

PA Milk Marketing Board
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Revisiting Some Recurring Questions

There are a handful of questions that I, the board and staff seem to receive on a recurring basis. I thought it might be helpful to address some of those in this week's article for individuals who have not seen them in prior articles.

A gallon of milk in Pennsylvania always hovers around \$4.00 a gallon. Who is getting that money? Most people are surprised when we tell them that the farmer receives the largest portion of that \$4.00, in fact, around 46 percent. The processing plant receives about 31 percent plus the 5 percent cost of the container. Retail outlets receive the remaining 18 percent.

Why can't PMMB prohibit milk from out-of-state from coming into Pennsylvania? Preventing transport of goods and services across state lines would violate the Constitution and interstate commerce laws. I know a lot of people think that would be a good idea, but most aren't thinking that Pennsylvania dairy farmers produce much more milk than the consumers of Pennsylvania purchase. In fact, approximately 60 percent of our milk is shipped out-of-state. Also, if we did that other states might act to prohibit Pennsylvania's goods and services from going into their states.

Why doesn't PMMB do away with minimum pricing of milk? The milk pricing system in Pennsylvania is established in the Milk Marketing Law. PMMB is the regulatory agency that also enforces the law. The board has no power to change the law as any changes must come through legislation enacted by the General Assembly. The board has been asked many times to abolish retail minimum prices, specifically. As with the producer and wholesale prices, retail prices are part of the law and cannot be changed by PMMB.

I heard a rumor that a processor is buying milk from out-of-state farmers instead of Pennsylvania farmers. Why can't the PMMB do something about that? The board has absolutely no authority to tell milk processors who to buy from or where to buy. We are not aware of processors who have terminated PA farmers recently and most have gone to extraordinary means to keep their farmers under contract.

Why do I keep receiving less money for my milk? I don't think I can stay in business. The board is so very aware of the decline in milk prices and the market is still trying to adjust to COVID-19 affects. Producer prices are set at the federal level using some complex formulas that many think are out-of-date. Board staff use federal figures to establish PA producer, wholesale and retail minimum prices. Recommendations from several organizations to change the federal pricing system have been proposed, but I am unaware as to the status of those discussions at this time. The best thing that individuals can do is become educated about the pricing system and communicate issues to their congressional representatives.

One of the things that would benefit individual dairy farmers in the commonwealth would be a review and possible revision of the Over Order Premium; however, I think it is unwise to do away with the premium until there is some other revenue stream in place. The

board staff have developed a plan—still in its infancy stage—to provide additional revenue to all PA dairy farmers, but it is necessary for HB 1224 to pass so we can begin discussions with the Department of Revenue. It is our understanding that HB 1224 passed unanimously in the PA House and is waiting to be voted out of the Senate Agriculture and Rural Affairs Committee. If the bill passes in the Senate, we can move forward on this initiative.

I am a raw milk producer and licensed by the PA Department of Agriculture. Why do I also have to be licensed by PMMB? The PDA and the PMMB licenses cover two separate aspects of the raw milk business. PDA conducts sanitation inspections and licenses raw milk producers whose operations meet minimum safety standards for raw milk. PMMB licenses are for producers who sell their milk off-farm. A raw milk producer who sells milk to a local store has to apply for a dealer license; producers who sell raw milk on-farm only need the sanitation license from PDA.

I will continue to provide answers to the many questions we receive in this column. 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.