

PA Milk Marketing Board
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A Refresher – What We Do

The PMMB and its Staff have done some things since March 16 that we never anticipated doing. Most of those things have generated emails and phone calls wondering how it is that we have authority over certain aspects of the dairy industry. I thought it might be useful to go over two of our legal responsibilities within the context of COVID-19.

1. PMMB establishes and enforces minimum producer, wholesale and retail pricing.

Relaxing minimum wholesale price enforcement. On two occasions the Board responded to COVID-19 by deciding it would not enforce minimum prices. One dealt with half-pints of milk that some dealers had in storage that originally were processed for schools. The second decision was to not enforce minimum prices on regulated Class II milk products such as cream products and sour cream; most of the issues surfaced with food service companies who were left with unsold inventory when restaurants, colleges and universities closed.

Not changing wholesale and retail minimum resale prices on regular schedule. On March 26, the Board set a hearing for March 31 to discuss holding March 2020 resale prices through the month of April. A request had been made by milk dealers after they experienced substantial disruptions in their businesses. The Board decided to hold the March 2020 prices in an effort to help stabilize what had become uncertain market conditions going forward. The decision was published as Official General Order (OGO) A-1006, which can be found on our website under the “Legal” tab.

Not enforcing minimum producer price for available and healthy milk with dealer-producer agreement. Board staff agreed that dealers could enter into signed arrangements with their respective producers to share the financial burden of COVID-19. These arrangements may cover how milk dumped at the farm would be handled in terms of producer payments. Copies of these agreements will be kept in the Board office and monitored for compliance. Signed documents will ensure to Board staff that producers agree with what dealers have proposed. With signed agreements in place, Board staff will relax enforcement on producer payment as outlined in those agreements. The staff decision was published in Bulletin 1575 and is available on our website.

2. PMMB establishes the Over-order Premium (OOP) for milk that is produced, processed and sold in Pennsylvania.

Emergency OOP established to provide additional farm income. When it became evident that May 2020 milk prices were going to drop by about \$3.00/cwt, the PA Association of Dairy Cooperatives petitioned the Board for an emergency hearing to present evidence supporting a temporary market relief surcharge that would be based on a \$15.00/cwt Class I mover floor. The difference between the published mover and the floor would then be added to the existing OOP

of \$1.00 to supplement farm income. The Board established the surcharge for the months of May and June (See OGO A-1007, available on our website); for May 2020 the OOP is \$3.31.

This particular decision led to some criticism, mainly from individuals questioning the authority of the Board to establish an OOP. The OOP was created by the Board in OGO A-893 and was effective November 1, 1996. There is also confusion as to why the Board does not make cooperatives pay an OOP to members at the same rates paid to independent producers. The Board is expressly forbidden by the Milk Marketing Law to tell cooperatives how they distribute receipts from milk sales to their members.

The Board and its staff continue to daily address questions and concerns as they are presented by the general public, and also Pennsylvania's dairy producers, dealers and retailers. Our goal is to work toward finding solutions to problems as they arise, to the extent we are able to under the law.

PMMB is always available and willing to respond to questions and concerns. I can be reached at 717-210-8244 and by email at chardbarge@pa.gov.