )
California Milk <sup>1</sup> Advisory Board	State law: mandatory assessment administered by Bureau of Marketing, Department of Food and Agriculture.	1% of gross income for all Class I milk produced.	100%	\$13,130,000	77%
United Dairymen <sup>2</sup> of Arizona	Cooperative Action: mandatory for coop members. Partial support from producer-distributors.	1% of gross pay price for all milk produced.	95%	\$ 750,000	88%
Oregon Dairy <sup>3</sup> Products Commission	State law: mandatory assessment	1.1% of gross farm gate income for all milk.	99%	\$ 1,080,000	88%
Washington Dairy <sup>4</sup> Products Commission	State law: mandatory assessment	0.8% of Class I price. Also, processors pay 0.8¢/cwt directly to Dairy Council.	100%	\$2,460,000	89%
American Dairy <sup>5</sup> Association of Wisconsin	Voluntary--individual sign-ups for deductions through dairy plants.	0.33% of gross milk check.	25%	\$ 1,700,000	62%

<sup>a</sup>Total budget excluding Dairy Council.

SOURCES:

- <sup>1</sup>Tony Fraga, personal communication: May 29, 1979.
- <sup>2</sup>Ernest D. Cornwall, personal communication: June 1, 1979.
- <sup>3</sup>Ray L. Kozak, personal communication: May 31, 1979.
- <sup>4</sup>Bob Hallberg, personal communication: May 21, 1979.
- <sup>5</sup>John F. Oncken, personal communication: June 18, 1979.

TABLE 51: STATE DAIRY PROMOTION PROGRAMS UNAFFILIATED WITH UDIA - BUDGETED EXPENDITURES  
ON ADVERTISING AND SALES PROMOTION, 1979

Promotion Organization	Market Population <sup>1</sup>	Advertising & Promotion		Media Advertising <sup>2</sup>	
		Total Budget	Per Capita	Total Budget	Per Capita
California Milk Advisory Board	20,147,400	\$10,168,240 <sup>a</sup>	50.5¢	\$8,800,000 <sup>a</sup>	43.7¢
United Dairymen of Arizona	2,033,856	\$ 662,500 <sup>b</sup>	32.6¢	\$ 542,500 <sup>b</sup>	26.7¢
Oregon Dairy Products Commission	2,151,871	\$ 955,000 <sup>c</sup>	44.4¢	\$ 729,167 <sup>c</sup>	33.9¢
Washington Dairy Products Commission	3,429,328	\$ 2,185,000 <sup>d</sup>	63.7¢	\$1,800,000 <sup>d</sup>	52.5¢
ADA of Wisconsin	4,395,600	\$ 1,054,000 <sup>e</sup>	24.0¢	\$ 851,909 <sup>e</sup>	19.4¢

<sup>1</sup>Market population is defined as total state population.

<sup>2</sup>Television, radio, outdoor, newspaper and magazine.

SOURCES: <sup>1</sup>U.S. Department of Commerce, Bureau of Census, Illustrative Projections of State Populations: 1975 to 2000, Current Population Reports, Series P-25, No. 796, March 1979.

<sup>a</sup>Tony Fraga, personal communication: May 29, 1979.

<sup>b</sup>Ernest D. Cornwall, personal communication: June 1, 1979.

<sup>c</sup>Ray L. Kozak, personal communication: May 31, 1979.

<sup>d</sup>Bob Hallberg, personal communication: May 21, 1979.

<sup>e</sup>John F. Oncken, personal communication: June 18, 1979.



rate of approximately 44 cents per California resident (Table 51). Like the three other far west programs, the California operation produces its own media materials (TV and radio commercials, outdoor, newspapers, etc.) in cooperation with its advertising agency. Under State Law, the program is audited and administered by the Bureau of Marketing of the Department of Food and Agriculture of the State of California.

As an exclusively fluid milk operation, the California Milk Advisory Board is funded by the State's 2,400 Class I producers. Another producer-funded program, the Manufactured Milk Advisory Board, promotes manufactured milk products (mainly butter). The 1979 budget of this organization is approximately \$200 thousand. Although the California Milk Advisory Board and the Manufactured Milk Advisory Board have separate funding and separate programs (and separate Board structures), they share the same administrative staff and offices. A third program, Dairy Council of California, is separate and distinct from the fluid milk and manufactured milk promotion agencies, and is also financed (50 percent) by dairy farmers, who match funds with dairy processors.<sup>9</sup> This affiliated Dairy Council unit expects total income in 1979 to reach \$2 million. Thus, the total budgets of the three California organizations call for expenditures of approximately \$15.4 million in the current year.

#### Oregon Dairy Products Commission

The Oregon Dairy Products Commission was founded in 1943 by State dairy industry leaders and in 1970 began promotion programming funded under State Law. Beginning in 1970, the agency received one percent of the gross farm gate income from all classes of milk sold. Effective July 1, 1979, the assessment rate was increased (through hearings and a producer referendum) to 1.1 percent, making it the highest in the nation. Mandatory assessments are carried out under the authority of Oregon's Agricultural Marketing and Warehousing Act.<sup>10</sup> Although the assessments are mandatory, producers with less than 10 cows are exempt. As a result, approximately 99.5 percent of the State's producers are supporting the promotional program.

The Commission expects income in the current fiscal year to reach approximately \$1.25 million. Of this amount, \$170,000 is allotted to the Oregon Dairy Council,<sup>11</sup> and of the remaining funds, approximately 88 percent is being expended on advertising and sales promotion programs. With a media budget exceeding \$729 thousand, per capital expenditures are 33.9¢.

---

<sup>9</sup>Under State Law, Dairy Council is supported by handlers, producers and producer-handlers, who pay .011 cents per hundredweight of milk for each month of the year except May and October, when they pay at the higher rate of .018 cents per hundredweight.

<sup>10</sup>State of Oregon, Agricultural Marketing and Warehousing, Title 47, Chapter 576. The Act also provides for 18 other commodity commissions.

<sup>11</sup>This represents 59 percent of the Oregon Dairy Council income for the 1979/80 fiscal year, other funds coming from membership dues and other sources.

### Washington Dairy Products Commission

The Washington Dairy Products Commission was established by law in 1939.<sup>12</sup> All dairy farmers in the State, including producer-handlers,<sup>13</sup> are legally obligated to pay an assessment of 0.8 percent of the Class I price on all milk marketed (approximately 10 cents per hundredweight at current prices). Additionally, producer-handlers pay a mandatory assessment of 3/4 of one cent per hundredweight to the Washington State Dairy Council.

The 1979 budget of the Commission calls for income and expenditures of \$2.8 million, of which \$340 thousand is turned over to the Washington State Dairy Council.<sup>14</sup> Of the remaining funds, approximately 89 percent are invested in advertising and promotion programs (Table 50). Media advertising in 1979 is budgeted at \$1.8 million or 52.5¢ per capita (Table 51).

### The United Dairymen of Arizona

The Arizona promotion organization was a charter member of the United Dairy Industry Association but pulled out of UDIA in 1977 and began an independent program by purchasing advertising and promotional materials from the California Milk Advisory Board. Although the Arizona agency now produces much of its own programming, it continues to work with California and the other west coast states whenever it makes fiscal sense to do so. Unlike the legislated programs of those states, the Arizona dairy promotion effort depends upon "contributions" from the 152 members of the State's major marketing cooperative, the United Dairymen of Arizona.

Participation in the program by members is mandatory through positive vote of the membership. The cooperative accounts for more than 90 percent of all milk produced in the State, the remaining supply originating from a small number of producer-distributors plus an even smaller number of farms in the State's border areas. The promotion program is supported by the major producer-distributors, such that total participation is approximately 95 percent. The assessment rate was increased from six cents to ten cents per hundredweight in 1977, and was set at one percent of the gross pay price in March of this year.

In the 1979/80 fiscal year, income is expected to reach approximately \$1 million, of which 25 percent will be paid to support the Dairy Council of Arizona.<sup>15</sup> Of the remaining funds, 88 percent (\$662 thousand) is budgeted

---

<sup>12</sup>State of Washington, Chapter 15.44 RCW, Dairy Products Commission.

<sup>13</sup>Each year, a few producer-handlers refuse or neglect to pay the assessment; the Commission must then pursue collection through legal action.

<sup>14</sup>This amount represents 2/3 of the Dairy Council's funding. The other 1/3 comes from dairy processors through a mandatory assessment (also under State law) of 0.8¢ per cwt on Class I and Class II milk.

<sup>15</sup>Although Dairy Council of Arizona is a separate corporate entity, the same individuals serve on both the Dairy Council and the United Dairymen of

for advertising and sales promotion (Table 50). Media expenditures will be at the rate of 26.7 cents per capita this year, below the levels of the west coast organizations but almost three times the average rate of UDIA member organizations.<sup>16</sup>

#### American Dairy Association of Wisconsin

The American Dairy Association of Wisconsin (ADA of Wisconsin) withdrew from the national ADA in 1970 at the time of the formation of UDIA. Since that time, ADA of Wisconsin has carried on dairy promotion operations as an independent, producer-funded organization. Funding is entirely voluntary<sup>17</sup> at the rate of 1/3 of one percent of producers' gross milk checks. A field staff of seven men work full time in public relations and membership development, urging producers to sign authorizations for deductions through dairy plants. Approximately 25 percent of the State's active dairy farmers are participating in the program.

ADA of Wisconsin's projected income for 1979 is approximately \$1.7 million. Because of the voluntary nature of the program, 38 percent of these funds are reinvested in membership, public relations and administration. This is expected to leave some \$1.1 million for promotional work in 1979. Of this amount, 80 percent will go into media advertising<sup>18</sup> and the remainder into a variety of promotional programs.<sup>19</sup> Thus, media expenditures come out to approximately 19.4 cents per Wisconsin resident (Table 51).

Wisconsin is by far the nation's largest milk producing state, accounting for 17 percent of all U.S. production in 1978. It is fair to say that it has been particularly disturbing to UDIA that this major (and neighboring) producing state has remained unaffiliated with the national program. During the early 1970's, there was virtually no communication whatsoever between ADA of Wisconsin and UDIA. However, in recent years this situation has changed. In 1979, ADA of Wisconsin's delegate body passed a resolution to "continue close cooperation with UDIA and explore further relationships in the best interest of ADA (of Wisconsin) and UDIA . . ." (American Dairy Association of Wisconsin, March 1979). At the present time, an important cooperative effort

---

Arizona Boards. Administrative costs are minimized by the Director of the United Dairywomen also serving as the Administrator of Dairy Council.

<sup>16</sup>See Part X of this study.

<sup>17</sup>Wisconsin producers have decisively defeated referenda on mandatory promotion orders on three separate occasions.

<sup>18</sup>Note: Dairy Council of Wisconsin, Inc. is separately funded.

<sup>19</sup>Eight Wisconsin Cheese Festivals will be conducted this year in major cities across the United States.

is being planned through which ADA of Wisconsin will fund a major media campaign in the Chicago area,<sup>20</sup> utilizing UDIA-produced materials.<sup>21</sup>

---

<sup>20</sup> Approximately 90 percent of the milk consumed in the Chicago metropolitan area is produced in Wisconsin.

<sup>21</sup> John F. Oncken, personal communication: August 7, 1979.

NEW YORK PROMOTION PROGRAMS IN A NATIONAL CONTEXT:  
COMPARISONS AND CURRENT ISSUES

The first section of Part X consists of a brief review of the subjects covered in the previous nine parts of the study. In the second section, selected dairy promotion programs, both in New York State and elsewhere, are compared in terms of their distinguishing characteristics. The final section of this part of the study consists of an examination of three major issues currently being faced by those involved in the dairy promotion effort in New York State.

A Brief Review of the Study

The main objective of this study was to provide a descriptive history of milk and dairy product promotion in New York State during the period 1963-1979.<sup>1</sup> In fulfillment of this objective, the study began with a description of the period 1963-1969, during which time funding of generic dairy promotion programs in New York State was primarily voluntary (Part II). Following this, the period 1969-1972 was documented (in Part III) as a period of transition between voluntary and mandatory assessment programs in the State. Next, the period from 1972 to the present was examined (Part IV), focusing on the funding of the New York State Dairy Promotion Order and on activities of the New York State Milk Promotion Advisory Board.

A second objective of the study was to examine the structure and programming of the numerous organizations and institutions involved in dairy promotion in New York State. To meet this objective, the study described in some detail the work of the American Dairy Association and Dairy Council of New York, Dairy Council of Metropolitan New York, Dairy, Food and Nutrition Council, Milk for Health on the Niagara Frontier, Rochester Health Foundation, the New York State Department of Agriculture and Markets (all in Part V) and Cornell University (Part VI).

The Dairy Promotion Act of 1969 and the New York Dairy Promotion Order (1972) authorize New York producers whose milk is marketed in State Order areas or in out-of-State Federal Order Markets to contribute their promotional assessments directly to recognized promotion programs in those areas.

---

<sup>1</sup>A chronology of major events in milk and dairy product promotion is provided in the section immediately preceding Part I.

Therefore, this study also examined the Federal Order promotion program, in general, and described in greater detail the promotional programs found in neighboring states (Part VII).

A third objective of the study was to examine New York State's promotional programs in a national context. Pursuant to this objective, detailed descriptions were provided of the history, structure and operations of the United Dairy Industry Association (UDIA) and its three affiliated organizations--American Dairy Association, National Dairy Council and Dairy Research, Inc. (Part VIII). At the present time, five states accommodate dairy promotion organizations which are not affiliated with UDIA--Arizona, California, Oregon, Washington and Wisconsin. Promotional programs in these states also were examined (Part IX).

Comparison of Dairy Promotion Programs  
in New York State and the Nation

This study is basically descriptive in nature. Analyses and appraisals of the various promotional programs which have been described are not intended. The information upon which this report is based was collected systematically through a series of relatively informal interviews and correspondences. The information in this study can represent to some extent a synthesis of the (possibly biased) self-perceptions of the many organizations involved.

Given the objectives of the study and the limitations of the data base, no attempt is made to develop evaluations of the programs described. However, as a means of viewing the prime subject of the study, the New York Dairy Promotion Order, within a broader context, it is possible to compare and contrast various characteristics of the Promotion Order with those of several other promotional programs, both within the State of New York and elsewhere. The characteristics which are examined are as follows: The assessment and participation rates of the selected organizations; and those organizations' expenditure patterns, focusing on advertising and sales promotion expenses, both on a gross and a per capita basis.

Since the Promotion Order's promulgation in 1972, the mandatory assessment rate on producers has been set at 5¢/cwt. Although this same rate is utilized in all but one of the federal promotion orders, it is now below the average rate of all UDIA member organizations, approximately 6.3¢/cwt.<sup>2</sup> Taking into account the 8 cent rates found in the Rochester and Niagara Frontier markets, the average assessment rate for all New York promotional programs is about 5.4¢/cwt (Table 52). The independent, non-UDIA-affiliated programs in California, Oregon, Washington and Arizona utilize percentage assessment rates, the weighted average of which is 0.98 percent of the producer pay price. On the basis of the actual wholesale price of milk in these

---

<sup>2</sup>The UDIA figure is a weighted average of all member organization assessment rates. Percentage rates have been converted into absolute cents/cwt according to the current price of milk per cwt in each market.

TABLE 52: SELECTED U.S. DAIRY PROMOTION ORGANIZATIONS -  
ASSESSMENT AND PARTICIPATION RATES, ADVERTISING AND  
SALES PROMOTION EXPENDITURES, 1979

	Assessment Rate	Partici- pation Rate	1979 <sup>a</sup> Popula- tion (x 1000)	Adv. & Prom. Expenditures		Media Adv. Expenditures	
				\$ (x 1000)	Per Capita	\$ (x 1000)	Per Capita
ADA&DCNY	5¢/cwt	84.1% <sup>b</sup>	21,296	\$ 1,900	8.9¢	\$ 1,822	8.6¢
New York State Dairy Promotion Order	5¢/cwt	100%	15,687	\$ 1,746	11.1¢	\$ 1,674	10.7¢
New York State Milk for Health on the Niagara Frontier	5.4¢/cwt <sup>b</sup>	100%	17,956	\$ 2,356	13.1¢	\$ 2,263	12.6¢
Rochester Health Foundation	8¢/cwt	100%	1,323	\$ 458	34.6%	\$ 443	33.5¢
COW Board and Arizona	0.98% <sup>b</sup>	99.7% <sup>b</sup>	27,762	\$13,971	50.3¢	\$11,872	42.8¢
ADA of Wisconsin	0.33%	25%	4,396	\$ 1,054	24.0¢	\$ 852	19.4¢
All UDIA Member Organizations	6.3¢/cwt <sup>b</sup>	82.9% <sup>b</sup>	154,699	\$14,542	9.4¢	\$12,185 <sup>c</sup>	7.9¢

<sup>a</sup>Populations are defined as follows: ADA&DCNY--total media markets; N.Y.S. Dairy Promotion Order--New York State minus Buffalo & Rochester marketing areas; Niagara Frontier--Buffalo SMSA; Rochester--Livingston, Monroe, Ontario & Wayne counties; COW Board & Arizona--the four states; ADA of Wisconsin--Wisconsin; UDIA--U.S.A. minus Hawaii, Arizona, California, Washington, Oregon, Wisconsin, Nevada and South Carolina.

<sup>b</sup>Weighted averages.

<sup>c</sup>Includes only 1978 media advertising placed by UDIA: Local Market Intensification.

SOURCES: U.S. Department of Commerce, March 1979; New York State Economic Development Board, January 1978; Personal communications with T. Fraga, E. Cornwall, R. Kozak, B. Hallberg & J. Oncken; UDIA, Annual Report 1978 & 1979 Program Plans and Budgets; Milk for Health on the Niagara Frontier, personal communication with E. Ols; Rochester Health Foundation, 1979 Proposed Budget; New York State Dairy Promotion Order, Report to NYS Dairy Farmers on Programs and Activities under the NYS Dairy Promotion Order 1978 and Anticipated Income and Expenses for FY 1979-80.

states in the year 1978, this translates into an average assessment of approximately 10.2¢/cwt, more than double the New York Dairy Promotion Order rate. On the other hand, four of the current twenty UDIA member organizations have assessment rates below that of New York (Table 45). Also, ADA of Wisconsin's 0.33 percent rate represents less than 3.4¢/cwt at 1978 prices.

While New York State promotional programs are below the national average in terms of their average assessment rate, percentage participation by producers in the New York programs (because of the Promotion Order) is 100 percent, as compared to a national UDIA average of approximately 83 percent (Table 52). Taking into account the new promotion order in New Jersey, the positive letter program in Pennsylvania<sup>3</sup> and the New York State Dairy Promotion Order, ADA&DCNY's overall participation is approximately 84 percent of the producers in the Order 2 marketing area covering portions of the three states. Participation by producers in voluntary program areas is of course much lower--about 25 percent in the case of ADA of Wisconsin.

Although there is substantial homogeneity in the expenditure patterns of UDIA member organizations, some diversity in particular program areas is apparent (Table 53). ADA&DCNY's allocation to local advertising and promotion (52 percent of total budget) is among the highest in the nation, and is significantly greater than the UDIA average of 44 percent.<sup>4</sup> Not surprisingly, organizations which are not affiliated with the national program, spend even larger shares of their budgets for local advertising and promotion. The Cow Board states plus Arizona will invest some 85 percent of their combined total budget in such efforts in 1979.<sup>5</sup>

ADA&DCNY's allocation to support of local Dairy Council programs is only slightly below the national UDIA average of 23 percent, but is significantly less than that of New England's Milk Promotion Services, Inc. (MPSI), which utilized 32 percent of total income for Dairy Council support in 1978. Furthermore, in the same year, the sixteen federal promotion orders invested about 36 percent of total expenditures for Dairy Council programs.

ADA&DCNY utilized approximately 7 percent of its funds for membership communications and industry/consumer relations in 1978, matching the average for all UDIA member organizations. In areas where voluntary funding is predominant, the investment in this phase of programming is, of course, much greater. Fully one-third of the 1979 budget of ADA of Wisconsin is slated for such public relations activities. Lastly, ADA&DCNY's 5-percent allocation for administration is somewhat less than the national UDIA average and

---

<sup>3</sup>The Pennsylvania producer participation rate is currently estimated as being 35 percent (50 percent in terms of potential dollars).

<sup>4</sup>For the range of budget allocations by federal promotion orders, see Tables 37 and 38 in Part VII of the study.

<sup>5</sup>This includes the cost of research, development and production of actual advertising and sales promotion material, expenses which are covered by "national program support" contributions in the case of UDIA member organizations.



TABLE 53: 1978 BUDGET ALLOCATIONS OF SELECTED U.S. DAIRY PROMOTION ORGANIZATIONS

	ADA&DCNY	Milk for Health on Niagara Fr. Found.	Roch. <sup>a</sup> Health Found.	MPSI	All Fed. Promotion Orders	COW Board <sup>a</sup> and Arizona	ADA <sup>a</sup> of Wisconsin	All UDIA Member Orgs.
	<u>Percentage of Total Budget</u>							
National Program Support	16%	-	12%	20%	18%	-	-	21%
Local Adv. & Sales Promotion	52%	77%	61%	39%	38%	85% <sup>b</sup>	62%	44%
Support of Local Dairy Council	22%	19%	22%	32%	36%	4% <sup>c</sup>	- <sup>d</sup>	23%
Membership Comm. and Industry/Consumer Relat.	7%	1%	2%	4%	3%	4%	33%	7%
Administration	3%	3%	3%	5%	5% <sup>e</sup>	7%	5%	5%
Total	100%	100%	100%	100%	100%	100%	100%	100%

<sup>a</sup>Proposed/estimated 1979 budget.

<sup>b</sup>Includes general research & development work, plus advertising production costs.

<sup>c</sup>Dairy Council is separately funded in California. Without California, local DC funding is 31%.

<sup>d</sup>Dairy Council is separately funded in Wisconsin.

<sup>e</sup>Includes payments to Market Administrators for audit and administrative expenses.

SOURCES: American Dairy Association & Dairy Council of New York, Inc., Annual Financial Statement, 1978; Milk for Health on the Niagara Frontier, Inc., Statement of Income and Expenses 1978; U.S. Department of Agriculture, Federal Milk Order Market Statistics, FMOS 230, 1979; California, Oregon, Washington, Arizona & Wisconsin--personal communications with Tony Fraga, Ray Kozak, Bob Hallberg, Ernest Cornwall and John Oncken, 1979; "All UDIA Member Organizations"--estimated from UDIA Annual Report 1978, UDIA Plans & Budgets, and budgets from member organizations.

is almost half of the allocation made for administrative expenses by the independent, non-UDIA organizations of the West Coast.<sup>6</sup>

It is important to note that these budget allocation statistics are, at best, approximate, since the various organizations involved do not necessarily utilize consistent budget categories. Given this qualification, it is still possible to describe the advertising and promotion expenditures of selected organizations (and geographic areas) on a per capita basis (Table 52).<sup>7</sup> As regards total advertising and promotion expenditures on a per capita basis, ADA&DCNY appears to be among the lowest in the nation at 8.9 cents, approximately  $\frac{1}{2}$  cent less than the average for all UDIA member organizations. By removing the effects of low contributions from Pennsylvania and looking only at the market for New York State produced milk, the New York Dairy Promotion Order is expending about 11.1 cents per capita on advertising and promotion in the current year (Table 52). Taking into account the more intense programming in Rochester (16.1¢ per capita) and Buffalo (34.6¢ per capita), total New York State expenditures on advertising and promotion turn out to be slightly more than 13¢ per capita. However, the COW Board states plus Arizona are continuing to invest in advertising and sales promotion at almost four times this rate--50.3¢ per capita.

Lastly, within the general category of advertising and promotion expenses, it is of interest to focus on media advertising expenditures on a per capita basis. Although ADA&DCNY's media expenditure, 8.6 cents per capita, is considerably less than that of the two State Order organizations,<sup>8</sup> there is substantial diversity among the per capita expenditures by the Syracuse organization in the seven media markets of the State. The 1979 Media Plan of ADA&DCNY calls for expenditures as low as 4 cents per capita in the Burlington/Plattsburgh area and as high as 17 cents per capita in the Utica/Rome market. Moreover, the overall average of upstate media advertising expenditures in 1979 is approximately 9 cents per capita, slightly greater than that of the New York City market (about 8 cents per capita). This is despite the fact that Cornell research has consistently indicated that the New York City

---

<sup>6</sup>In the 1978-79 fiscal year, approximately 3 percent of the New York Dairy Promotion Order's total budget was expended for administration by the New York State Department of Agriculture and Markets (see Table 14 in Part IV). Of the funds turned over to ADA&DCNY, another 3 percent were utilized for administrative purposes. Thus, total administration costs of the Promotion Order are currently about 6 percent annually.

<sup>7</sup>Another caveat needs to be cited in regard to calculations of per capita expenditures, namely the choice of a population base. For purposes of consistency, the respective population of the basic geographic areas covered by each organization were utilized. An exception to this is the case of ADA&DCNY, in which the total media market population, as defined by that organization, was used. For the specific population base selected for each promotion organization, see the footnotes to Table 52.

<sup>8</sup>Milk for Health on the Niagara Frontier, Inc., 33.5¢ per capita; Rochester Health Foundation, Inc., 15.4¢ per capita.

market is significantly more sales responsive to fluid milk advertising than are the major upstate markets.<sup>9</sup>

Taken as a whole, ADA&DCNY's media expenditure of 8.6 cents per capita is somewhat higher than the UDIA member organization average, 7.9 cents per capita (Table 52). Media advertising funded by the New York Dairy Promotion Order is at an even higher level of 10.7 cents per capita. But this is still only one-fourth of the per capita media expenditures of California, Oregon, Washington and Arizona, which in 1979 will reach approximately 42.8 cents per resident.

Current Issues Facing the New York State  
Dairy Promotion Order

Three issues are currently of major concern to those involved in dairy promotion efforts in New York State:

- (1) Does increased federal interest and involvement in nutrition education in public schools indicate a less influential role for Dairy Council programs in the future?
- (2) With per capita consumption of fluid milk continuing to decline in New York State while per capita consumption of particular manufactured products is increasing rather rapidly, should advertising and promotion dollars continue to be concentrated almost exclusively on fluid milk programs?
- (3) Is the five cent per hundredweight assessment in New York State sufficient for an adequate dairy promotion program?

While it is not within the scope of this study to provide definitive answers to these questions, it is hoped that this report may provide a broader and more reasonable context in which appropriate decisions may be made.

Federal Government Nutrition Education Programs:  
Competition or Complementarity for Dairy Council?

Although a number of State government agencies have long been involved in nutrition education in New York,<sup>10</sup> it was not until two years ago that the federal government became seriously involved in this area. Effective

---

<sup>9</sup>Additionally, econometric research at Cornell in 1978 indicated that an optimal spatial allocation of media advertising funds would call for 96 percent of the ADA&DCNY media budget being utilized in the New York City market (see Part VI). However, the 1979 media plan of that organization allocates only 80 percent of media funds to that market (see Table 19 in Part V).

<sup>10</sup>Examples: State Department of Education (Division of Health and Drug Education, Bureau of Home Economics and Science Division), State Office of the Aging, and Cooperative Extension.

October 1, 1977, a Nutrition Education and Training program was established through amendments to the National School Lunch Act and the Child Nutrition Act of 1966 (PL 95-166, Title 17). The new law authorizes the Secretary of Agriculture to establish a nutrition education program through a system of grants to state educational agencies. Funding is on an entitlement basis of 50 cents per enrolled student during the fiscal years of 1978 and 1979. This could mean a total of \$28 million per year, more than twice the amount spent in 1978 by National Dairy Council plus all its affiliated units (\$12 million).

An "Assembly Task Force on Food, Farm and Nutrition Policy" held hearings in February of 1978 to determine how best to utilize New York State's share of the nutrition education funds. Dr. Gloria Kinney, Director of the Division of Nutrition Education of National Dairy Council, testified at the hearings and stated that "Dairy Council can provide assistance and/or support to governmental agencies charged with the responsibility of implementing PL 95-166" (Kinney 1978). Other Dairy Council officials took a somewhat stronger position, asserting that the Food Your Choice curriculum should form the basis of any expanded program of nutrition education. Not surprisingly, those charged with executing the program in New York State (State Education and Health Departments and Cooperative Extension) have not adopted a policy of simply funding Dairy Council programming. The problem with such an approach, of course, is that Dairy Council is an industry-sponsored organization and as such is at least liable to accusations of bias.

Does this increased nutrition education activity mean a decreased role for National Dairy Council programs in schools? One Dairy Council professional in New York State pointed out that the immediate future "is now unknown because of the federal government's new involvement. We're going to have to share the market." An executive of National Dairy Council took a more positive approach: "Nutrition education will become more competitive and that's a good thing."<sup>11</sup>

Although the future role of Dairy Council in this new educational environment remains unclear, Dairy Council units in New York State and elsewhere are now working together with PL 95-166 personnel in the planning and implementation of expanded nutrition education programs.

Should the New York Dairy Promotion Order  
Place Greater Emphasis on Manufactured  
Dairy Product Advertising and Promotion?

During the period 1960-1978, while per capita consumption of fluid milk in the United States declined by 26 percent, per capita cheese consumption increased by more than 100 percent (Table 1). Because of the two-tiered system of pricing milk, this decline in per capita consumption of fluid milk products has been of particular concern to New York State dairy farmers.

---

<sup>11</sup>The assumption here is that the federal government's increased interest and activity will have the effect of enlarging the total market for nutrition education, both within the public school system and without.

Although the Dairy Promotion Act of 1969 (Article 21-A) and the New York Dairy Promotion Order (I NYCRR Part 40) explicitly provide for milk and dairy product promotion, virtually all Promotion Order advertising funds were utilized for fluid milk promotion until 1976. Since that time, approximately 10 percent of annual advertising expenditures of ADA&DCNY have been for manufactured products. The question continually facing the New York State Milk Promotion Advisory Board and ADA&DCNY is whether this heavy emphasis on fluid milk should be continued?

Four main arguments have been put forward against increasing the Promotion Order's allotment of funds to manufactured products. First, there is the feeling that the State's producers have approved of the Order through referenda under the assumption that it is a fluid milk promotion program. Second, the blend price received by producers increases as the utilization rate of fluid milk in the entire pool increases.<sup>12</sup> Third, most dairy producers seem to feel that processors and distributors of manufactured products should (and in the case of major national brands, do) carry on such advertising programs for their products. Fourth, it has been said that there is no reason to utilize limited advertising funds to promote those products which are already selling well, such as cheese and yogurt.

On the other side of the issue, there are three major arguments in favor of increasing manufactured product advertising under the Promotion Order. First, there is the fact that the enabling legislation and the Order itself both provide for milk and manufactured product promotion. Second, it has been pointed out that the blend price received by producers is positively affected by increased demand for manufactured products, since the New York pricing formula is based upon the Minnesota-Wisconsin manufactured product price series. Third, many professionals in advertising and promotion maintain that it is wisest to place greatest advertising effort behind products which are already selling well in the first place.

The debate has yet to be resolved, and clearly points to the need for further research to examine questions such as the relative sales responsiveness of fluid milk and manufactured dairy products to increased advertising and promotion.

#### Should the New York Dairy Promotion Order's Five-Cent Assessment Rate Be Changed?

Between 1972 and 1978, the annual inflation rate in the United States averaged almost 8 percent. In terms of 1972 dollars, the Dairy Promotion Order's five-cent assessment rate, established in 1972, was worth only 3.2 cents by 1978.<sup>13</sup> In the 1972-73 fiscal year, the Dairy Promotion Order invested approximately \$1.44 million in advertising and sales promotion

---

<sup>12</sup>In fact, calculations of returns to producers from media advertising have been based upon the assumption that advertising results in an increased fluid milk utilization rate and thus a greater return to dairy farmers. See Part VI of the study.

<sup>13</sup>The assessment rate was deflated by use of the Consumer Price Index.

(Table 11). This had been increased to some \$2.19 million for the 1977-78 fiscal year. However, inflation had taken its toll, and in terms of real dollars, the 1977-78 expenditure was actually less than that of 1972-73. In other words, the original funding base of the promotion order has been seriously eroded over the past seven years.<sup>14</sup>

Two possible solutions present themselves. One is to increase the absolute amount of the mandatory assessment rate, to six cents or eight cents per hundredweight, for example. The other possible route is to change the current absolute rate to a percentage rate, which would thereby tend to keep promotional funding up with inflation.<sup>15</sup> As indicated earlier, the Promotion Order's assessment rate is below the national average of all UDIA member organizations (6.3¢/cwt) and less than half of the effective rate in the COW Board states. Seven UDIA member organizations now utilize percentage assessment rates, although only two of these are as high as one percent.<sup>16</sup>

The Dairy Promotion Act of 1969 provides for mandatory assessment rates up to and including two percent of the gross value of producers' milk.<sup>17</sup> Thus, to change the current five-cent assessment rate, either to a higher absolute level or to a percentage formula, it would simply be necessary to amend the Promotion Order. This can only be done through the hearing and referendum process. Thus, the final decision will appropriately be made by the dairy farmers of New York State.

#### Concluding Comments

Generic milk and dairy product promotion efforts have expanded rapidly in the period since 1963. Dairy promotion and related nutrition education programs have evolved into a multi-million dollar industry in the United States. In 1979, more than \$60 million is being invested in such programs nation-wide, with some \$5 million being spent in New York State alone.

During the past decade, research has yielded evidence that at least the media advertising portions of dairy promotion expenditures yield positive returns to producers in certain markets. Further research is needed to

---

<sup>14</sup>Furthermore, econometric research conducted at Cornell University has indicated that the optimal level of media advertising expenditures in the New York City market (in terms of maximizing returns to producers) would be approximately twice the actual 1976 level. See Part VI of this study.

<sup>15</sup>During the period 1967-1978, as the Consumer Price Index increased by approximately 95 percent, the wholesale price of milk in New York State increased by more than 103 percent.

<sup>16</sup>Goddess-of-the-Rockies Milk, Inc. (Colorado-Wyoming) and Idaho Dairy Products Commission.

<sup>17</sup>Article 21-A, Section 258-t (d) (1).

ascertain the benefit/cost ratios of the other components of dairy promotion and education programs.

Inflationary trends in the nation's economy during the past ten years have diminished the value of each dollar spent in promotional and educational efforts. The aggregate funding of such efforts will have to be significantly increased if programs are to be maintained at current levels. Since promotional funds are limited, it is important that those funds be carefully allocated across program and geographic areas in accordance with the findings of objective appraisals and unbiased research.





APPENDICES



## APPENDIX 1

### THE SEVERAL COMPONENT FORMS OF PROMOTION

Promotion is defined as including such activities as advertising, merchandising, public relations, trade relations, consumer education and publicity. All can be useful in shifting the demand for products.

Advertising is defined as any paid form of nonpersonal presentation in promotion of ideas, goods or services by an identified sponsor. It is also defined as communication which is paid for in media which may be directed to specific audiences or the general population.

Merchandising includes a wide group of items. These include pricing techniques, packaging, display space and location, point of purchase materials, variations in marketing services, premiums, couponing, and, in general those things which have to do with affecting the product, service, location, and pricing with respect to influencing the buyer.

Trade relations include those things which an organization does with other organizations to obtain, among other things, certain promotional results. It may include such things as keeping salesmen and dealers enthusiastic about selling a product or service. It may be directed at any segment of the trade. To achieve certain promotional goals and objectives it may be important to have many organizations in an industry working together.

Public relations include some activities which are done to enhance the image of a firm, organization, or industry. With favorable attitudes people are more likely to buy the product associated with the organization or industry than otherwise. Also, efforts to work together with others in the industry are improved.

Publicity includes preparing and disseminating news items about a product or service. This type of promotion depends on the voluntary acceptance and use of the publicity releases by major forms of media. Some have described it as free advertising.

Consumer education may involve cooperating with employing or influencing professionals who play a role as educators in disseminating certain types of information. Influencing the influentials could be a singular promotional means.

SOURCE: Quackenbush, G. G. "Responsiveness of Dairy Product Sales to Promotional Effort." A paper presented at joint meeting of American Farm Economic Association and American Marketing Association, December 29, 1962.

APPENDIX 2

SAMPLE POSITIVE LETTER

(YOUR LETTERHEAD)

March, 1971

Dear Producer:

Through the use of the positive letter in 1971, your investment will make it possible to REACH:

4,500,000 school children in Order #2 through Dairy Council's Nutrition-Education Programs.

2,350 supermarket managers through ADA's Dairy Department Management Training Program.

117,000 doctors, dentists and nurses through Dairy Council.

32,000,000 consumers through 4 One hour-long TV specials.

96% of all households in New York City with hard-hitting TV commercials during ADA's major promotional periods.

AND, in addition you'll be investing in Nutrition, Market, and Product research; Dairy Food publicity; In-store Point of Sale programs, and extensive Public Relations programs; all designed to help maintain the sale of---MILK.

This positive letter therefore, is to advise you we will deduct 3¢ per cwt. on all milk received from you on or after April, 1971 through March 31, 1972 for payment to American Dairy Association and Dairy Council of New York on a monthly basis, in support of the fluid milk selling programs in the Federal Order #2 area. If you do not want the deduction made, it is necessary for you to notify us in writing, stating your name, address and patron number.

If you would like further information regarding these promotional and educational activities, write to American Dairy Association and Dairy Council of New York, 472 S. Salina Street, Syracuse, N.Y. 13202.

(Your Signature)

## APPENDIX 3

### NEW YORK DAIRY PROMOTION ORDER I NYCRR Part 40

#### DEFINITIONS

40.1 Act means Chapter 1008 of the Laws of the State of New York for 1969, as amended, also known as the Dairy Promotion Act, Article 21-A of the Agriculture and Markets Law.

40.2 Commissioner means the Commissioner of Agriculture and Markets of the State of New York.

40.3 Division means the Division of Dairy Industry Services of the Department of Agriculture and Markets of the State of New York.

40.4 Dairy Products means milk and products derived therefrom and products of which milk or a portion thereof is a significant part.

40.5 Person means any individual, partnership, corporation, cooperative association, unincorporated cooperative association or other business unit.

40.6 Producer means any person in the State of New York who is engaged in the production of milk in a quantity which exceeds family and on-farm use or who causes milk to be produced for any market in this or any other state.

40.7 Dairy Promotion Order means the provisions of this Part issued by the Commissioner pursuant to the Act.

40.8 Advisory Board means those producers who are appointed by the Commissioner pursuant to Section 40.15 to advise and assist him in administering this Dairy Promotion Order.

40.9 Milk Dealer means any person who purchases or handles or receives or sells milk.

40.10 Cooperative means an association or federation or cooperative of milk producers organized under the laws of New York State, or any other State, having agreements with their producer members to market, bargain for or sell the milk of such producers, and is actually performing one or more of these services in the marketing of milk produced by their members, through the cooperative or through a federation of milk cooperatives in which the cooperative has membership.

#### AREA AND PERSONS AFFECTED

40.11 Area. The area to which this Dairy Promotion Order shall apply is the State of New York.

40.12. Persons. Persons subject to or affected by this Dairy Promotion Order shall be:

(a) All producers as herein defined; and (b) All milk dealers as herein defined who receive milk from producers.

#### ADVISORY BOARD

40.13 Advisory Board. An Advisory Board consisting of ten (10) members shall be appointed by the Commissioner to advise and assist in the administration of this Dairy Promotion Order. Each member of the Advisory Board shall be an individual producer, including any individual who is active in a partnership, corporation, association or other business unit which is a producer as defined herein.

40.14 Nominations. The Commissioner shall accept nominations of individual producers for the Advisory Board which have been submitted in accordance with the following procedure:

(a) The Commissioner shall notify in writing each farm organization whose membership is known to include producers as defined herein and shall provide such other reasonable notification as he deems appropriate with respect to the date or dates on which he will accept nominations for the Advisory Board and the final date for submitting any such nomination. The notification by the Commissioner shall include a statement setting forth the procedure for submitting a nomination.

(b) Any individual producer marketing milk in the State of New York may submit to the Commissioner in writing within the time limitation fixed by him one or more nominations of individual producers for membership on the Advisory Board.

(c) Any organization listed in Section 40.15 (or any successor thereto) may submit to the Commissioner a resolution of its board of directors or other governing body endorsing the nomination of not less than two of its members received pursuant to subdivision (b) of this section and thereby designate to the Commissioner any such producer thus endorsed as a recommended representative of its organization on the Advisory Board.

40.15 Appointments. The Commissioner shall appoint the members of the Advisory Board and determine their acceptance in accordance with the following procedure:

(a) For each of the organizations or joint organizations listed in this subdivision (or any successor thereto), one of the nominees endorsed by such organization or joint organization pursuant to Section 40.14 (c) shall be appointed to the Advisory Board. In the event less than two nominees are endorsed by an organization, the Commissioner at his discretion shall appoint to the Advisory Board an individual producer who has been nominated pursuant to Section 40.14 (b) with or without endorsement by such organization.

- (1) Dairylea Cooperative, Inc.
- (2) Eastern Milk Producers Cooperative Association, Inc.
- (3) Northeast Dairy Cooperative Federation, Inc.
- (4) Allied Federated Cooperatives, Inc.

- (5) Niagara Frontier Cooperative Milk Producers Bargaining Agency, Inc.
- (6) Rochester Cooperative Milk Producers Bargaining Agency, Inc.
- (7) New York Farm Bureau, Inc.
- (8) New York State Grange, Inc.
- (9) Yankee Milk, Inc.

(b) One other individual producer shall be appointed to the Advisory Board from among nominations which have been submitted in accordance with Section 40.14 (b). In the event the Commissioner does not receive a nomination other than those endorsed by organizations pursuant to Section 40.14 (c), he shall appoint from among such nominees at his discretion an individual producer who has not otherwise been appointed to the Advisory Board pursuant to subdivision (a) of this section.

(c) Each individual producer appointed as a member of the Advisory Board shall file a written acceptance with the Commissioner within fifteen days after being notified of his appointment by the Commissioner.

(d) After the members of the Advisory Board have been appointed and each member has indicated his acceptance, the Commissioner shall make known to the producers generally the names of the members of the Advisory Board.

40.16 Term of Office. The term of office for each member of the Advisory Board shall be three (3) years and successor members shall be appointed by the Commissioner in accordance with the provisions of Sections 40.14 and 40.15 to coincide with the 3-year term.

40.17 Disqualification. A member of the Advisory Board shall be disqualified for any of the following reasons:

(a) He ceases to be a producer as defined herein; and

(b) By executive disqualification by the Commissioner on recommendation of a majority vote of the Advisory Board when the member's conduct is deemed prejudicial to the public interest and the Dairy Promotion Order: Provided, That a disqualified member shall have the right to appeal and to have a hearing before the full Advisory Board and the Commissioner by filing a written request with the Commissioner of his intent to appeal within ten (10) days after receiving notice of disqualification.

40.18 Vacancies. In the event of a vacancy on the Advisory Board created by an appointee's failure to qualify for or accept membership, or which is caused by the death, resignation or disqualification of a member, the Commissioner shall appoint an individual producer to serve for the duration of the unexpired term. In making such appointment, the Commissioner shall maintain representation on the Advisory Board in accordance with that prescribed in Section 40.15.

40.19 Duties and Responsibilities of the Advisory Board. It shall be the duty and responsibility of the Advisory Board to advise and assist the Commissioner in all matters pertaining to the administration of this Dairy Promotion Order, subject only to such limitation as may be prescribed in Section 258-t of the Agriculture and Markets Law.

The Advisory Board shall:

- (a) Recommend to the Commissioner administrative rules and regulations relating to the Dairy Promotion Order;
- (b) Recommend to the Commissioner such amendments to the Dairy Promotion Order as seen advisable;
- (c) Prepare and submit to the Commissioner at least 30 days in advance of each fiscal year an estimated budget required for the proper operation of the Dairy Promotion Order during each year;
- (d) Recommend to the Commissioner methods of assessing producers and methods of collecting the necessary funds;
- (e) Assist the Commissioner in the collection and assembly of information and data necessary for the proper administration of the Dairy Promotion order; and
- (f) Perform such other duties in connection with the Dairy Promotion Order as the Commissioner shall designate.

40.20 Quorum and Vote Majority. A simple majority of the Advisory Board members shall be necessary to constitute a quorum. A simple voting majority present shall be required to pass any motion or approve any Advisory Board action. At assembled meetings all votes shall be cast in person.

40.21 Compensation and Expenses. The members of the Advisory Board shall not receive salaries, but each member shall be reimbursed for his actual and reasonable expenses while attending a meeting or committee meeting of the Advisory Board or in performing a duty necessary to the functions and activities of the Advisory Board as determined by the Commissioner. The monies required for payment to members of the Advisory Board as authorized pursuant to this section shall be paid by the Commissioner, as trustee, from the funds obtained through assessments against producers pursuant to the terms of this Dairy Promotion Order.

#### BUDGET AND ASSESSMENTS

40.22 Preparation of Budget. Not later than 120 days after approval of this Dairy Promotion Order by referendum vote as required, and at least 15 days in advance of each fiscal year, the Commissioner shall announce a budget necessary for its administration and enforcement and for carrying on duly authorized programs and activities including advertising, promotion, education and publicity, marketing and product research, and informational services for encouraging the consumption of dairy products and protecting the health and welfare of consumers, as provided by the Act. The total amount of budgeted administrative costs shall not exceed five percent of the total budget.

40.23 Assessment. The Commissioner shall announce a rate of assessment for each fiscal year to provide adequate funds to defray expenditures in the budget, and there shall be credited against any such assessment the amount per hundredweight otherwise paid by any producer subject to this Dairy



Promotion Order, by voluntary contribution or otherwise, pursuant to the Niagara Frontier and Rochester Milk Marketing Orders and any other State or Federal milk marketing order for any similar research, promotion or advertising program. The rate of assessment shall be not more than five cents per hundredweight of milk delivered by producers to milk dealers for sale (including the milk of a milk dealer's own production handled for sale): Provided, that such rate shall not be in excess of the maximum prescribed in the Act.

40.24 Collection of Assessment. The rate of assessment fixed by the Commissioner pursuant to Section 40.23 upon milk delivered by producers shall be collected as follows:

(a) Each milk dealer shall deduct from the price otherwise to be paid to producers or collecting cooperatives (other than producers who are credited with the full assessment pursuant to Section 40.23) the rate of assessment announced by the Commissioner for the fiscal year on all milk received from producers.

(b) Each milk dealer shall on or before the 25th day of the month pay to the Commissioner as trustee, the amount deducted from producers or collecting cooperatives pursuant to subdivision (a) of this section on milk received during the preceding month. Each milk dealer with respect to his own production shall also pay to the Commissioner as trustee, on or before the 25th day of the month for milk handled for sale during the preceding month, an amount computed at the rate of assessment announced by the Commissioner.

(c) The amounts paid to the Commissioner as trustee pursuant to subdivision (b) of this section shall be deposited with a bank or other depository in the State designated by him and the state comptroller and subject to withdrawal or disbursement by the Commissioner in accordance with the Act and the terms and provisions of this Dairy Promotion Order. Such fund shall be known as the Dairy Promotion Fund.

40.25 Prior Assessments. Any assessments paid to the Commissioner by cooperative associations prior to the effective date of this Dairy Promotion Order to defray the expense of promulgating, administering and enforcing the order until such time as the assessment as provided pursuant to Section 40.23 is adequate for that purpose shall be reimbursed to such cooperative associations from the funds received and deposited by the Commissioner in the Dairy Promotion Fund pursuant to Section 40.24.

#### REPORTS AND RECORDS OF MILK DEALERS

40.26 Monthly Report to the Division. Not later than the 28th day of each month, except as the Commissioner may otherwise provide, each milk dealer, including a milk dealer handling only milk of his own production, shall file with the Division at Albany, on forms provided for that purpose, an accurate report covering the preceding month, for each plant or other facility operated by him, showing the quantities of milk received from producers and the monies deducted from the prices otherwise paid producers or collecting cooperatives as assessments required under this Dairy Promotion Order. Such reports shall

be sworn to by the milk dealer or by a responsible officer or employee authorized to act in his behalf.

40.27 Records to be Maintained. Each milk dealer shall maintain accurate records, books of accounts and other data readily available at his or its office or other principal places of business which shall verify the quantity of milk received from producers. Such records shall establish for each plant or other receiving point each month:

- (a) The full name and post office address of each producer from whom the milk dealer has received milk;
- (b) The quantity of milk received from each such producer each day; and
- (c) Such other records as the Commissioner deems necessary for the administration of this Dairy Promotion Order.

40.28 Accurate Record of Quantities. When the quantity of milk delivered to a milk dealer by or for the account of a producer is determined by weighing, or otherwise, an accurate record of each such determination showing the quantity of milk received for the account of each such producer shall be made at once. Each such original record containing information with respect to the quantity of milk received for the account of one or more producers, whether the records be for one day or for more than one day, shall be dated and signed by the person making the determination, and shall be preserved by the milk dealer purchasing or receiving such milk regardless of the fact that such milk dealer may copy such records for the purpose of making a more permanent record for the milk dealer's own use.

40.29 Availability of Records and Facilities. Each milk dealer shall make available at his office at all reasonable hours to any employee designated by the Commissioner all books, papers, records or documents relating to the purchase of milk from producers.

40.30 Retention of Records. All records required pursuant to this Dairy Promotion Order to be made available to the Commissioner shall be retained by the milk dealer for a period of 3 years to begin at the end of the month to which such records pertain. If, within the 3-year period the Commissioner notifies the milk dealer in writing that further retention of such records is necessary, the milk dealer shall retain the specified records until further written notification is received from the Commissioner.

#### PROMOTION PROGRAMS AND DISBURSEMENT OF FUNDS

40.31 Advertising, Promotion, Education and Publicity of Dairy Products. The Commissioner, with the advice and assistance of the Advisory Board, is hereby authorized to contract with any person or persons to carry on or cause to be carried on such advertising, promotion, education and publicity programs as he may believe will create new markets for the milk of producers as defined herein or maintain present markets therefor. For such purposes he may expend such monies or any part thereof as may be available pursuant to this Dairy Promotion Order. No advertising, promotion or publicity programs shall be

conducted pursuant to this Dairy Promotion Order which make reference to any particular brand or trade name.

40.32 Marketing and Product Research. The Commissioner, with the advice and assistance of the Advisory Board, is hereby authorized to contract with any person or persons to carry on or cause to be carried on milk marketing and/or dairy product research and to expend such monies as may be available pursuant to this Dairy Promotion Order for such purpose.

40.33 Information Services. The Commissioner, with the advice and assistance of the Advisory Board, is hereby authorized to contract with any person or persons to provide for informational services designed to keep producers and others informed on milk marketing and dairy product research, promotion, advertising, education and publicity programs and any other dairy industry information deemed important, and to expend such monies as may be available and required pursuant to this Dairy Promotion Order to obtain and disseminate such information.

40.34 Disbursement of Funds. The monies deposited in the Dairy Promotion Fund shall be disbursed by the Commissioner with the advice and assistance of the Advisory Board for the necessary expenses incurred with respect to this Dairy Promotion Order. All such disbursements shall be made in the manner prescribed by the Act and the provisions of this Dairy Promotion Order and shall be in accordance with any rules and regulations promulgated by the Commissioner to effectuate the provisions and intent thereof. The expenses incurred with respect to this Dairy Promotion Order shall be audited by the state comptroller at least annually and a copy of the audit report shall be made available to any producer for inspection.

40.35 Report of the Commissioner. The Commissioner, with the advice and assistance of the Advisory Board, shall prepare and publish a report each year for the benefit of producers which shall contain information on the promotion programs carried on during the preceding year, the expenditure of funds for each such program and such other information with respect to this Dairy Promotion Order as may be of benefit to producers.

#### MISCELLANEOUS AND GENERAL PROVISIONS

40.36 Effective Date. The provisions of this Dairy Promotion Order or any amendments thereto shall become effective at such time as the Commissioner may declare and shall continue in force until suspended or terminated by him in accordance with the Act.

40.37 Amendment, Suspension or Termination. The Commissioner may amend, suspend or terminate any or all provisions of this Dairy Promotion Order in accordance with the provisions of the Act and any rules and regulations promulgated by him to effectuate the provisions and intent thereof.

40.38 Continuing Power and Duty. If, upon amendment suspension or termination of any or all provisions of this Dairy Promotion Order, there are any obligations arising hereunder the final accrual or ascertainment of which requires further acts by any milk dealer, or by the Commissioner, or by any

other person, the power and duty to perform such further acts shall continue notwithstanding such amendment, suspension or termination.

40.39 Continuing Obligation of Milk Dealers. Unless otherwise provided by the Commissioner in any notice of amendment, suspension or termination of any or all of the provisions hereof, such amendment, termination or suspension shall not:

(a) affect, waive or terminate any right, duty, obligation or liability which shall have arisen or may thereafter arise in connection with any provision of this Dairy Promotion order;

(b) release or waive any violation of this Dairy Promotion Order occurring prior to the effective date of such amendment, termination or suspension; or

(c) affect or impair any right or remedies of the Commissioner or of any other person with respect to any such violations.

40.40 Liquidation. Upon the termination of this Dairy Promotion Order, the Commissioner shall dispose of all funds received hereunder in an equitable manner, together with claims to any such funds which are unpaid and owing at the time of termination and which are in accordance with the intent of the Act and the provisions of this Dairy Promotion Order.

APPENDIX 4

MEMBERS OF THE FIRST ADVISORY BOARD AND THEIR REPRESENTATION

Robert Everingham, Chairman  
Lafayette, New York  
New York Farm Bureau

Albert Ortel, Vice Chairman  
Collins, New York  
New York State Grange

Harold Talbot  
West Winfield, New York  
Dairylea Cooperative

Harry Lusk  
Pittsford, New York  
Rochester Cooperative Milk Producers Bargaining Agency

Edward Hanehan  
Stillwater, New York  
Yankee Milk

Merton Evans  
Canton, New York  
Allied Federated Cooperatives

Wesley Phillips  
Collins Center, New York  
Niagara Frontier Cooperative Milk Producers Bargaining Agency

Robert Wilson  
Franklinville, New York  
Eastern Milk Producers Cooperative Association

Edward McNamara  
Canajoharie, New York  
Northeast Dairy Cooperative Federation

William Underwood  
Tully, New York  
Member at large

APPENDIX 5

MEMBERS OF THE SECOND ADVISORY BOARD AND THEIR REPRESENTATION

William T. Underwood, Chairman  
Tully, New York  
Member at Large

William G. Zuber, Vice Chairman  
Churchville, New York  
New York Farm Bureau

Harry D. Lusk  
Pittsford, New York  
Rochester Cooperative Milk Producers Bargaining Agency

Edward H. Hanehan  
Stillwater, New York  
Yankee Milk

Merton P. Evans  
Canton, New York  
Allied Federated Cooperatives

Wesley Phillips  
Collins Center, New York  
Niagara Frontier Cooperative Milk Producers Bargaining Agency

Robert Wilson  
Franklinville, New York  
Eastern Milk Producers Cooperative Association

Edward A. McNamara  
Canajoharie, New York  
Northeast Dairy Cooperative Federation

Keith Handy  
Fort Plain, New York  
New York State Grange

Harold Talbot  
West Winfield, New York  
Dairylea Cooperative

Eugene Vandebord<sup>1</sup>  
Delancey, New York  
Dairylea Cooperative

Beriah Willson<sup>2</sup>  
Vernon Center, New York  
Dairylea Cooperative

---

<sup>1</sup> Replaced Harold Talbot as Dairylea representative in 1976.

<sup>2</sup> Replaced Eugene Vandebord as Dairylea representative in 1977.

APPENDIX 6

MEMBERS OF THE THIRD ADVISORY BOARD AND THEIR REPRESENTATION

William T. Underwood, Chairman  
Tully, New York  
Member at Large

William G. Zuber, Vice Chairman  
Churchville, New York  
New York Farm Bureau

Thomas L. Snyder  
Churchville, New York  
Rochester Cooperative Milk Producers Bargaining Agency

Edward H. Hanehan  
Stillwater, New York  
Yankee Milk

Merton P. Evans  
Canton, New York  
Allied Federated Cooperatives

James Schotz  
Wilson, New York  
Niagara Frontier Cooperative Milk Producers Bargaining Agency

David Clements  
Frankfort, New York  
Eastern Milk Producers Cooperative Association

Edward A. McNamara  
Canajoharie, New York  
Northeast Dairy Cooperative Federation

Keith Handy  
Fort Plain, New York  
New York State Grange

Beriah Willson  
Vernon Center, New York  
Dairylea Cooperative

APPENDIX 7

AMERICAN DAIRY ASSOCIATION AND DAIRY COUNCIL OF NEW YORK, INC.

OFFICERS AND PROFESSIONAL STAFF

Office: 472 South Salina Street  
Syracuse, New York 13202  
315-472-9143

Officers:

President	Ronald Harris
Vice President	Allen Ostrander
Secretary	Eugene Brace
Treasurer	Reed Burman

Professional Staff:

Syracuse Office

General Manager	Robert S. Turner
Communications Director	James Arnold
Dairy Princess Coordinator & Food Publicist	Donna Yousey
Public Relations Assistant	Christine Hubbard

Field Staff

Consumer/Industry Relations Representatives	Frank Gamsby Hammondsport, NY
	Paul Nichols Unadilla, NY
Field Representatives	Preston Goslee Cortland, NY
	Charles Kier Monroeton, PA



APPENDIX 8

DAIRY COUNCIL OF METROPOLITAN NEW YORK, INC.

OFFICERS AND PROFESSIONAL STAFF

Office: 60 East 42nd Street  
New York, New York 10017  
212-682-7961

Officers:

President	Paris Ives
Vice-President	Ralph Bratt
Secretary	Leon Musser
Treasurer	Robert Pardoe

Professional Staff:

Executive Director/Nutritionist	M. Guiney
Ass't. Director/Dir. of Nutrition Communications	A. Harris
Program Director/Nutritionist	C. Schaffer
Nutritionist - New York City	M. Anderson
Nutritionist - New York City	S. Marhefka Gruner
Nutritionist - Nassau/Suffolk	S. D'Angelo
Nutrition Educator - Suffolk (P/T)	C. Ullo
Nutrition Educator - Westchester	M. Dubas

APPENDIX 9

DAIRY FOOD AND NUTRITION COUNCIL, INC.

OFFICES AND COUNTIES COVERED

Administrative and Area Office

Dairy, Food and Nutrition Council, Inc. - Northern New Jersey

172 Halsted Street	Bergen	Ocean
East Orange, New Jersey 07018	Essex	Passaic
(201) 678-4838	Hudson	Somerset
	Hunterdon	Sussex
	Middlesex	Union
	Monmouth	Warren
	Morris	

Area Offices

Dairy, Food and Nutrition Council, Inc. - Southern Tier

834 Front Street	Allegany	Ontario
Binghamton, New York 13805	Broome	Otsego
(607) 724-7598	Cattaraugus	Schuyler
	Chautauqua	Steuben
	Chemung	Tioga
	Chenango	Tompkins
	Delaware	Wyoming
	Genesee	Yates
	Livingston	

Dairy, Food and Nutrition Council, Inc. - Northeastern New York

Commerce Building	Albany	Montgomery
678 Troy-Schenectady Road	Clinton	Rensselaer
Latham, New York 12110	Columbia	Saratoga
(518) 785-5441	Essex	Schenectady
	Franklin	Schoharie
	Fulton	Warren
	Greene	Washington

Dairy, Food and Nutrition Council, Inc. - Mid-Hudson Area

Executive Professional Building	Dutchess	Rockland
201 South Avenue	Orange	Sullivan
Poughkeepsie, New York 12601	Putnam	Ulster
(914) 452-5630		

Dairy, Food and Nutrition Council, Inc. - Central New York

840 James Street	Cayuga	Oneida
Syracuse, New York 13203	Cortland	Onondaga
(315) 475-2721	Hamilton	Oswego
	Herkimer	Seneca
	Jefferson	St. Lawrence
	Lewis	Wayne
	Madison	

APPENDIX 10

DAIRY, FOOD AND NUTRITION COUNCIL, INC.

OFFICERS AND PROFESSIONAL STAFF

Officers:

President	Raymond Johnson
Vice-President	Robert Conrad
Second Vice-President	Raymond Edmister
Secretary	Michael Triolo
Treasurer	Edwin Fitchett

Professional Staff:

Executive Director	Lorraine Schafer	East Orange
Coordinator, Elementary School Programs	Linda Rhodes	East Orange
Coordinator, Planning and Evaluation/Nutrition Consult.	Claire Stone	East Orange
Communications Consultant/ Program Coordinator	Margaret Pettingell	East Orange
Nutrition Consultant	Renee Levine	Cherry Hill
Nutrition Education Consultant	Patricia Betts	Binghamton
Nutrition Education Consultant	Jill Sarkodie-Mensah	Syracuse
Nutrition Consultant	Donna Handzel	Syracuse
Program Coordinator	Grace Hilt	Latham
Nutrition Consultant	Kathleen Wixted	Latham
Nutrition Education Consultant	Susan Peverly	Poughkeepsie

APPENDIX 11

MILK FOR HEALTH ON THE NIAGARA FRONTIER, INC.

OFFICERS AND PROFESSIONAL STAFF

Office: Room 828  
43 Court Street  
Buffalo, New York 14202  
716-852-3859

Officers:

President	James Schotz
Vice-President	Henry Kolver
Treasurer	Arthur Bennett
Secretary	Robert Bathrick

Professional Staff:

Executive Secretary	Elaine Ols
---------------------	------------

APPENDIX 12

PROVISIONS OF THE NIAGARA FRONTIER MARKETING ORDER CONCERNING PROMOTION

21.68 Payments to cooperative associations for service rendered in milk publicity, advertising, promotion, and merchandising.

- (a) Any cooperative association of producers may apply to the commissioner for reimbursement of sums expended for the conduct of a campaign to increase the consumption of milk and dairy products.
- (b) Such cooperative association shall make claim for reimbursement of sums expended in such a campaign, on forms provided by the commissioner and shall have readily available for examination by the commissioner all records pertaining to such expenditures.
- (c) Except as provided in section 21.69, and subject to the provisions of subdivisions (d) and (e) of this section, the commissioner shall pay to cooperative associations from the equalization fund, the cost of milk publicity, advertising, promotion and merchandising claimed by each such cooperative association. Each such claim shall be subject to audit by the commissioner and in no event shall the rate of reimbursement exceed \$.08 per hundredweight of the pool milk of the claimant cooperative association.
- (d) Reimbursement shall be made pursuant to subdivision (c) of this section with respect to expenditures for milk publicity, advertising, promotion and merchandising which meets the following requirements:
  - (1) Is designed to promote increased consumption of milk and dairy products within the marketing area.
  - (2) Is conducted pursuant to a plan in which cooperatives representing at least two-thirds of all producers of milk for the marketing area are active, regular contributing participants.
  - (3) Disseminates information as to the importance of milk and dairy products in the diet of people of all ages and its effect upon the public health.
- (e) No reimbursements shall be made with respect to the following:
  - (1) Expenditures for milk publicity, advertising, promotion or merchandising which includes or endorses any brand name, trademark, or the milk of any particular dealer or cooperative.
  - (2) Expenditures for milk publicity, advertising, promotion or merchandising conducted on a nation-wide basis to the extent that such payments exceed 20 percent of the gross expenditures for which reimbursement is made pursuant to subdivision (c) of this section.

- (3) Expenditures for commissions to advertising brokers or agencies in excess of 15 percent of the total cost of the advertising handled by such broker or agency.

SOURCE: State of New York, Niagara Frontier Marketing Area I NYCRR Part 21, Department of Agriculture and Markets, Division of Dairy Industry Services, 1979.

APPENDIX 13

DAIRY COUNCIL OF THE NIAGARA FRONTIER AREA

OFFICERS AND PROFESSIONAL STAFF

Office: 2451 Wehrle Drive  
Buffalo, New York 14221  
716-634-1080

Officers:

President	Wesley Phillips
Vice-President	Leonard Hales
Secretary	Jared Woolley
Treasurer	Robert Bathrick

Professional Staff:

Executive Director	Nancy Chrisman
Assistant Director, Educational Program	Virginia Melbourne
Assistant Director, Educational Program	Roxanne Ognibene

APPENDIX 14

ROCHESTER HEALTH FOUNDATION, INC.

OFFICERS AND PROFESSIONAL STAFF

Office: 803 Temple Building  
Rochester, New York 14604  
716-232-5050

Officers:

President	William Zuber
Vice-President	Harry Lusk
Secretary/Treasurer	Beverly Gillette

Professional Staff:

Assistant Secretary	Margaret R. Bailey
---------------------	--------------------



APPENDIX 15

PROVISIONS OF THE ROCHESTER AREA MARKETING ORDER CONCERNING PROMOTION

22.68 Payments to cooperative associations for service rendered in milk publicity, advertising, promotion, and merchandising.

- (a) Any cooperative association of producers may apply to the commissioner for reimbursement of sums expended for the conduct of a campaign to increase the consumption of milk and dairy products.
- (b) Such cooperative association shall make claim for reimbursement of sums expended in such a campaign, on forms provided by the commissioner and shall have readily available for examination by the commissioner all records pertaining to such expenditures.
- (c) Except as provided in Section 22.69, and subject to the provisions of subdivisions (d) and (e) of this section, the Commissioner shall pay to cooperative associations from the equalization fund, the cost of milk publicity, advertising, promotion and merchandising claimed by each such cooperative association. Each such claim shall be subject to audit by the Commissioner and in no event shall the rate of reimbursement exceed \$.08 per hundredweight of the pool milk of the claimant cooperative association.
- (d) Reimbursement shall be made pursuant to subdivision (c) of this section with respect to expenditures for milk publicity, advertising, promotion, and merchandising which meets the following requirements:
  - (1) Is designed to promote increased consumption of milk and dairy products within the marketing area.
  - (2) Is conducted pursuant to a plan in which cooperatives representing at least two-thirds of all producers of milk for the marketing area are activating, regular contributing participants.
  - (3) Disseminates information as to the importance of milk and dairy products in the diet of people of all ages and its effect upon the public health.
- (e) No reimbursements shall be made with respect to expenditures for milk publicity, advertising, promotion or merchandising which includes or endorses any brand name, trademark, or the milk of any particular dealer or cooperative.

SOURCE: State of New York, Revised Official Order No. 129 I NYCRR Part 22, Department of Agriculture and Markets, Division of Dairy Industry Services, 1979.

APPENDIX 16

DAIRY COUNCIL OF THE ROCHESTER AREA, INC.

OFFICERS AND PROFESSIONAL STAFF

Office: 73 Halstead Street  
Rochester, New York 14610  
716-288-1758

Officers:

President	David Lyon
Vice-President	James Downhill
Secretary	Duane Ferguson
Treasurer	Mary Beth Hristo

Professional Staff:

Executive Director	Ruth Fischer
Assistant Director	Jean Sexstone

APPENDIX 17

RESEARCH CONDUCTED BY THE DEPARTMENT OF AGRICULTURAL ECONOMICS

AT CORNELL UNIVERSITY SPONSORED BY THE NEW YORK STATE

MILK PROMOTION ADVISORY BOARD - LIST OF PUBLICATIONS

JANUARY 1973-JUNE 1979

1. Eiler, D. A., and O. D. Forker. "Limited Controlled Experimentation: The Timeliness, Executability, Quality Compromise." Measurement of Sales Response to Generic Promotion of Food Products: Seminar Proceedings. Southern Regional Workgroup on Market Dynamics, New Orleans, October 1973, pp. 81-86.
2. Eiler, D. A., and O. D. Forker. "Testing for Differences in Consumer Attitudes Toward Milk in New York State." Journal of the Northeastern Agricultural Economics Council. 2(2):33-50, October 1973.
3. Forker, O. D. "Problems of Evaluating Results from Milk Promotion Programs." Thirty-seventh Annual Meeting, International Association of Milk Control Agencies. September 16-19, 1973. pp. 48-63.
4. Mueller, J. J. "Development of a Questionnaire and Methods of Analysis for the Measurement of Consumer Attitudes and Beliefs Toward Milk and Other Beverages." M.S. thesis, Cornell University, January 1973. 171 pp.
5. Thompson, S. R., and D. A. Eiler. Factors Affecting Fluid Milk Use in Selected New York State Markets and Their Implication for Generic Promotion Decisions - An Application of Multivariate Probit Analysis. Department of Agricultural Economics, A.E. Res. 73-16, Cornell University, October 1973. 31 pp.
6. Aronson, J. E., D. A. Eiler, and O. D. Forker. Attitudes Toward and Consumption of Milk and Other Beverages in Selected New York State Markets, Fall 1972: Base-Line Data for Evaluating Milk Promotion. Department of Agricultural Economics, A.E. Res. 73-21, Cornell University, November 1973. 103 pp.
7. Smith, P. D. The Lowfat Milk Situation in New York State and the Standards Issue. Department of Agricultural Economics, A.E. Res. 74-4, Cornell University, May 1974. 66 pp.
8. Cook, C. B., D. A. Eiler and O. D. Forker. Beverage Consumption and Advertising Awareness in Selected New York State Markets 1973. Department of Agricultural Economics, A.E. Res. 74-10, Cornell University, September 1974. 87 pp.
9. Thompson, S. R., and D. A. Eiler. An Econometric Analysis of the Response of Milk Sales to Advertising in Selected New York State Markets. Department of Agricultural Economics, A. E. Staff Paper No. 74-23, Cornell University, September 1974. 15 pp.

10. Thompson, S. R. "Sales Response to Generic Promotion Efforts and Some Implications of Milk Advertising on Economic Surplus." Journal of the Northeastern Agricultural Economics Council 3(2):78-90, October 1974.
11. Eiler, D. A., and S. R. Thompson. "Adult Attitudes Toward Major Beverages in Seven New York Metropolitan Markets." SEARCH 4(10):1-47, April 1974.
12. Thompson, S. R., and D. A. Eiler. "A Multivariate Probit Analysis of Advertising Awareness on Milk Use." Canadian Journal of Agricultural Economics 23(1):65-73, February 1975.
13. Forker, O. D., and D. A. Eiler. Testimony Presented at Public Hearing on New York State Dairy Promotion Order in Albany, New York on October 23, 1974. Department of Agricultural Economics, A.E. Staff Paper No. 75-8, Cornell University, May 1975. 19 pp.
14. Cook, C. B., D. A. Eiler and O. D. Forker. A Study of Selected Family and Social Influences on Teenage Beverage Consumption in Three New York Markets Fall 1974. Department of Agricultural Economics, A.E. Res. 75-6, Cornell University, June 1975. 68 pp.
15. Thompson, S. R., and D. A. Eiler. "Producer Returns from Increased Milk Advertising." American Journal of Agricultural Economics 57(3): 505-508, August 1975.
16. Cook, C. B., D. A. Eiler and O. D. Forker. "Beverage Consumption Patterns in New York State." Journal of the American Dietetic Association 67(3): 222-227, September 1975.
17. Thompson, S. R. "An Econometric Analysis of Sales Response to Generic Fluid Milk Advertising in New York State." Ph.D. thesis, Cornell University, August 1975. 163 pp.
18. Thompson, S. R. Advertising Fluid Milk: A Case Study. Department of Agricultural Economics, Michigan Farm Economics No. 393, Michigan State University, October 1975. 3 pp.
19. Eiler, D. A., C. B. Cook and E. C. Kaminaka. An Examination of Dairy Farmer Funded Nutrition Education Programs in New York State. Department of Agricultural Economics, A.E. Staff Paper No. 76-26, Cornell University, July 1976. 98 pp.
20. Cook, C. B., D. A. Eiler and E. C. Kaminaka. Nutrition Education in Public Elementary Schools in New York and New Jersey. Department of Agricultural Economics, A.E. Res. 76-22, Cornell University, October 1976. 47 pp.
21. Thompson, S. R., D. A. Eiler and O. D. Forker. "An Econometric Analysis of Sales Response to Generic Fluid Milk Advertising in New York State." SEARCH 6(3): 1-24, 1976.
22. Forker, O. D. Results from an Advertising Program in New York. Department of Agricultural Economics, AE-4406, University of Illinois, July 1976. 7 pp.

23. Cook, C. B., D. A. Eiler and E. C. Kaminaka. "How Much Nutrition Education in Grades K-6?" Journal of Nutrition Education 9(3): 131-135, July-September 1977.
24. Eiler, D. A., and C. B. Cook. "Teenage Consumers' Beverage Habits." New York's Food and Life Sciences 10(2): 10-11, November 1977.
25. Cook, C. B., D. A. Eiler and E. C. Kaminaka. "Elementary Inservice Training: Attendance and Teacher Demand in New York and New Jersey." College Student Journal. Accepted for Publication, 1977.
26. Thompson, S. R., and D. A. Eiler. "Determinants of Milk Advertising Effectiveness." American Journal of Agricultural Economics 59(2): 330-335, May 1977.
27. Thompson, S. R. The Response of Milk Sales to Generic Advertising and Producer Returns in the New York City Market Revisited. Department of Agricultural Economics, A.E. Staff Paper No. 78-8, Cornell University, January 1978. 16 pp.
28. Thompson, S. R. An Analysis of the Effectiveness of Generic Fluid Milk Advertising Investment in New York State. Department of Agricultural Economics, A. E. Res. 78-17, Cornell University, September 1978. 27 pp.
29. Thompson, S. R. "Economic Evaluation of Milk Advertising." Journal of Dairy Science 62(6): 1026-1031, June 1979.
30. Thompson, S. R. The Response of Milk Sales to Generic Advertising and Producer Returns in the Rochester, New York Market. Department of Agricultural Economics, A. E. Staff Paper No. 79-26, June 1979. 13 pp.

APPENDIX 18

RESEARCH CONDUCTED BY THE DEPARTMENT OF FOOD SCIENCE AT CORNELL UNIVERSITY

SPONSORED BY THE NEW YORK STATE MILK PROMOTION ADVISORY BOARD

LIST OF PUBLICATIONS, NOVEMBER 1976-JUNE 1979

1. Bandler, D. K., R. O. Brown and E. T. Wolff. "Milk Quality in the New York Public School System." Journal of Milk and Food Technology 38(4): 223-226, April 1975.
2. Bandler, D. K., S. E. Barnard, F. W. Bodyfelt, C. W. Hinz and E. T. Wolff. Preventing Rancid Flavors in Milk. Department of Food Science, Cornell University, November 1976. 8 pp.
3. Bandler, D. K. Keep School Milk Tasting Good. Cornell Extension Leaflet, March 1978.
4. Drummond, K. L., O. C. Bacon, S. E. Barnard, F. W. Bodyfelt, A. J. Gaska, L. P. Grim, C. W. Livak, R. P. March, and A. R. Zimmerman. Guidelines for Cleaning and Sanitizing in Fluid Milk Processing Plants. Northeast Dairy Practices Council, April 1978. 41 pp.
5. Bandler, D. K. "Are we asking too much from our milk?" American Agriculturalist 175(10); 32-33, October 1978.
6. Bandler, D. K. Characterization and Extent of Hydrolytic Rancidity in Fresh and Aged Pasteurized Milk. Paper presented at the Industry and Business Section, American Dairy Science Association, Logan, Utah, June 1979. 8 pp.

APPENDIX 19

ENABLING LEGISLATION FOR PROMOTION PROGRAMS IN FEDERAL MILK MARKETING ORDERS

Public Law 91-670  
91st Congress, S. 1181  
January 11, 1971

AN ACT

To provide authority for promotion programs for milk, tomatoes, and potatoes, and to amend section 83 of the Agricultural Adjustment Act, as reenacted and amended, to provide for the extension of restrictions on imported commodities imposed by such section to imported raisins, olives, and prunes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I--ADVERTISING PROJECTS: MILK

Sec. 101. The Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, is further amended, by adding at the end of subsection 8c(5) the following new subparagraph (I):

"(I) Establishing or providing for the establishment of research and development projects, and advertising (excluding brand advertising), sales promotion, educational, and other programs, designed to improve or promote the domestic marketing and consumption of milk and its products, to be financed by producers in a manner and at a rate specified in the order, on all producer milk under the order. Producer contributions under this subparagraph may be deducted from funds due producers in computing total pool value or otherwise computing total funds due producers and such deductions shall be in addition to the adjustments authorized by subparagraph (B) of subsection 8c(5). Provision may be made in the order to exempt, or allow suitable adjustments or credits in connection with, milk on which a mandatory checkoff for advertising or marketing research is required under the authority of any State law. Such funds shall be paid to an agency organized by milk producers and producers' cooperative associations in such form and with such methods of operation as shall be specified in the order. Such agency may expend such funds for any of the purposes authorized by this subparagraph and may designate, employ, and allocate funds to persons and organizations engaged in such programs which meet the standards and qualifications specified in the order. All funds collected under this subparagraph shall be separately accounted for and shall be used only for the purposes for which they were collected. Programs authorized by this subparagraph may be either local or national in scope, or both, as provided in the order, but shall not be international. Order provisions under this subparagraph shall not become effective in any marketing order unless such provisions are approved by producers separately from other order provisions, in the same manner provided for the approval of marketing orders, and may be terminated separately whenever the Secretary makes a determination with respect to such provisions as is provided for the

termination of an order in subsection 8c(16)(B). Disapproval or termination of such order provisions shall not be considered disapproval of the order or of other terms of the order. Notwithstanding any other provisions of this Act, as amended, any producer against whose marketings any assessment is withheld or collected under the authority of this subparagraph, and who is not in favor of supporting the research and promotion programs, as provided for herein, shall have the right to demand and receive a refund of such assessment pursuant to the terms and conditions specified in the order."

SOURCE: U.S. Agricultural Marketing Agreement Act (1937), amended by Public Law 91-670, 91st Congress, S. 1181. January 11, 1971.



APPENDIX 20

UNITED DAIRY INDUSTRY ASSOCIATION

OFFICERS, MANAGEMENT AND PROGRAM DIRECTORS, 1978

Office: 6300 North River Road  
Rosemont, Illinois 60018  
312-696-1860

Officers of the Board of Directors:

President	Glenn Lake
1st Vice President	Harold W. Glass
2nd Vice President	James P. Camerlo, Jr.
Secretary	J. Douglas Webb
Treasurer	George Rydeen

Management and Program Directors:

Executive Vice President	John W. Sliter
Director, Communications	John F. Brookman
Director, Finance and Administrative Services	Chester A. Ross
Director, Marketing and Economic Research	Dr. G. G. Quackenbush
Director, Program Planning and Support	Robert J. Wilson

APPENDIX 21

UNITED DAIRY INDUSTRY ASSOCIATION

MEMBER ORGANIZATIONS AND THEIR MANAGERS (JUNE 1, 1979)

ADA OF ALASKA

P.O. Box 416

Palmer, AK 99645

Manager: Edward D. Kern

Phone: (907) 745-3236

ATLANTIC DAIRY ASSOCIATION

416 Severn Building

8600 LaSalle Road

Towson, MD 21204

Manager: Dick Norton

Phone: (301) 321-0266

DAIRY FARMERS, INC.

P.O. Box 7854

Orlando, FL 32804

Exec. V.P.: William R. Boardman

Phone: (305) 647-8899

GODDESS-OF-THE-ROCKIES MILK, INC.

12450 N. Washington

Thornton, CO 80241

Manager: Harvey J. Wilhelm

Phone: (303) 451-7721

IDAHO DAIRY PRODUCTS COMMISSION

1365 N. Orchard, #203

Boise, ID 83704

Manager: Paul Peterson

Phone: (208) 384-2868

A-D-A OF ILLINOIS

1 West Front, Box 216

El Paso, IL 61738

Manager: Jim Kurtz

Phone: (309) 527-4095

ADA OF INDIANA

8336 E. Washington Street

Indianapolis, IN 46219

Manager: Myrna Hazel

Phone: (317) 898-8937

MAINE MILK PROGRAM

State House

Augusta, ME 04330

Director: Norman A. Wing

Phone: (207) 289-3621

ADA OF MICHIGAN

CORRES: P.O. Box 22037

Lansing, MI 48909

BULK: 3000 Vine Street

Lansing, MI 48912

Manager: Don A. Carlson

Phone: (517) 351-7370

MID EAST UDIA

110 S. Court Street

Marysville, OH 43040

Manager: Earl B. Poling

Phone: (513) 642-2047

MIDLAND UDIA

101 N. Trilein, Dairy Building

Ankeny, IA 50021

Exec. V.P.: Robert S. Ellis

Phone: (515) 964-0696

Glen Hunt, Southern Mkt. Mgr.

433 Chapel Ridge Drive, #4

Hazelwood, MO 63042

Phone: (314) 731-3184

Meredith McHone, Mkt. Mgr.

101 N. Trilein, Dairy Building

Ankeny, IA 50021

Julian Toney, Mkt. Mgr.

3409 West Ridge Court

Lawrence, KS 66044

Phone: (913) 842-6016

MILK PROMOTION SERVICES, INC.  
149 State Street  
Montpelier, VT 05602  
Exec. Sec.: Edward A. Peterson  
Phone: (802) 223-7089

Robert deC. Hughes, Adv. Dir.  
381 Governors Highway  
South Windsor, CT 06074  
Phone: (203) 289-3383

ADA OF MINNESOTA  
2239 Carter Avenue  
St. Paul, MN 55108  
Manager: Cliff Markuson  
Phone: (612) 646-1893

ADA OF MONTANA  
36 East Tabernacle  
St. George, Utah 84770  
Manager: Kent Hendrickson  
Phone: (801) 673-2461

ADA & DC OF New York  
472 S. Salina Street  
Syracuse, NY 13202  
Manager: Bob Turner  
Phone: (315) 472-9143

NORTH DAKOTA DAIRY PRODUCTS PROMO. COMM.  
Route #5, Box 8  
East Highway 10  
Bismark, ND 58501  
Manager: Larry Adams  
Phone: (701) 224-3134

ADA OF SOUTH DAKOTA  
619 Fifth Avenue  
Brookings, SD 57006  
Manager: Ronald L. Stee  
Phone: (605) 692-5131

UTAH DAIRY PRODUCTS COMMISSION  
1213 East 2100 South  
Salt Lake City, UT 84106  
Manager: Clint Warby  
Phone: (801) 487-9976

SOUTHEAST UDIA  
1575 Phoenix Blvd., #1  
Atlanta, GA 30349  
Manager: F. Gill Morgan  
Phone: (404) 996-6085

ADA OF ALABAMA  
750 Adams Avenue  
Montgomery, AL 36104  
Manager: Brice Moore  
Phone: (205) 834-1234

ADA OF GEORGIA  
1575 Phoenix Blvd., #16  
Atlanta, GA 30349  
Manager: Harry L. Stanley  
Phone: (404) 996-6093

ADA OF KENTUCKY, INC.  
3412 Rowena Road  
Louisville, KY 40218  
Manager: Eric McClain  
Phone: (502) 451-3388

ADA OF LOUISIANA  
1821 Wooddale Court  
Baton Rouge, LA 70806  
Manager: Buddy Webre  
Phone: (504) 926-1142

ADA OF MISSISSIPPI  
855 S. Plaza St., P.O. Box 8676  
Jackson, MS 39204  
Manager: Sam Gunter  
Phone: (601) 373-7506

ADA OF N. CAROLINA/ADA OF VIRGINIA  
Suite 105--Koger Building  
2306 W. Meadowview Road  
Greensboro, NC 27407  
Manager: Homer Sink  
Phone: (919) 294-3009

ADA OF TENNESSEE  
2934 Sidco Drive  
Nashville, TN 37204  
Manager: Robert Basse  
Phone: (615) 242-1774

SOUTHWEST UDIA  
1505 E. Division Street  
Arlington, TX 76011  
Manager: Boyd Rice  
Phone: (817) 277-6767

APPENDIX 22

AMERICAN DAIRY ASSOCIATION

OFFICERS, MANAGEMENT AND PROGRAM DIRECTORS, 1978

Office: 6300 North River Road  
Rosemont, Illinois 60018  
312-696-1860

Officers of the Board of Directors:

President	Leslie Winters
Vice President	Herbert W. Wessel, Jr.
Secretary	Ruth E. Miller
Treasurer	Glenn Johnson

Management and Program Directors:

Executive Vice President	Alden R. Grimes
Vice President/National Advertising	Jane A. Holmes
Vice President/Marketing Services	Grover B. Simpson
Foodservice Director	Robert A. Morris

APPENDIX 23

ADA - MARKETING SERVICES: DAIRY DEPARTMENT MANAGEMENT SEMINARS

NEW YORK-NEW JERSEY, 1970-PRESENT

1970 - Central Stores	Albany	March 10
1971 - Loblaw, Inc.	Buffalo	Feb 2
1971 - Loblaw, Inc.	Syracuse	Feb 16
1971 - Loblaw, Inc.	Rochester	Feb 9
1971 - Loblaw, Inc.	Albany	Feb 18
1972 - Hills Markets	Long Island	Feb 9
1972 - Eastern Dairy Deli Assn.	New York City	May 17
1972 - Tops Markets	Buffalo	Sept 26
1972 - Tops Markets	Buffalo	Sept 28
1972 - Sloans Markets	New York City	Oct 10
1973 - Big V Supermarkets	Florida	May 2
1973 - Super Duper Stores	Buffalo	May 9
1973 - Super Food Service	Syracuse	May 22
1973 - Pathmark	Hempstead	June 12
1973 - A & P	Owego	Aug 14
1973 - A & P	Owego	Aug 15
1973 - Grand Union Company	Syracuse	Sept 11
1973 - Grand Union Company	Tarrytown	Oct 2
1973 - Grand Union Company	Hempstead	Oct 24
1974 - Grand Union Company	Hempstead	Feb 25
1974 - Price Chopper	Schenectady	July 9
1974 - Price Chopper	Schenectady	July 10
1974 - Big M Supermarkets	Victor	July 17
1974 - Olean Wholesale Groc.	Olean	Oct 9
1974 - Big M Supermarkets	Syracuse	Dec 4
1975 - A & P	Bronx	Jan 21
1975 - A & P	Bronx	Jan 22
1975 - A & P	Bronx	Jan 28
1975 - A & P	Elmsford	Feb 4
1975 - A & P	Elmsford	Feb 5
1975 - A & P	Baldwin, LI	Feb 25
1975 - A & P	Baldwin, LI	Feb 26
1975 - A & P	Bladwin, LI	Mar 4
1975 - A & P	Baldwin, LI	Mar 5
1975 - A & P	Baldwin, LI	Mar 18
1975 - A & P	Baldwin, LI	Mar 19
1975 - A & P	Kingston	Oct 1
1976 - Olean Wholesale	Olean	Mar 16
1976 - A & P	Albany	May 26
1976 - A & P	Albany	May 27
1976 - Eastern Dairy Deli	Flushing	Oct 20
1977 - I.G.A. Stores	Syracuse	May 10
1977 - I.G.A. Stores	Syracuse	May 11
1977 - Star Markets	Rochester	June 21
1977 - First National Stores	Plainview	Nov 16

1978 - Flickinger	Buffalo	Jan 25
1978 - N.Y. State Food Merchants	Buffalo	May 8
1978 - N.Y. State Food Merchants	Buffalo	Mar 15
1978 - N.Y. State Food Merchants	Buffalo	Mar 29
1978 - N.Y. State Food Merchants	Albany	Apr 5
1978 - A & P	Albany	Oct 10
1978 - A & P	Albany	Oct 11
1979 - A & P	Cherry Hill, NJ	Jan 20
1979 - A & P	Cherry Hill, NJ	Jan 21
1979 - Dairy League	Pearl River	Feb 11
1979 - A & P	Bronx	May 1
1979 - A & P	Bronx	May 2
1979 - A & P	Bronx	May 8
1979 - A & P	Bronx	May 9

PLANNED THROUGH JULY 1979

1979 - A & P	Long Island	Juen 1
1979 - A & P	Long Island	June 2
1979 - A & P	Long Island	June 12
1979 - A & P	Long Island	June 13
1979 - A & P	Montvale, NJ	June 19
1979 - A & P	Montvale, NJ	June 20
1979 - A & P	Montvale, NJ	June 26
1979 - A & P	Montvale, NJ	June 27
1979 - A & P	Montvale, NJ	July 10
1979 - A & P	Montvale, NJ	July 11

SOURCE: Grover Simpson, Vice President/Marketing Services, American Dairy Association, Rosemont, Illinois, May 10, 1979.

APPENDIX 24

DAIRY RESEARCH, INC.

OFFICERS, MANAGEMENT AND PROGRAM DIRECTORS, 1978

Office: 6300 North River Road  
Rosemont, Illinois 60018  
312-696-1870

Officers of the Board of Directors:

President	Leo Briggs
Vice President	John L. McMullen
Secretary	Stanley Chapman
Treasurer	Donald G. Fatchett

Management and Program Directors:

Executive Vice President	Raymond W. Mykleby
Vice President/Product Research	William W. Menz
Vice President/Product Development	W. Jasper Reaves

APPENDIX 25

1979 GRANT-IN-AID PROGRAM

DAIRY RESEARCH FOUNDATION, DRINC

Fluid Milk

- Determination of Antibiotics in Milk, North Carolina State University,  
Dr. Harold E. Swaisgood.
- The Role of Heat Resistant Bacterial Enzymes in the Production of Ultra High  
Temperature Sterilized Dairy Products, North Carolina State University,  
Dr. Marvin L. Speck.
- Aflatoxin in Milk and Milk Products, University of Wisconsin, Dr. Elmer H.  
Marth.

Milk Proteins

- The Plastein Reaction and Modified Food Proteins, Michigan State University,  
Dr. J. Robert Brunner.
- Nature and Origin of the Proteose-Peptides of Cow's Milk, Michigan State  
University, Dr. J. Robert Brunner.
- Analytical Methods for Different Proteins in Frozen Deserts, USDA, Eastern  
Regional Research Center, Dr. Joseph Tobias.

Whey and Whey Products

- Refrigerated Lactic Culture Concentrates, Utah State University, Dr. Gary H.  
Richardson.
- Utilization of Lactose in Whey Permeate from Ultrafiltration, University of  
Wisconsin, Dr. Norman F. Olson and Dr. Thomas Richardson.
- Whey Processing and Functionality, University of Minnesota, Dr. Howard A.  
Morris and Dr. Elmer Thomas.

Cultured Dairy Products

- Improving the Yield and Quality of Cultured Dairy Products, South Dakota  
State University, Dr. Kenneth R. Spurgeon.
- Basic Genetic Work on Starter Culture Strains, University of Minnesota,  
Dr. Larry McKay.
- Manufacture of Ultrafiltered Process Cheese Base, Utah State University,  
Dr. C. Anthon Ernstrom.
- Determination of Cheese Yields and Relationships to Milk Composition, Cornell  
University, Dr. John Sherbon.

Misc.

- Food Additives Based on Amino Acids and Lipids, University of Wisconsin,  
Dr. Thomas Richardson.

SOURCE: Dairy Research, Inc., February 27, 1979.



APPENDIX 26

1979 COMMERCIAL DEVELOPMENT PROJECTS

COMMERCIAL DEVELOPMENT DIVISION, DRINC

- MILK: Ovaltine Division, Sandoz Corporation Villa Park, Illinois  
Development and test market a low calorie milk flavoring.
- Jet Spray Corporation Waltham, Massachusetts  
Develop and market the "Jet Shake" flavored milk dispenser.
- Dairy Farmers Inc. Orlando Florida  
Examine packages available for School Milk use to overcome apparent problems.
- Flav-O-Rich Louisville, Kentucky  
Test market shelf stable milk for vending operations.
- Arthur D. Little Inc. Cambridge, Massachusetts  
Flavor profiles on SNF Standardized Milk.
- Penicillin Assays Inc. Boston, Massachusetts  
Develop and commercialize a Rapid Test for penicillin in milk.
- Marche Instruments, Inc. Waco, Texas  
Develop a Rapid Test for antibiotics in milk.
- WHEY: Groen Division, Dover Corporation Elk Grove Village, Illinois  
Develop a Low Capacity Evaporator for smaller cheese manufacturers.
- Calor Agricultural Research Okemos, Michigan  
Develop and commercialize Fermented Ammoniated Concentrated Whey as a viable feed supplement for dairy and beef cattle.
- G. R. Price El Monte, California  
Feasibility study on use of whey to make alcohol as a Fuel Extender.
- Associated Analysts Milwaukee, Wisconsin  
Feasibility study on Potential Use of Whey in the Brewing Industry.
- Bernard Wolnak & Associates Chicago, Illinois  
Feasibility study on Potential Products from Whey Fermentation.
- OTHER: Foremost Foods Dublin, California  
Write four booklets on Use of Dairy Ingredients in Other Foods.
- Quad Corporation Skokie, Illinois  
Feasibility study on Heat Recovery from Spray Dryers.
- Southland Corporation Dallas, Texas  
The Use of Ultrafiltration in the Manufacture of Cottage Cheese.
- SOURCE: Dairy Research, Inc., November 1, 1978.

APPENDIX 27

NATIONAL DAIRY COUNCIL

OFFICERS, MANAGEMENT AND PROGRAM DIRECTORS, 1978

Office: 6300 North River Road  
Rosemont, Illinois 60018  
312-696-1020

Officers of the Board of Directors:

Chairman	Thomas V. Angott
1st Vice Chairman	Lester C. Jones
2nd Vice Chairman	Lorenzo N. Hoopes
3rd Vice Chairman	Paul M. Fishel
Secretary	Edward C. Norman
Treasurer	L. M. Mommsen

Management and Program Directors:

President	Dr. M. F. Brink
Director, Nutrition Education	Dr. Gloria G. Kinney
Director, Nutrition Research	Dr. E. W. Speckmann

## APPENDIX 28

### NATIONAL DAIRY COUNCIL

#### 1979 NUTRITION RESEARCH GRANT-IN-AID PROGRAM

##### Nutritional Importance of Milkfat

- E. H. Ahrens, Jr., M.D., The Rockefeller University, New York, New York - "Detection of Variations in Precision of Feedback Control of Cholesterol Synthesis in Man"
- David Dritchvsky, Ph.D., Wistar Institute of Anatomy and Biology, Philadelphia, Pennsylvania - "Influence of Changing 'Western' Diets on Lipid Metabolism"
- Fred A. Kummerow, Ph.D., The Harlan E. Moore Heart Research Foundation, Champaign, Illinois - "The Biological Effects of Consuming Unnatural Fatty Acids"
- George V. Mann, Sc.D., M.D., Vanderbilt University School of Medicine, Nashville, Tennessee - "Milk Factor in the Control of Cholesteremia"
- Richard W. St. Clair, Ph.D., The Bowman Gray School of Medicine of Wake Forest University, Winston-Salem, North Carolina - "Effect of the Modification of Dietary Fat Content and Composition on Plasma Lipids, Platelet Function, and Bile Composition"

##### Nutritional Importance of Milk's Minerals

- Anthony Albanese, Ph.D., The Burke Rehabilitation Center, White Plains, New York - "Effects of Diet and Calcium on Bone Loss"
- David A. McCarron, M.D., University of Oregon Health Sciences Center, Portland, Oregon - "Inadequate Dietary Calcium in Subjects with Essential (Primary) Hypertension: Its role in the development of high blood pressure and secondary hyperparathyroidism"
- Robert E. Recker, M.D., Creighton University School of Medicine, Omaha, Nebraska - "The Effect of Increased Milk Consumption on Calcium Balance in Postmenopausal Women"

##### Relationship of Dietary Cultures to Gut Ecology

- Sherwood L. Gorbach, M.D., Tufts-New England Medical Center, Boston, Massachusetts - "The Effect of Lactobacillus Feeding on Intestinal Bacterial Enzymes"
- Albert D. Newcomer, M.D., Mayo Clinic and Mayo Foundation, Rochester, Minnesota - "Treatment of Gastrointestinal Disorders with Milk Containing L. Acidophilus"

Dwayne Savage, Ph.D., University of Illinois, Urbana, Illinois - "Mechanisms of Microbial Interference Exerted by Lactobacilli in the Gastrointestinal Ecosystem"

Khem M. Shahani, Ph.D., University of Nebraska, Lincoln, Nebraska - "Elucidation of the Nutritional Aspects of Dairy Cultures"

#### Interaction of Milk's Nutrients

G. M. Briggs, Ph.D., University of California, Berkeley, California - "Interaction between Certain Components of Milk and Tissue Ascorbic Acid and their Effect on Bone"

Janet L. Greger, Ph.D., University of Wisconsin, Madison, Wisconsin - "Effect of Dietary Protein, Phosphorus and Calcium Levels on Trace Element Utilization in Man"

Jack Hegenauer, Ph.D. and Paul Saltman, Ph.D., University of California, San Diego, California - "Bioavailability of Ferric and Cupric Lactobionate in a Human Population"

Robert H. Wasserman, Ph.D., Cornell University, Ithaca, New York - "Enhanced Absorption of Calcium by Lactose, Specific Amino Acids and Phosphopeptides: Mechanism of Action"

#### Dairy Foods and Health

Virginia A. Beal, M.P.H., R.D., University of Massachusetts, Amherst, Massachusetts - "Relationship between Intakes of Milk and Total Nutrients to Changes in Anthropometric Measurements in Infancy"

Basil G. Bibby, D.M.D., Ph.D., Eastern Dental Center, Rochester, New York - "Testing for Caries Inhibition by Milk Products"

David L. Costill, Ph.D., Ball State University, Muncie, Indiana - "Requirements and Misconceptions in Sports Nutrition"

Bruce Larson, Ph.D., University of Illinois, Urbana, Illinois - "Origin, Occurrence and Significance of High Orotic Acid Content in Bovine Milk"

Emanuel Lebenthal, M.D., State University of New York at Buffalo, Children's Hospital, Buffalo, New York - "A New Model for the Diagnosis of Milk Protein Allergy and the Role of Transient Lactase Deficiency"

Roland L. Phillips, M. D., D.P.H. and Robert L. Nutter, Ph.D., Loma Linda University, Loma Linda, California - "The Effect of Milk Protein on Cell-Mediated Immunity and Cancer Incidence"

Ann W. Sorenson, Ph.D., University of Utah Medical Center, Salt Lake City, Utah - "The Contribution of Dairy Products to the Diets of Colon Cancer Patients and Low Risk Population Controls"

William C. Weir, Ph.D. and Andrew J. Clifford, Ph.D., University of California, Davis, California - "The Effect of Dietary Protein Sources on Plasma Lipids, Lipoproteins and LCAT"

APPENDIX 29

NATIONAL DAIRY COUNCIL

NUTRITION RESEARCH GRANT-IN-AID PROJECTS IN NEW YORK STATE

1963 TO PRESENT

Ahrens, E. H., 1978-1979, "Detection of Variations in Precision of Feedback Control of Cholesterol Synthesis Rates in Man"  
Rochefeller University, New York City

Albanese, A. A., 1975-1978, "Nutritional Aspects of Skeletal and Alveolar Bone Loss"  
Burke Rehabilitation Center, White Plains 1977 (Exhibit)

Albanese, A. A., 1978-1979, "Effects of Diet and Calcium on Bone Loss"  
Burke Rehabilitation Center, White Plains

Bibby, B. G., 1963-1964, "A Study of the Occurrence and Nature of Caries Preventive Factors in Milk Products"  
Eastman Denter Center, Rochester

Bibby, B. G., 1970-1971, "Testing for Caries Inhibition by Milk Products"  
Eastman Dental Center, Rochester

Brasel, J., 1970-1971, "Effects of Nutritional Status upon DNA Polymerase Activity"  
Columbia University, New York City

Brasel, J., 1973-1978, "Nutritional Status and Early Detection of Obesity"  
Columbia University, New York City

Brown, D. F., 1968-1970, "Hyperlipoproteinemia Studies on Its Prevalence, Its relation to Vascular Disease and Disorders of Carbohydrate and Insulin Metabolism in a Large Population:  
Albany Medical College of Union University, Albany

Holt, L. E., 1963-1965, "Study of Essential Amino Acid Requirements of Infants"  
New York University, New York City

Holt, L. E., 1967-1968 (Snyderman - 1969-1971), "A Study of the Disaccharide (Milk) Intolerance Syndrome in Infants"  
New York University, New York City

Latham, M. D., 1973, "An Investigation of Lactose Intolerance as a Reason for Nonconsumption of Milk and Dairy Products"  
Cornell University, Ithaca

Latham, M. D., 1974-1975, "Does Lactose Intolerance Imply Milk Intolerance"  
Cornell University, Ithaca

Lebenthal, E., 1978-1979, "A New Model for the Diagnosis of Milk Protein Allergy and the Role of Transient Lactase Deficiency"  
State University of New York, Buffalo

Lutwak, L., 1967-1969, "Interrelationship of Calcium and Fat Absorption in Man: Effects of Qualitative and Quantitative Changes in Fat"  
Cornell University, Ithaca

Lutwak, L., 1970, "Roles of Dietary Calcium in Human Periodontal Disease"  
Cornell University, Ithaca

Wasserman, R., 1974, "Role of Milk Sugar in the Utilization of Milk's Minerals"  
New York State Veterinary College, Cornell University, Ithaca

Wasserman, R., 1975-1979, "Enhanced Absorption of Calcium by Lactose, Specific Amino Acids and Phosphopeptides: Mechanism of Action"  
Cornell University, Ithaca

Winick, M., 1972, "Effects of Nutritional Status upon DNA Polymerase Activity"  
Columbia University, New York City

APPENDIX 30

AFFILIATED UNITS OF NATIONAL DAIRY COUNCIL

Dairy Council of Arizona  
Tempe, Arizona

Dairy Council of California  
Sacramento, California

Dairy Council of Central States, Inc.  
Omaha, Nebraska

The Dairy Council of Cincinnati  
Cincinnati, Ohio

Dairy Council, Inc. (Denver)  
Denver, Colorado

Dairy Council, Inc. (Des Moines)  
Ankeny, Iowa

Dairy and Food Nutrition Council of Florida, Inc.  
Orlando, Florida

Idaho Dairy Council, Inc.  
Boise, Idaho

The Milk Foundation, Inc.  
Chicago, Illinois

Dairy Council, Inc.  
Indianapolis, Indiana

Dairy Council of Greater Kansas City  
Kansas City, Missouri

Maine Dairy and Nutrition Council  
Augusta, Maine

Dairy Council of Michigan  
Detroit, Michigan

Dairy Council of Metropolitan New York, Inc.  
New York, New York

Dairy Council of Mid-Ohio  
Columbia, Ohio

Dairy, Food and Nutrition Council of Minnesota  
St. Paul, Minnesota



New England Dairy and Food Council  
Boston, Massachusetts

Dairy, Food and Nutrition Council, Inc.  
East Orange, New Jersey

Dairy Council of Niagara Frontier Area  
Buffalo, New York

North Dakota Dairy Council Committee  
Bismarck, North Dakota

Dairy Council of Northern Indiana, Inc.  
South Bend, Indiana

The Dairy Council  
Dayton, Ohio

Dairy and Nutrition Council  
Cleveland, Ohio

Oregon Dairy Council  
Portland, Oregon

Dairy Council, Inc. (Philadelphia)  
Southampton, Pennsylvania

The Food, Nutrition and Dairy Council  
Pittsburgh, Pennsylvania

Dairy Council Rochester Area, Inc.  
Rochester, New York

St. Louis District Dairy Council  
St. Louis, Missouri

Dairy Council of South Dakota  
Brookings, South Dakota

Dairy and Food Nutrition Council of the Southeast, Inc.  
Atlanta, Georgia

Dairy Council, Inc.  
San Antonio, Texas

Dairy Council of the Upper Chesapeake Bay, Inc.  
Baltimore, Maryland

Dairy Council of Utah  
Salt Lake City, Utah

Dairy Council of Vermont  
Montpelier, Vermont

Dairy Council of Greater Metropolitan Washington  
Washington, D.C.

Washington State Dairy Council  
Seattle, Washington

The Dairy Council of Wisconsin  
Milwaukee, Wisconsin

APPENDIX 31

STATE PROMOTION ORGANIZATIONS UNAFFILIATED WITH UDIA

Arizona

The United Dairymen of Arizona  
2008 South Hardy Drive  
Tempe, Arizona 85282  
602-968-7814  
Director of Consumer Marketing: Earnest D. Cornwall

California

California Milk Advisory Board  
P.O. Box 4680  
Modesto, California 95352  
209-521-1060  
General Manager: Tony Fraga

Oregon

Oregon Dairy Products Commission  
10505 S.W. Barbur Boulevard  
Portland, Oregon 97219  
503-229-5033  
Executive Secretary: Ray L. Kozak

Washington

Washington Dairy Products Commission  
1107 Northeast 45th Street  
Seattle, Washington 98105  
206-545-6763  
Executive Secretary: Bob Hallberg

Wisconsin

American Dairy Association of Wisconsin  
4337 W. Beltline  
Madison, Wisconsin 53711  
608-271-1021  
General Manager: John F. Oncken



PERSONAL INTERVIEWS

Arnold, James. Director of Communications, American Dairy Association and Dairy Council of New York, Inc. Syracuse, New York. April 24, 1979.

Bailey, Margaret R. Assistant Secretary, Rochester Health Foundation. Rochester, New York. June 13, 1979.

Bandler, David K. Associate Professor, Department of Food Science. Cornell University. Ithaca, New York. July 6, 1979.

Brink, M. F. President, National Dairy Council. UDIA. Rosemont, Illinois. May 10, 1979.

Brookman, John F. Director, Communications. United Dairy Industry Association. Rosemont, Illinois. May 9, 1979.

Connor, John. Manager, Program Implementation. National Dairy Council. UDIA. Rosemont, Illinois. May 11, 1979.

Fischer, Ruth. Executive Director, Dairy Council of Rochester Area, Inc. Rochester, New York. June 13, 1979.

Fuson, Donna. Program Consultant. National Dairy Council. UDIA. Rosemont, Illinois. May 11, 1979.

Gamsby, Frank. Consumer/Industry Relations Representative, American Dairy Association and Dairy Council of New York, Inc. Syracuse, New York, April 24, 1979.

Grimes, Alden R. Executive Vice President, American Dairy Association. UDIA. Rosemont, Illinois. May 10, 1979.

Holmes, Jane A. Vice President/National Advertising, American Dairy Association. UDIA. Rosemont, Illinois. May 10, 1979.

Kinney, Gloria G. Director, Division of Nutrition Education. National Dairy Council. UDIA. Rosemont, Illinois. May 11, 1979.

Kling, Herbert. Director, Division of Dairy Industry Services. Department of Agriculture and Markets. State of New York. Albany, New York. April 27, 1979.

Menz, William W. Vice President/Product Research, Dairy Research, Inc. UDIA. Rosemont, Illinois. May 10, 1979.

- Mykleby, Raymond W. Executive Vice President, Dairy Research, Inc. UDIA.  
Rosemont, Illinois. May 10, 1979.
- Newcomb, Lyle. Milk Marketing Specialist, Division of Dairy Industry  
Services. Department of Agriculture and Markets. State of New York.  
Albany, New York. April 25 and May 1, 1979.
- Ols, Elaine. Executive Secretary, Milk for Health on the Niagara Frontier.  
Buffalo, New York. June 14, 1979.
- Quackenbush, G. G. Director, Marketing and Economic Research. United Dairy  
Industry Association. Rosemont, Illinois. February 26, 1979.
- Reaves, W. Jasper. Vice President/Product Development, Dairy Research, Inc.  
UDIA. Rosemont, Illinois. May 10, 1979.
- Rowles, Dan. Program Support/Eastern States, United Dairy Industry Associa-  
tion. Rosemont, Illinois. May 9, 1979.
- Schotz, James. President, Milk for Health on the Niagara Frontier, Inc.  
Buffalo, New York. June 14, 1979.
- Sexstone, Jean. Assistant Director, Dairy Council of the Rochester Area,  
Inc. Rochester, New York. June 13, 1979.
- Simpson, Grover B. Vice President/Marketing Services, American Dairy  
Association. UDIA. Rosemont, Illinois. May 10, 1979.
- Sliter, John W. Executive Vice President, United Dairy Industry Association.  
Rosemont, Illinois. May 10, 1979.
- Speckmann, E. W. Director, Division of Nutrition Research. National Dairy  
Council. UDIA. Rosemont, Illinois. May 11, 1979.
- Turner, Robert S. General Manager, American Dairy Association and Dairy  
Council of New York, Inc. Syracuse, New York. April 24, 1979.
- Wilson, Robert J. Director, Program Planning and Support. United Dairy  
Industry Association. Rosemont, Illinois. May 9, 1979.
- Yousey, Donna. Food Specialty and Dairy Princess Program Coordinator,  
American Dairy Association and Dairy Council of New York, Inc.  
April 24, 1979.

CORRESPONDENCE

Bergholz, Anne S. Executive Director, Oregon Dairy Council. Portland, Oregon. May 22, 1979.

Cornwall, Ernest D. Director of Consumer Marketing, The United Dairymen of Arizona. Tempe, Arizona. June 1, 1979.

Fraga, Tony. General Manager, California Milk Advisory Board. Modesto, California. May 29, 1979.

Guiney, Marcella B. Executive Director, Dairy Council of Metropolitan New York, Inc. New York, New York. July 6, 1979.

Hallberg, Robert. Executive Secretary, Washington Dairy Products Commission. Seattle, Washington. May 21, 1979.

Kozak, Ray L. Executive Secretary, Oregon Dairy Products Commission. Portland, Oregon. May 31, 1979.

Oncken, John F. General Manager, American Dairy Association of Wisconsin. Madison, Wisconsin. June 18, 1979.

Rowland, Mary. Executive Director, Washington State Dairy Council. Seattle, Washington. May 29, 1979.

Shafer, Lorraine. W. Executive Director, Dairy, Food and Nutrition Council, Inc. East Orange, New Jersey. June 23, 1979.

Strickland, Wanda. Administrative Supervisor, Dairy Council of California. Sacramento, California. May 24, 1979.

Tharman, Judith. Executive Director, The Dairy Council of Wisconsin, Inc. Milwaukee, Wisconsin. May 23, 1979.





REFERENCES\*

- American Dairy Association and Dairy Council of New York, Inc. By-Laws. Adopted January 17, 1960, with amendments through 1972. Syracuse, 1972.
- \_\_\_\_\_. 1978 Media Plan, Revision #3. Syracuse, August 16, 1978.
- \_\_\_\_\_. 1979 Recommended Media Plan, Revision #2. Syracuse, June 26, 1979.
- American Dairy Association of Wisconsin. The ADA News. Madison, March 1979.
- A. T. Kearney and Company, Inc. American Dairy Association and National Dairy Council--Study of Organizational Relationships. Chicago, 1972.
- Bailey, Margaret R. Chronicle of Rochester New York Market Participation in American Dairy Association and Milk for Health, Inc. Rochester: Rochester Health Foundation, Inc., January 1957.
- Booz, Allen and Hamilton, Inc. Management Evaluation of United Dairy Industry Association. Rosemont, September 1972.
- Brun, Judy K. "Use of Food Your Choice in the Second Year of Placement." Paper presented at Annual Meeting of United Dairy Industry Association, Houston, Texas, March 1979.
- Clement, Wendell E., Peter L. Henderson, and Cleveland P. Eley. The Effect of Different Levels of Promotional Expenditures on Sales of Fluid Milk. U.S. Department of Agriculture, Economic Research Service, ERS-259, October 1965.
- Coopers and Lybrand, Inc. Annual Financial Statement--American Dairy Association and Dairy Council of New York, Inc. Syracuse, New York, 1972, 1973, 1974, 1975, 1976, 1977 and 1978.
- Cornell University Agricultural Experiment Station. Economics of Milk and Dairy Product Promotion and Consumption. Agricultural Economics Hatch Project No. 121427, 1978.
- Dairy Council of Metropolitan New York, Inc. By-Laws. New York, August 28, 1968.

\*Numbers in brackets in Part VI of the study refer to Appendices 17 and 18.

- \_\_\_\_\_. Dairy Council Scene. New York, January 1978 through December 1978.
- \_\_\_\_\_. Program Contact Report. New York, January 1978 through December 1978.
- \_\_\_\_\_. Statement of Cash Receipts and Disbursements. New York, 1972 through 1978.
- Dairy Council of the Niagara Frontier Area. Annual Report. Buffalo, New York, 1963 through 1977.
- Dairy, Food and Nutrition Council, Inc. By-Laws. East Orange, New Jersey, October 1973.
- \_\_\_\_\_. Food Your Choice Policy Statement. East Orange, July 1978.
- "Dairy: How to Turn P-O-P into Sales Dollars." Progressive Grocer, June 1977, pp. 83-89.
- "Dairy Princesses Play Key Role in New York Promotion." Hoard's Dairyman. October 25, 1974.
- Dairy Research, Inc. "DRINC." Mimeographed. 1970.
- Gates vs. Dyson, 1976; 55 Appellate Division Reports, Second Series 705, 389 New York Supplement, Second Series 154.
- Gates vs. Walkley, 1973; 41 Appellate Division Reports, Second Series 319, 342 New York Supplement, Second Series 490.
- "How to Skim 30% More Profits from Dairy." Progressive Grocer, June 1977, pp. 91-100.
- Kinney, Gloria. Statement to the Task Force on Food, Farm and Nutrition Policy, Assembly of the State of New York. Albany, February 22, 1978.
- Levine, Mark P. "Milk, Cheese Are Important Profit Makers; Do They Get Enough Space in Your Stores?" Supermarketing, October 1977, pp. 60-61.
- McKinsey and Company, Inc. Building a Research and Development Capability for the Dairy Industry. Chicago, November 1, 1968.
- Milk for Health on the Niagara Frontier, Inc. Statement of Income and Expenses, January 1, 1978 thru December 31, 1978. Buffalo, 1979.
- National Dairy Council. Dairy Council Digest. Rosemont, Illinois, Bi-monthly, August 1929 to present.
- \_\_\_\_\_. Nutrition Education Materials 1979. Rosemont, 1979.
- \_\_\_\_\_. Nutrition News. Rosemont, Quarterly, 1942 to present.

New Jersey State Assembly. Chapter 308 of the Public Laws of 1971, NJSA 4:10-43.

New York Agricultural and Markets Law. Article 21-A, §258-aa(a) (McKinney Supplement 1973) (Section, formerly 258-t, renumbered 258-aa by L.1973, C831 § 1 effective October 1, 1973).

New York Dairy Promotion Order. I NYCRR Part 40, as amended. Statutory authority: Agriculture and Markets Law, Section 258-t.

New York-New Jersey Milk Promotion Advisory Committee. "Report of the New York-New Jersey Milk Promotion Advisory Committee." Mimeographed. March 1, 1970.

New York State Department of Agriculture and Markets. Diary Promotion--A Report to New York State Dairy Farmers on Programs and Activities under the New York Dairy Promotion Order. Albany, June 1974, 1976, October 1977, 1978.

. Final Determination in the Matter of a Proposed New York Dairy Promotion Order (I NYCRR, Part 40). Don J. Wickham, Commissioner. Division of Milk Control, Albany, March 10, 1972.

. New York Dairy Statistics. New York Corp Reporting Service. Albany, August 1969, 1974, 1977 and 1978.

New York Economic Development Board. 1978 Official Population Projections for New York State Counties. Albany, January 11, 1978.

New York State Milk Promotion Advisory Board. "Minutes." Mimeographed. Albany, April 12, 1972 through July 17, 1979.

. "Report of the Meeting of Special Dairy Promotion Committee on 1978 Media Plan." Mimeographed. Albany, November 16, 1977.

New York State Milk Promotion Committee. "Minutes of Meeting." Mimeographed. Albany: Department of Agriculture and Markets, March 1970 through December 1971.

Pennsylvania Apple Marketing Act of 1961; amended by Public Law 359, Section 1, 1968.

Potter, Bernard. "Financing Advertising Programs--The New York Experience." Northeastern Dairy Conference: Proceedings of the 35th Annual Meeting, pp. 24-27. Pittsburgh, April 2-3, 1970.

Quackenbush, G. G. "Responsiveness of Dairy Product Sales to Promotional Effort." Paper presented at joint meeting of American Farm Economic Association and the American Marketing Association, December 29, 1962.

Rochester Health Foundation, Inc. By-Laws. Rochester, adopted February 1954, and amended through April 6, 1978.

Spencer, Leland. Programs for Promoting Increased Sales of Milk. Department of Agricultural Economics. A.E. Res. 133, Cornell University, 1963.

State of New York. Niagara Frontier Marketing Area I NYCRR Part 21. Department of Agriculture and Markets, Division of Dairy Industry Services, 1979.

\_\_\_\_\_. Revised Official Order No. 129 I NYCRR Part 22. Department of Agriculture and Markets, Division of Milk Control.

State of Oregon. Agricultural Marketing and Warehousing Act. Title 47, Chapter 576.

State of Washington. Dairy Products Commission Law. Chapter 15.44 RCW.

Turner, Robert S. "Recent Developments in Milk Promotion Organizations and Programs at the National Level." Northeastern Dairy Conference: Proceedings of the 35th Annual Meeting, pp. 33-36. Pittsburgh, April 2-3, 1970.

United Dairy Industry Association. Annual Report. Rosemont, Illinois, 1973 through 1978.

\_\_\_\_\_. By-Laws. Rosemont, Adopted July 5, 1971, and amended November 1973.

\_\_\_\_\_. Meet UDIA. Rosemont, QA-0776. 1976.

\_\_\_\_\_. Program Plans and Budgets. Rosemont, 1976, 1977, 1978 and 1979.

\_\_\_\_\_. UDIA--A Total Promotion Program. Rosemont, MNB-777. 1977.

U.S. Agricultural Marketing Agreement Act (1937), amended by Public Law 91-670, 91st Congress, S. 1181, effective January 11, 1971.

U.S. Department of Agriculture. Dairy Situation. Economics, Statistics and Cooperative Service, DS-375, May 1979.

\_\_\_\_\_. Federal Milk Order Market Statistics. Agricultural Marketing Service, Dairy Division, FMOS 230, April 1979.

\_\_\_\_\_. 1978 Handbook of Agricultural Charts. Agricultural Handbook No. 551, November 1978.

U.S. Department of Commerce, Bureau of the Census. Illustrative Projections of State Populations: 1975 to 2000. Current Population Reports, Population and Projections, Series P-25, No. 796. Washington, March 1979.

Waschler, Jane. "Establishing Sales-Per-Linear-Foot Benchmarks Can Lift Dairy Department Sales at Least 10%." Supermarketing, October 1977, pp. 56-57.

Season the Dairy Way" (holiday season, self-selected Member Organizations only).

In 1979, the number of major promotions has been cut back from three to two, because of budgetary considerations, with an optional third (fall) promotion available for those Member Organizations which wish to finance its placement.

b. Dairy Department Management Training

American Dairy Association research in the late 1960's indicated that milk and dairy product sales were greater in stores which had well managed dairy departments. Therefore, in 1969, ADA employed an educational consulting firm to develop a Dairy Department Management Training program. Following field-testing of the new program (in Albany, New York), implementation was begun in the fall of 1970. The program of full-day seminars is today considered to be the most sophisticated and successful program of its kind in the U.S. retail food industry.<sup>36</sup> Members of ADA's ten-person field staff serve as "Dairy Marketing Consultants," organizing and conducting the programs. The field staff is currently booked to 75 percent of capacity through the year 1980.

The materials used in the seminars cost ADA about \$25 each to produce, but this is paid for entirely by the sponsoring food chain, as are all out-of-pocket expenses for the workshops.

Attendance at the seminars averages about 28 persons (all from the same, sponsoring supermarket chain). Since the beginning of the program, more than 30 thousand retail food industry personnel have been trained, some 3,118 in 1978. In New York State alone, 58 seminars had been held from the program's initiation in 1970 through May of 1979, and some 2,500 dairy department managers had been trained.<sup>37</sup>

c. Dairy Track

In 1970, the National Association of Food Chains (NAFC) began developing a computerized management program for food retailers, with ADA underwriting the largest portion of the cost to develop a dairy department program. NAFC merged with the Supermarket Institute in 1975 and discontinued the project, at which time it was fully taken over by UDIA/ADA.<sup>38</sup>

The Marketing Services division worked in cooperation with UDIA's Marketing and Economic Research office to make the program fully operational. It was introduced in two stores in November, 1976. This dairy department

---

<sup>36</sup>Results are documented in Waschler 1977.

<sup>37</sup>For a list of the stores included in New York and New Jersey, see Appendix 23.

<sup>38</sup>The non-dairy segments of the system were sold.

"direct product-profit computerized analysis system" requires 21 weeks of data (and approximately 40 person-hours of work provided by the store) and is implemented directly from the Rosemont, Illinois offices of UDIA. As of the present time, some 36 supermarkets have been run through the program (including Star Markets in Rochester, New York), providing information which enables the store to improve its dairy department sales.<sup>39</sup> Additionally, the results of each analysis enable the Marketing Services division to improve its management training program.

d. Preliminary Store Audits

Expanding on the principles of the Dairy Track program, Marketing Services is developing a new system which will analyze 30 percent of a chain's stores in a consolidated study of the chain's dairy department efficiency. It is expected that information provided by these Preliminary Store Audits will enable participating stores to increase gross dairy department sales by at least 10 percent. Implementation is to begin 1980.

Foodservice

In the last decade, changing American lifestyles have resulted in substantially greater numbers of meals eaten away from the home. By 1977, one out of every five dollars worth of dairy products (farm value) was sold through foodservice outlets, including drive-ins, restaurants and institutional/in-plant feeding operations (UDIA, Annual Report 1977). In recognition of this fastest growing segment of the U.S. food marketing industry, ADA established a Foodservice division in September, 1977. An advertising agency specializing in foodservice was appointed,<sup>40</sup> and a leading foodservice research firm was commissioned to examine dairy opportunities in the area. Interim projects were begun while a more complete foodservice program was being established.

At the present time, the program is still in its developmental stage, although a number of foodservice projects are being carried out.<sup>41</sup> The overall objective of the program is "to expand foodservice markets by showing operators how to use milk and dairy projects to increase sales and profits" (UDIA, Annual Report 1978).

---

<sup>39</sup>By implementing the findings of Dairy Track analyses, participating stores have increased sales and profits by as much as 30 percent and reduced inventory investment by up to 25 percent. See Levine 1977 and "How to Skim 30% More Profits from Dairy," Progressive Grocer, June 1977.

<sup>40</sup>Mandabach & Simms was hired in 1977; account was transferred to Campbell-Mithun in 1978.

<sup>41</sup>Examples: A "Magic Cow" promotion in Walgreen's national drug chain; "Ask for Milk" campaign in Big Boy restaurants in Denver, Colorado and in Sambo's restaurants in the southeast.