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Milk Money: Council Report Shows 86% of Surveyed Stores Overcharge for Milk

CITY HALL – Council Speaker Christine C. Quinn, together with Oversight and Investigations Chair Eric Gioia and Council Member Letitia James, today released a report that shows oversight of New York State’s Milk Price Gouging Law has decreased significantly, resulting in Citywide milk prices that are above the State determined legal threshold. The report is titled “Milk Money: Price Gouging and New York City Milk Sales.”

The legislators were joined by a number of food and consumer advocates, including: Steven Newman, COO of Public Health Solutions, Tracy Shelton of NYPIRG, Joel Berg of the Coalition Against Hunger, Carlos Rodriguez and Aine Duggan of the Food Bank for New York.

Studies show that nationwide, milk is the second most commonly consumed beverage, and the most heavily consumed beverage among children ages 4-8. However, milk consumption has dropped significantly over the past half century, with consumers opting towards less nutritious and often less expensive soft drinks, fruit juices, coffees and teas. The prices that consumers must pay for milk as well as other commonly consumed items are increasing drastically. In fact, according to the most recent survey from the New York State Department of Agriculture and Markets (AGMKT), the cost of a gallon of whole milk in the New York metropolitan area increased nearly 30% between December 2006 and December 2007.

In 1991 New York State enacted the Milk Price Gouging Law, designed to protect consumers from food retailers who sell milk at a price that is “unconscionably excessive.” The law requires the AGMKT to set a monthly threshold for the price of milk for two regions of the state – Upstate New York and the Metropolitan New York area to ensure that retailers are not charging consumers substantially more than what is paid to farmers. The AGMKT Division of Milk Control and Dairy Services is responsible for enforcing the Milk Price Gouging Law. The Department currently conducts monthly supermarket surveys; however the same supermarkets are analyzed each month, allowing the AGMKT to obtain only a measure of milk prices over time.

“As food prices continue to rise, New Yorkers are finding it harder and harder to feed their families. We must ensure that the safeguards and thresholds for keeping milk affordable are effective and that retailers are following the letter of the law,” **said Speaker Christine C. Quinn.** “Consumers should have the confidence that a staple such as milk – which is critical for a child’s healthy growth and development– is available at reasonable prices from all retailers throughout the City.”

“The price of everything in the store is going up these days. But these prices aren’t just high, they’re potentially illegal – and at the cost of our children’s health,” **said Councilman Eric Gioia**. “Milk provides vital vitamins and nutrients, especially for growing kids, and is a staple of a healthy diet. But more and more, parents are having to forgo milk for cheaper, less nutritious alternatives like sugary juices or soda. Shockingly, our investigation shows that if you think you’re paying too much for milk, you probably are.”

In November 2007, investigators from the New York City Council’s Policy and Investigations Division conducted a survey of milk prices at 50 retailers throughout the city, including ten per borough. Once the surveys were completed, the Council compared the milk prices at stores around the city to the respective thresholds that the AGMKT set for November 2007 to determine whether retailers in New York City were charging prices that might be classified as gouging.

This investigation found:

- Forty-three of the 50 stores surveyed (86%) charged a price that was higher than the threshold for at least one unit of milk.
- The 43 surveyed retailers that charged above the threshold for at least one unit of milk charged an average of \$0.40 per unit above the threshold.
- Twelve (63.2%) of the 19 supermarkets surveyed charged above the threshold for at least one unit of milk.
- A total of 458 units of milk were surveyed, with 238 (51.9%) units priced above the threshold.

These findings suggest that reduced enforcement of the Milk Price Gouging Law has resulted in retailers who are essentially unencumbered by the law and able to set milk prices almost as if the law does not exist.

The report issues the following recommendations:

- The New York State Department of Agriculture and Markets should recommence its oversight efforts by conducting more regular price-gouging enforcement.
- The New York City Department of Consumer Affairs and the State Department of Agriculture and Markets should work together to increase public awareness of the Milk Price Gouging Law and the monthly milk threshold.
- The New York State Department of Agriculture and Markets should implement a more comprehensive system of notifying milk retailers of the upcoming month’s price threshold.
- Milk retailers should stay abreast of changes to the monthly price threshold and adhere to the Milk Price Gouging Law when setting their prices.

“In these tough economic times, essential foods for our health and livelihood such as milk should not be a privilege for those who can afford it,” **said Council Member Letitia James**.

“Consumers will benefit by the facts this report has brought to the forefront. I encourage the State to ensure consistently affordable milk across the five boroughs, as well as urge consumers to learn about the laws that work to protect them.

“Identifying and, with speed, remediating problems that stand between New Yorkers and nutritious food is of utmost importance,” **said COO of Public Health Solutions Steven Newman**. “As an organization that works to improve community health through both research and service provision in low income neighborhoods, and as the largest provider of WIC Supplemental Nutrition assistance in New York State, reaching over 45,000 at-risk New York

City women and children each year, Public Health Solutions commends Speaker Quinn and the City Council for this most important report.”

"Low and middle-income New Yorkers are struggling enough to put food on the table these days without having to have the extra worry about being gouged for milk, a staple that is vital to improving nutrition and battling hunger, **said Executive Director of The Coalition Against Hunger Joel Berg**. “I applaud the Speaker and the Council for fighting back against such gouging.”

"The findings in the report, 'Milk Money: Price Gouging and New York City Milk Prices' are very disturbing to me as a consumer advocate for more than 16 years and a mother of two," **said Tracy Shelton, a Consumer Attorney for the New York Public Interest Research Group**. "It is outrageous that some consumers are paying more than the threshold price when it comes to a nutritious and important beverage such as milk. Consumers deserve to be treated fairly when it comes to vital products like milk. NYPIRG commends Speaker Quinn for releasing this important report and supports the recommendations made in the report to protect consumers."

“Price gouging on necessities like milk should never be tolerated, and especially not when escalating food and other basic living costs have millions of New Yorkers struggling to make ends meet,” **said Lucy Cabrera, President Food Bank for New York City**. “At a time when 1.3 million city residents are relying on emergency food, price gouging can literally determine low-income parents' ability to put breakfast on the table for their children.”

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