

PA Milk Marketing Board
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PMMB, Dairy Cooperatives, Over Order Premiums and the Law

Within the past two weeks I have responded to questions about PMMB, cooperatives and the Over Order Premium (OOP). There appears to be a general belief among cooperative members in the Commonwealth that the Board has some control over how their respective cooperative distributes the OOP or that we have chosen to ignore the issue over the years because it may be politically expedient for us to do so. Nothing could be further from the truth!

I'll begin with some background: The Milk Marketing Law, Article I, Section 103 states that a cooperative "shall not be deemed a milk dealer or handler, but shall be deemed a producer, except as otherwise provided herein." A cooperative is a dealer if it sells milk to stores, consumers, or to other milk dealers. The classification of a cooperative as a dealer enabled us to recently develop and approve a regulation change which will require cooperatives to include the amount of OOP on individual members' monthly checks (7 Pa Code Chapter 143.15. Regulation # 47-20).

Article VII, Section 809, outlines the relationship that PMMB has with cooperatives. Most important to this discussion is the statement that "no provision of this act [the Milk Marketing Law] shall prevent any cooperative... from blending the net proceeds of sales... and paying its producers such blended price." In addition, the Law further states that PMMB may not interfere with a contract between a cooperative and its producers.

Simply stated, PMMB is not permitted by law to order how individual cooperatives distribute their milk receipts or the OOP to their members.

As I see it there are two ways that cooperative members can remedy the situation with distribution of the OOP. First, the law can be changed, which requires legislators' support and passage by both houses of the General Assembly. PMMB adheres to requirements as set out in the law and, should it change, we would honor the new mandates. The second option is that a majority of members can vote to make changes within their respective cooperative. Neither of these options is easy and both require a great deal of commitment by whomever is involved.

PMMB is always available to respond to your questions and concerns. I can be reached at 717-210-8244 or by email at chardbarga@pa.gov. Also, members of the Board are willing to hold a question and answer session within your local area; we only require that you secure a location to meet.