



## Commonwealth of Pennsylvania

Milk Marketing Board  
2301 North Cameron Street  
Harrisburg, PA 17110-9408

717/787-4194  
FAX: 717/783-6492

WEB SITE: <http://www.mmb.pa.gov>

E-mail: [RA-PMMB@pa.gov](mailto:RA-PMMB@pa.gov)

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### BULLETIN

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#### ON-FARM MILK DUMPING

Pennsylvania and surrounding milk markets continue to be disrupted due to the ongoing COVID-19 pandemic. The adverse effects of the disruption are being felt to various degrees by all segments of Pennsylvania's dairy industry. Board Staff has begun to receive reports that milk dealers are telling producers to dump their milk on the farm.

On-farm dumping of milk at the direction of milk dealers is now an enforcement issue for Board Staff. Board Staff will approach enforcement of issues arising due to milk dealer directed on-farm dumping of producer milk based on the following framework:

1. Milk dumped on the farm may be de-pooled from the applicable federal order.
2. If milk is depooled from the federal order, it is still subject to minimum Pennsylvania pricing based on Official General Order A-903A (<https://www.mmb.pa.gov/Migration/Documents/OGO%20A-903A.pdf>).
3. Per OGO A-903A, Class II, III, and IV milk not priced by a federal order will be priced by the Board using the federally announced skim and butterfat prices for federally regulated milk in those classes.
4. 7 Pa. Code sec. 143.44 (<http://www.pacodeandbulletin.gov/Display/pacode?file=/secure/pacode/data/007/chapter143/s143.44.html&d=reduce>) provides that milk dealers may not reject producer milk for any cause except (a) inferior quality of the milk, or (b) noncompliance with the regulations of other governmental health or sanitation agencies.
5. Directing producers to dump milk on their farm is, in effect, rejecting the milk for a reason not allowed by 7 Pa. Code sec. 143.44.
6. 7 Pa. Code sec. 143.31 (<http://www.pacodeandbulletin.gov/Display/pacode?file=/secure/pacode/data/007/chapter143/s143.31.html&d=reduce>) provides that milk dealers must provide 28-days written notice to producers before terminating a contract or purchasing agreement.
7. 7 Pa. Code sec. 143.31 also provides that milk dealers shall pay in full producers whose contract has been terminated by the 20<sup>th</sup> day of the following month.

Board Staff recognizes that the Pennsylvania dairy industry is facing an extraordinary set of circumstances causing milk dealers and producers to have to make potentially financially difficult, if not devastating, decisions. Board Staff would like to work with the industry, while at

the same time encouraging different industry segments to work together, to address the on-farm milk dumping issue.

In lieu of strict enforcement of the Milk Marketing Law, Board regulations, and Board orders in a manner that could result in milk dealers and/or producers being forced out of business, Board Staff will not strictly enforce the potential violations outlined above provided that

1. There is a written and signed agreement between a milk dealer and independent producer outlining how the producer's milk will be handled from a specified date forward.
  - a. A copy of the agreement will be provided to Board Staff.
  - b. For a producer not willing to sign an agreement with a processor for religious or other reasons, the producer must inform Board Staff via email, phone call, or otherwise that the producer explicitly agree with the agreement offered by the milk dealer and such communication with Board Staff must be specific and demonstrate understanding and agreement to the terms received from the producer's milk dealer.
2. Agreements must specify pick-up and dumping arrangements and payment arrangements.
3. Agreements must specify that both parties understand that violations of the agreement are subject to Board Staff enforcement based on the framework above.

In the absence of an agreement as outlined, Board Staff will enforce the Milk Marketing Law, regulations, and orders regarding producer payment and the dealer-producer relationship.

Board Staff's goal is to work with all segments of Pennsylvania's dairy industry to help ensure the least possible disruption of operations both on and off the farm.

PENNSYLVANIA MILK MARKETING BOARD



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Carol A. Hardbarger, PhD, Secretary

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(717) 787-4194 OR 800-654-5984 (PA RELAY SERVICE FOR TDD USERS).