



UPPER MIDWEST MARKETING AREA
Federal Order No. 30

600 East Diehl Road, Suite 100
Naperville, IL 60563-4896
Telephone: (630) 810-9999
Fax: (630) 810-1788

Agricultural Marketing Service
Dairy Programs

1600 West 82nd Street, Suite 200
Minneapolis, MN 55431-1420
Telephone: (952) 831-5292
Fax: (952) 831-8249

Home Page:
www.fmma30.com

4600 American Parkway, Suite 101
Madison, WI 53718-8334
Telephone: (608) 242-1822
Fax: (608) 467-4300

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TO: Handlers Pooling Non-Cooperative Producers

SUBJECT: Policy Clarification - Acceptable Reporting of Producer Payment

This statement provides clarification as to acceptable payroll reporting for producers with both pooled and not pooled milk in a given month. § 1030.73 of the Upper Midwest Federal Milk Marketing Order, *Payments to producers and to cooperative associations*, subparts (f)(5) and (6), stipulates the form in which payments to non-cooperative producers shall be reported by the pooling handler. Subpart (5) states: *“The minimum rate or rates at which payment to the producer is required pursuant to the order in this part.”* This means that the payment rate reported and paid to a producer, via a producer payroll, must comply with the Federal Order minimum payment values as specified in § 1030.73(a)(1) and (2). This requirement would apply to all of a producer’s milk that was pooled on the Order.

If a producer’s total monthly production includes milk that was pooled on Order 30 *and* milk that was not pooled, the reported payment on a hundredweight (cwt.) basis must be equal or greater than the Federal Order minimum value for the pooled milk portion. If the combined value of the pooled and not pooled milk, on a cwt. basis, is less than the Federal Order minimum value then payment presentation to the producer must be separate and distinct for the pooled and not pooled production. Payment transparency is required **each month** so that a producer can confirm that at least the Federal Order minimum value was received for their milk that was pooled on the Order.

Acceptable Payment Presentation

Acceptable ways to present the pooled and not pooled payment information could be as separate checks for the pooled and not pooled milk, or via a separate document provided to the producer (e.g., an Excel spreadsheet), or shown in a footnote on the milk check detailing what was received for each portion (Pooled and Not Pooled milk). Such required explanation falls under subpart (6) which states: *The rate used in making payment if the rate is other than the applicable minimum rate* is to be provided.

/s/ Victor J. Halverson
Market Administrator