

## APPENDIX B

### CALCULATION OF CLASS II CONSUMER PRICE

Consumer prices for Class II products were generated by adding the Class II trend (C2T) to the initial Class II consumer price (IC2C). The latter was derived by taking a weighted average of Miami consumer prices for buttermilk, flavored drink, half and half, table cream, sour cream, ice cream, ice milk, and sherbet in 1966. The weights are the average percentage utilization of raw milk in each product during the 1967-69 period. Since the percentage utilization is in terms of raw milk, the consumer price of each product had to be expressed on a raw milk equivalent basis. This was done by dividing the 1966 Bureau of Labor Statistics (BLS) estimated retail price of each dairy product in Miami by the corresponding conversion ratio (quantity of raw milk required to produce 100 pounds of finished product). Weighting these retail prices by the corresponding percentage utilization gives an average retail value (consumer price) of Class II milk per hundredweight of raw milk of \$14.75 in 1966. Table B-1 gives the average percentage utilization of raw milk, the retail value of raw milk, and the conversion ratio for each product.

**Table B-1—Average percentage utilization and retail value of Class II milk in southeast Florida, 1966, and conversion ratios for eight dairy products**

Product	Percent Utilization <sup>a</sup>	Retail Value <sup>b</sup>	Conversion Ratio <sup>c</sup>
	Percent	\$/cwt.	Pounds
Buttermilk	13.11	11.75	102.09
Flavored Drink	9.88	17.69	101.73
Half and Half	12.18	5.10	333.33
Table Cream	4.51	9.99	540.54
Sour Cream	2.07	7.00	500.00
Ice Cream	35.19	10.79	324.31
Ice Milk	20.46	25.14	139.20
Sherbet	2.60	49.91	54.10

<sup>a</sup>Annual percentage utilization, 1967-69 average [4,13].

<sup>b</sup>Retail value per hundredweight of raw milk used in each product. Obtained by dividing the BLS retail price of each product in Miami [21] by the conversion ratio.

<sup>c</sup>Pounds of raw milk required to produce 100 pounds of finished product [23].