



**NEW YORK STATE MILK PRODUCERS SECURITY FUND
ANNUAL REPORT FOR FY 2022**

SUMMARY:

The New York State Milk Producers Security Fund (MPSF) was established in accordance with the Agriculture and Markets Law of the State of New York. The main objective of the security program is to protect producers against loss of income in the event a milk dealer defaults in paying for milk received. Pursuant to Section 258-b of Agriculture and Markets Law, licensed dealers who purchase milk directly from producers or cooperatives are required to secure their purchases by either participating in the MPSF or by filing full alternate security in the form of a bond or letter of credit. Dealers who elect to join the MPSF are required to report their monthly purchases from producers/cooperatives and pay an assessment, currently set at \$.012 per hundredweight, on such milk purchases. The MPSF is an asset of contributing milk dealers, held in trust for the potential default of milk payments. These are not State funds. Milk sales between cooperatives are exempt from the security provision.

In 2017, the NYS Agriculture and Markets Law was amended to exempt smaller dealers from the requirement to post security when the dealer purchases less than one hundred thousand pounds per month.

When a licensed milk dealer defaults in payment, NYS producers may file a claim against the dealer and, if valid, payment to the producer(s) will be made. Payment of claims are limited to the appropriate uniform price of the milk and to the first 40 consecutive day period for which milk was delivered and remains unpaid. No claims can be allowed for sales of milk to an unlicensed dealer.

For FY 2022, there were forty-six dealers contributing to the fund with total milk reported of 5,810,360,257 pounds. Receipts and disbursements, including administrative costs, for the MPSF as of March 31, 2022, are as follows:

Beginning Cash Balance: April 1, 2021 **\$11,454,985.59**

Receipts: \$3,131,724.97

Monthly Assessments Received	\$685,019.22
Interest Received	\$8,236.54
Legal Determinations	\$2,427,219.21
Claim Repayments	\$11,250.00

Disbursements: \$2,679,169.66

Administrative Expenses	\$212,288.75
Claims Paid	\$2,466,880.91

Cash Balance as of March 31, 2022: **\$11,907,540.90**

NOTE: During FY 2022, defaults to producers resulted in five claim payments totaling \$2,466,881. These payments were made in FY 2021-22 from the General Fund. The fund was reimbursed from additional security in the amount of \$2,427,219.70. The net impact to the fund is \$39,661.70.