

PA Milk Marketing Board
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The New Dairy Donation Program – What You Need to Know

As part of the 2021 Consolidated Appropriations Act, USDA was directed by Congress to create a program to promote donations of eligible dairy products and reduce food waste with a total price tag of \$400 million. The resulting program partners dairy processors, individual producers, and cooperative members with food distribution centers that distribute food to individuals and families.

The program period for eligibility is January 1, 2020, until all program funds are used.

Partnerships are eligible to apply for at least partial reimbursements for the costs of the eligible donated dairy products. Eligible dairy organizations (EDO) must account to a Federal Milk Marketing Order (FMMO) and incur eligible expenses for the eligible donations. Eligible food distributors include food banks, churches, shelters, and soup kitchens.

You may not already file a report with an FMMO, but that does not prevent you from being eligible for the program. According to USDA, EDOs that do not already file a report must file a Receipts and Utilization report to a FMMO office. This report would contain information about the fluid products and/or bulk dairy commodity products purchased and how they were used to produce donated eligible dairy products.

Reports must also be filed for each month of production of donated products. Since most processors and producers (including cooperatives) might not know at the time of production that they will be donating, the reports may be filed “after the fact.”

The Dairy Donation Program (DDP) has extensive and detailed information available on how to complete an application and submit it for review: [Dairy Donation Program | Agricultural Marketing Service \(usda.gov\)](https://www.usda.gov/ams/dairy-donation-program).

USDA has identified seven steps for the application, review, and reimbursement process:

1. Processor/producer partners with an eligible distribution center.
2. Processor/producer submits a form, which is being referred to as a plan, at the DDP website.
3. Distributor submits certification form, which is proof of non-profit status and ability to distribute dairy products.
4. USDA Agricultural Marketing Service (AMS) confirms that processor/producer accounts to an FMMO and will work with it if it does not so the requirement is met.
5. AMS approves (or disapproves) of the donation and distribution plan.
6. Assuming the plan is approved, the processor/producer submits requests for reimbursement of eligible costs.
7. AMS provides reimbursement to processor/producer.

Note: More description and explanation of these steps is provided on the DDP website.

Costs eligible for reimbursement include the cost of the milk to make the donated product; a standard cost of manufacturing the product; and certain transportation costs based on cost of diesel fuel, distance to distribution center and a fuel economy rate.

AMS states that it will “reimburse for donations made based on the class of milk used to make the donated dairy product and the class price for the month the dairy product is produced.” Manufacturing costs will be reimbursed based on the FMMO make allowance levels used as they are generally considered to be representative of the costs of manufacturing dairy products from raw milk. Transportation costs will be based on the US average diesel prices for the month in which the donation was made, a fuel economy factor of 6.1 miles per gallon, and the shortest distance between the processor/producer and the distribution center.

Program participants may submit requests for reimbursement as often as necessary and at any time.

Further clarification and guidelines can be found on the DDP website (url noted above).

PMMB supports donation of dairy products to distribution centers that serve individuals and families within the commonwealth. We hope that many of our PA processors and producers participate in this program.

We are also always available to respond to questions and concerns. I can be reached at 717-210-8244 or by email at chardbarge@pa.gov.