

PA Milk Marketing Board
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Retail Prices and PMMB

I just got off the phone with an individual from the Pittsburgh area, our Milk Marketing Area 5, who was stunned at the prices a local discount store chain was charging for a half-gallon of reduced fat milk (2%).

It is not unusual for prices of milk to be higher than the required minimums at farmers' market stands or local, small retail outlets. Board staff publish updated wholesale and retail prices on a monthly basis, usually around the 23rd of every month. (These can be found on our website at mmb.pa.gov, under the Pricing drop-down menu.)

Pennsylvania's Milk Marketing Law gives the board the authority to establish minimum wholesale and retail prices for milk sold in the commonwealth. What it does not do is permit or require us to establish maximum retail prices.

This means that any retail outlet can charge whatever it wishes for Class 1 and regulated Class 2 milk products as long as it is selling them for at least the respective minimums. As a refresher from a long-ago article, Class 1 refers to fluid milk products such as whole milk, chocolate 2% milk or egg nog while Class II regulated products include items such as whipping cream and sour cream.

I personally have seen half-gallon bottles of whole milk selling for over \$5.00 each and there is no shortage of customers. Of course, this is locally produced and bottled milk for sale at a farmer's market, but the point I am trying to make is that the PA retailer is free to charge whatever price the market will bear for milk products as long as the minimum is met.

As I am fond of saying, many things are just a matter of perspective including what consumers pay for milk (Remember the milk prices in Barrow, AK?). I believe that New York is the only state in our region that enforces a maximum retail price, and no other state in the country enforces minimums on the entire milk pipeline from producers through retail.

The Retail Milk Price is a milk price series that is collected by the USDA Market Administrator offices surveying one outlet each of the largest food store chain, the second largest food store chain, and the largest dairy/convenience store chain in the selected city or metropolitan area. The same outlet is surveyed each month (USDA, AMS).

The most recent published data are for June 25, 2021 and they can help us put the commonwealth's prices in perspective. Separate survey results are provided for organic milk.

As of June 25, 2021, Philadelphia, PA, had the highest retail milk price average in the country (of those outlets in the survey) at \$4.84/gal of 2% milk, followed by Kansas City, MO, at \$4.74. Pittsburgh's average was \$4.33.

I point this out because the retail price minimum for the Philadelphia area for a gallon of 2% milk for the month of June, as published by the board in late May (and effective on June 1) was \$4.18. For the Pittsburgh area, the published minimum was \$4.04. Any prices above those minimum prices are set by the stores and I will note that convenience stores are included in the survey data. (<https://www.ams.usda.gov/sites/default/files/media/RetailMilkPrices.pdf>)

My personal observations are that a retail outlet will often sell its own brand of milk at the established minimum, but sell other brands at a slightly higher price, which is perfectly legal and obviously acceptable to their customers.

Regardless of where you buy milk and what type or brand you choose, consider making a choice to purchase milk that is either PA Preferred (produced, processed and sold in PA) or processed in Pennsylvania (42 plant code). If you have questions about retail prices of milk in your area, please contact us or check published pricing information on our website. Your retail outlet may be selling milk at a price higher than the minimums.

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