

Indiana Creamery License Division



2007 – 2008 ANNUAL REPORT

Indiana Creamery License Division
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A MESSAGE FROM THE DIVISION MANAGER

Christy Coon

As the new Creamery License Division Manager of the state of Indiana, it is my responsibility to submit this annual report. Effective May of 2007, Myron Bozell retired as the Creamery License Division Manager after many years of service to the Division. I took the position with the Division in January of 2008 and had some catching up to do.

The division has faced many challenges within the past year and will continue to face them as the dairy industry continues to grow and develop. The biggest challenge this past year has been to bring the Creamery License Division up to date with new technologies including a new sample check program, licensing changes, and an increase in efficiency of day to day activities.

Economic strains in the United States cause stress on every individual. As a result an increase in monitoring of milk haulers has occurred as they are pushed to work harder and harder to make ends meet while the dairy farmer is also working twice as hard to ensure his business is surviving too. Demands of the consumer in the quality of product they wish to have available to them is always a concern and is always increasing requiring a closer watch by all individuals in the dairy industry.

Indiana Code established an act regulation the weighting, sampling, and testing of milk to ensure fairness and accuracy. The act assigned enforcement to the Creamery License Division in cooperation with the Creamery Examining Board under the direction of Purdue University School of Agriculture. The overall mission of the Creamery License Division is to ensure the fairness and accuracy in the weighing, sampling and testing of milk and cream purchased in Indiana through the implementation of inspection of samplers, testers, and processors as well as educational programs. The Division has the added responsibility of communicating its actions to the various components of the dairy industry in Indiana.

I would like to take this opportunity to thank the board members for their support and dedication to the Indiana Dairy industry, the Indiana Creamery License Division and its services as well as their commitment to me personally.

Program Overview:

Routine bulk-tank check performances determine the accuracy of sampling by bulk milk haulers. Samples of producer tanks taken by the milk hauler and a sample of the semi-tank taken by the receiving bay employee at the processing plant are all sorted and shipped to the Federal Milk Market Administrator for testing. The FMMA pays for the shipping and the testing of the milk samples, so there is no direct cost to the division for this service.

An effort to increase our visibility as well as perform our services more thoroughly we now perform random on farm observations of milk hauler. A trip to a dairy while the sampler is sampling, and transferring milk from the farm bulk tank to the tanker itself is now performed in order to increase the visibility of our presence as well as ensure the accuracy in weighing, measuring, and sampling milk.

A scoring system based upon the BF difference between the load test and a weighted average of the tests of producers on that load determines a hauler's score. A score of "A" is equivalent to a difference of less than 0.01%, "B" is 0.01 to 0.03%, "C" is 0.03 to 0.05%, "D" is 0.05 to 0.10% and "F" is a difference of more than 0.10%. During 2004, 69.9% of loads tested showed a difference of less than 0.05%. The protein difference is also looked at in a similar manner, but not used to determine the final grade.

The Division works for, and receives its entire funding from, the dairy industry in the state of Indiana. The fee structure instituted during the 1994 legislative session is below:

Sampler license (bulk milk hauler)	\$10.00
Tester license (milk or cream)	\$15.00
Milk receiving station license	\$25.00
Dairy processing plant license	\$75.00

Plus, a sliding scale based upon the milk receipts of the plant during the prior year, up to a maximum of \$1,000.00 for the year.

Dairy farmers are assessed 2.5 cents/cwt on milk sold in May. This assessment provides the division with 70% of its funding.

The division ensures the dairy farmer is getting paid for the quality of milk he or she is producing and marketing and also serves the milk processors to ensure that they are receiving the amount and quality of milk they are purchasing. It acts as an insurance policy for the farmers as we have the authority to take action when a job is not being performed correctly.

Division Activities:

Every year at the end of March, it is the Creamery License Division responsibility to contact all milk samplers, testers, and processing plants to renew their licensing. Any person sampling, weighing, testing or purchasing milk from Indiana dairies is required by the code to possess a license from the Indiana Creamery License Division. During the 2007-08 fiscal year, the Indiana Creamery License Division licensed 386 samplers, 92 testers, and 23 dairy processors as well as 2 transfer stations.

In order to fulfill our mission as a regulatory agency, the past year over 450 sample checks have been performed. Within those 450 sample checks no two checks on one sampler resulted in failure consecutively. For that reason, no hauler was placed on probation or denied the right to haul milk. As a result of the 450 sample checks 23 new samplers who were previously permitted by the division are now fully licensed.

A new dairy processing plant was licensed and now is packaging product. Nestle in Anderson Indiana met all the requirements for the plant license held with the Indiana Creamery License Division. As a result of a new plant, there are also milk testers in their many labs. So far, a total of 10 new testers have been certified with the CLD.

In addition to the above activities, many appearances were made to various Indiana dairy meetings and conferences including, the Indiana Milk Quality Conference, Dairy Practices Council, Indiana Young Dairy Producers, Milk Promotion Services, Indiana Professional Dairy Producers, Indiana State Dairy Association, Indiana State Fair, 4-H/FFA Dairy Judging Contest, and various Purdue Dairy programs and extension efforts.

Investigations to various complaints and concerns were performed with collaborative efforts being taken with the Creamery License Division, the Indiana Board of Animal Health, and the Indiana State Chemist to both investigate and resolve the situations.

Conclusions and Implications:

- The Indiana Creamery License Division is very efficient in conducting over 450 sample checks and 10 on-site hauler observations this past year. It will be extremely difficult with current staff to increase inspection numbers or volumes. This is especially true in consideration of the demographic changes occurring in the retail industry.
- The number of registered dairy processors and milk testers continues to grow as well as the amount of fluid milk produced in the state of Indiana. The number of milk haulers tends to remain the same with no large variance over the years.
- We will continue to evaluate opportunities to improve our inspection efficiency. Two such opportunities will include:
 - Website to increase awareness of Indiana dairy farmer of his milk haulers performance.
 - Increase in traveling efficiency in collecting milk samples.

Indiana Creamery License Division

Financial Statement

Fiscal Year July 1, 2007 – June 30, 2008

Beginning Cash Balance\$ (3,346.78)

Income.....\$ 160,419.75

Expenses

Salaries/Benefits.....\$ 38,735.47

Travel.....\$ 3,258.71

Other Expenses.....\$ 6,495.57

Total Expenses.....\$ 48,489.75

Ending Fund Balance\$108,583.22

2007-2008 Creamery License Division Board of Directors

The Board of Directors for the Indiana Creamery License Division is comprised of dairy farmers, dairy processors, milk haulers, and cooperative representatives. A board member serves a 3 year term as appointed to the board by various Indiana dairy industry and organizations.

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