



Insight

Higher Milk Price: Who Pays?

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Overview

U.S. dairy policy has a direct effect on the bottom line - of America's families. Each 43 cent increase in the price of milk costs families making under \$25,000 nearly \$1 billion, over one-third of the burden.

Background and Analysis

In 2012, U.S. sales of fluid milk products totaled 52,897 million pounds or about 6.15 billion gallons.^[1] The average price for a gallon of milk in 2012 was \$3.49, which suggests the dollar value for retail milk sales exceed \$21 billion in 2012.^[2] This analysis examines the distributional effect of a persistent 43 cent increase in the retail price per gallon of milk consistent with recent historical fluctuation, which would amount to \$909,123,278 on lower income consumers.^[3]

Distributional data on fluid milk consumption is only available for 2010. For the purposes of this analysis, the income distribution for milk consumption is presumed to be constant.

Table 1: Mean daily intake of fluid milk (grams) by categories of annual family income, all individuals, all ages, 2009-2010^[4]

Income Level	Mean Daily Consumption	Relative Share
\$0 - \$24,999	191g	34%
\$25,000 - \$74,999	173g	31%
\$75,000 and higher	193g	35%