

QUARTERLY DAIRY LEGAL WEBINAR

2nd Quarter 2025
July 15, 2025

Round Up 2nd Quarter 2025



PennState
Dickinson Law

Center for Agricultural and Shale Law

Pennsylvania Milk Board (PMB) Actions

- Pennsylvania Milk Board Increased License Fees for Milk Dealers
- Pennsylvania Milk Board Continued \$1 Over-Order Premium

U.S. Department of Agriculture (USDA) Actions

- USDA Reauthorized Dairy Forward Pricing Program
- USDA Ended Dairy Donation Program
- USDA Released Study on Milk and Yogurt Labeling Claims
- USDA Removed Dairy Disaster Assistance Program

U.S. Food and Drug Administration (FDA) Actions

- FDA, IDFA Moved to Eliminate Food Dyes from School Dairy Products
- FDA Allowed Temporary Standard of Identity Deviations for Cheese, Yogurt
- American Butter Institute (ABI) Requested FDA Action on « Dairy Free » Country Crock Label

International Dairy Issues

- USDEC and NMPF Signed MOU with Indonesia
- Costa Rica Approved New U.S. Dairy Facility Registration Process



Pennsylvania Milk Board Increased License Fees for Milk Dealers

- On May 10, 2025, the Pennsylvania Milk Board (PMB) [published](#) 55 Pa.B. 3224 increasing license fees for milk dealers and a group of subdealers.
 - Higher operating costs and flat revenue caused a budget deficit
- **Milk Marketing Fees Update**
 - **Milk dealers**
 - Price-controlled milk fee raised from **\$0.060 to \$0.075** per hundredweight
 - Non-price controlled milk raised from **\$0.0064 to \$0.0071** per hundredweight
 - **Milk subdealers**
 - Only 4 subdealers are affected by the amendment
 - Correction made: a previously omitted fee tier is added back
 - Subdealer quart-equivalent fee increased by \$50 for those 4 subdealers



Pennsylvania Milk Board Continued \$1 Over-Order Premium

- On June 4, 2025, the Pennsylvania Milk Board [issued](#) General Order No. A-1021 **continuing the \$1.00 per hundredweight over-order premium** for all Class I milk produced, processed, and sold in Pennsylvania.
 - **Effective period: July 1 – December 31, 2025**
 - Replaces General Order A-1020, issued in December 2024.



USDA Reauthorized Dairy Forward Pricing Program

- On April 23, 2025, the USDA Agricultural Marketing Service (AMS) [published](#) a final rule reauthorizing the Dairy Forward Pricing Program (DFPP) under the American Relief Act of 2025.
 - **Effective date: April 24, 2025**
 - DFPP allows handlers to negotiate prices for non-fluid milk classes (II, III, and IV) directly with producers/cooperatives; participation is voluntary.
- Following the program's expiration on September 30, 2024, new forward contracts were prohibited.
- DFPP has been **extended to allow new contracts until September 30, 2025, with contract terms expiring no later than September 30, 2028.**



USDA Ended Dairy Donation Program

- On May 29, 2025, the USDA Agricultural Marketing Service (AMS) [published](#) a final rule eliminating the Dairy Donation Program.
 - « The Dairy Donation Program is **no longer funded by Congress**; therefore, AMS has no authority to take further action under the Dairy Donation Program and its implementing regulations are **obsolete**. »
 - The Milk Donation Reimbursement Program (MDRP) regulations will be updated accordingly.



USDA Released Study on Milk and Yogurt Labeling Claims

- On June 6, 2025, the USDA Economic Research Service (ERS) [released](#) a new study: *The Prevalence of Competing and Complementary Claims on U.S. Food Product Packaging: A Case Study of Claims on Milk and Yogurt*.
 - Purpose: to provide **the first quantitative review** of how often and how strategically food label claims are used on dairy products.
 - Data sources: Circana & Label Insight (2022 data)
- Types of claims analyzed: (1) fat-related; (2) sugar/sweetener; (3) digestive health; (4) beneficial nutrients; (5) low-calorie/cholesterol; (6) hormone-free; (7) natural; (8) USDA Organic; (9) animal welfare; (10) non-GMO; and (11) kosher certification.
- Major findings:
 - **Most frequent: fat content and kosher claims**
 - Natural claims: on 38% of milk, 50%+ of yogurt
 - Farm-related claims: 44% of milk labels; 30% of yogurt labels
 - Most products had multiple claims: 60% of milk; 68% of yogurt



USDA Removed Dairy Disaster Assistance Program

- On June 18, 2025, the USDA Farm Service Agency (FSA) [published](#) a final rule removing "**obsolete, unnecessary, and outdated**" Dairy Disaster Assistance Payment Program (7 CFR 786) regulations in Title 7 of the Code of Federal Regulation.
 - Part of the federal deregulatory initiative under [Executive Order 14219](#).
 - No impact on past or current FSA customers.



FDA, IDFA Moved to Eliminate Food Dyes from School Dairy Products

- On April 22, 2025, the FDA [announced](#) a plan to eliminate all petroleum-based synthetic dyes from food products sold across the country.
 - “Today, the FDA is asking food companies to substitute petrochemical dyes with natural ingredients for American children as they already do in Europe and Canada ... We have a new epidemic of childhood diabetes, obesity, depression, and ADHD. Given the growing concerns of doctors and parents about the potential role of petroleum-based food dyes, we should not be taking risks and do everything possible to safeguard the health of our children.”
- As a result, the International Dairy Foods Association (IDFA) [announced](#) a voluntary industry initiative to **eliminate certified artificial colors from milk, cheese, and yogurt sold to K-12 schools by the start of the 2026-2027 school year.**
 - Affected ingredients: Red 3, Red 40, Green 3, Blue 1, Blue 2, Yellow 5, and Yellow 6.



FDA Allowed Temporary Standard of Identity Deviations for Cheese, Yogurt

- On June 18, 2025, the FDA **extended and amended** two temporary marketing permits allowing Bongards' Creameries and Chobani, LLC, to test products that deviate from existing federal standards of identity.
- [Bongards' Creameries—Process cheese](#)
 - Ingredient deviation: extra virgin olive oil as slice anti-sticking agent
 - Amendment: now limited to 21 CFR 133.169 (pasteurized process cheese)
- [Chobani, LLC—Yogurt & lower fat yogurt](#)
 - Ingredient deviation: ultrafiltered (UF) nonfat milk, water & non-nutritive sweeteners
 - Amendment: clarified wording



American Butter Institute Asked FDA Action on « Dairy Free » Country Crock Label

- On June 25, 2025, the American Butter Institute (ABI) [submitted](#) a letter to the FDA challenging the labeling of Country Crock's « Dairy Free » Unsalted/Salted Butter.
 - The label misuses the term "butter," which, by law, must come from milk or cream
 - Product ingredients: palm oils, pea protein, lecithin, beta carotene.
 - Misleads consumers into believing the product contains dairy
 - Fails to meet the statutory definition of butter under 21 U.S.C. § 321a.



USDEC and NMPF Signed MOU with Indonesia

- On May 1, 2025, the U.S. Dairy Export Council (USDEC) and the National Milk Producers Federation (NMPF) [signed](#) a Memorandum of Understanding (MOU) with Indonesia.
 - Objective: **advance sustainable dairy trade** supporting mutual U.S.-Indonesia interests.
 - **Effective immediately upon signing through December 31, 2026.**
- Key areas of cooperation:
 - Inclusion of U.S. dairy in Indonesia's Free Nutritious Meals school program
 - Regulatory dialogue (e.g., facility registration)
 - Trade data & market insights sharing
 - Joint outreach on dairy's nutritional benefits, especially for child development.



Costa Rica Approved New U.S. Dairy Facility Registration Process

- On May 23, 2025, the USDA Foreign Agricultural Service (FAS) [published](#) a report titled *Costa Rica Dairy Facility Registration Requirements*, providing an updated overview of the registration process and requirements for U.S. dairy facilities seeking to export products to Costa Rica.
 - No more questionnaires for U.S. plant registration; now requires (1) **signed AMS letter** verifying plant details & sanitary compliance and (2) **technical data sheet** for each product.
 - Review deadline cut **from 90 to 30 days**.

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Focus Topic:
**2025 Federal Milk Marketing Order
Reforms**



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Agenda – FMMO Reform of 2025

Focus topic: Federal Milk Marketing Order final rule ([90 FR 6600](#)), published January 17, 2025, which becomes effective June 1, 2025, except for the rule's class prices, component prices, and advanced pricing factors (7 CFR 1000.50), which become effective December 1, 2025.

Prior QDLWebinars on the topic:

- (1) [July 18, 2023](#) – Admin. process to Est./Amend FMMOs;
- (2) [April 27, 2021](#) - Federal Milk Marketing Order Reform.

• ***But first . . . a little housekeeping and catch-up . . .***

VIRTUAL RESOURCE ROOM – DAIRY AND DAIRY PRODUCTS LAW – *Update coming soon!*

<https://aglaw.psu.edu/research-by-topic/library-guide/dairy-and-dairy-products-law/>

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DAIRY AND DAIRY PRODUCTS LAW



Price Regulation - Federal

Federal Milk Marketing Orders (FMMOs) are geographical areas under area-specific marketing regulation. There are eleven FMMOs that are regulated and implemented by the USDA Agricultural Marketing Service (AMS). Each FMMO is unique to the regulated area. This heading offers primary and secondary resources defining, explaining and discussing FMMOs in various capacities.

Current Federal Milk Marketing Orders

The AMS website is a comprehensive resource tool for FMMOs. AMS has compiled federal milk prices rules and regulations, misc. FMMO resources, and helpful reports for dairy producers. The sources below follow the AMS website flow.

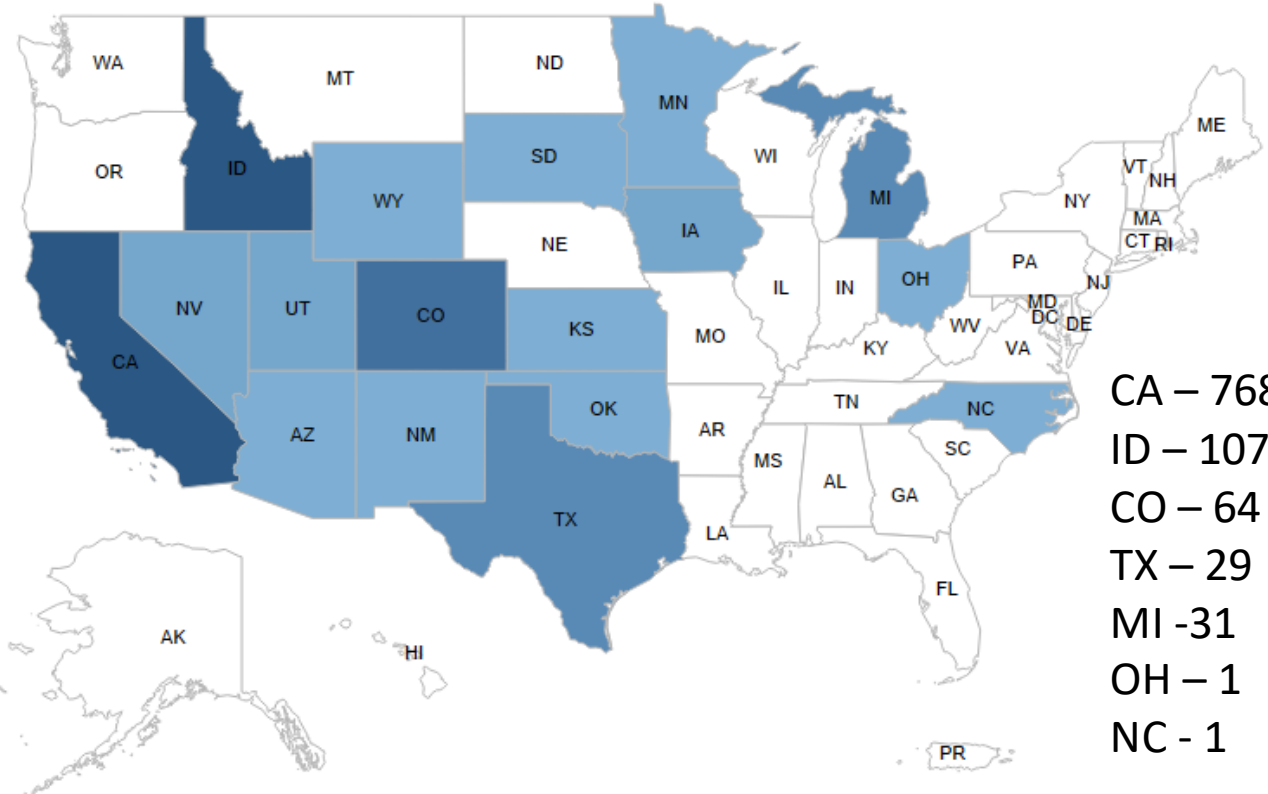
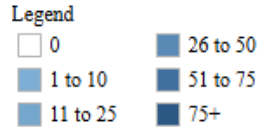
Quick catch-up on recent QDLW topic

- 4th Q 2024 – HPAI in Dairy Cattle

In the Total Outbreak, in Cattle, there were:
1,075 Confirmed Cases in 17 States

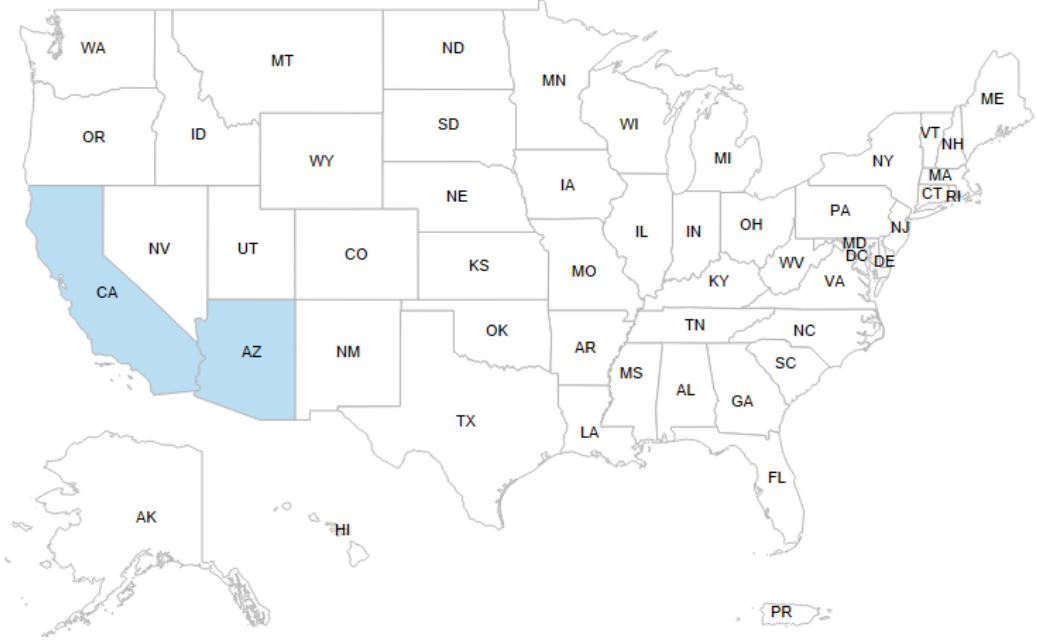
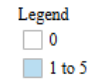
Last 30 days – 2 cases

Number of Confirmed Cases in Cattle by State, Total Outbreak



- CA – 768
- ID – 107
- CO – 64
- TX – 29
- MI -31
- OH – 1
- NC - 1

Number of New Confirmed Cases in Cattle by State, Last 30 Days



Related Federal Dairy Pricing development:

Dairy Forward Pricing re-authorization -

despite no Farm Bill.

“Under the DFPP, regulated handlers must still account to the FMMO pool for the classified use value of their milk. . . . Handlers with forward contracts remain subject to all other milk marketing order provisions. Payments specified under a forward contract must be made on or before the same date as the federal order payments they replace.”

Reauthorization of Dairy Forward Pricing Program

A Rule by the Agricultural Marketing Service on 04/23/2025



PUBLISHED DOCUMENT: 2025-06939 (90 FR 16997)

DOCUMENT HEADINGS

Department of Agriculture
Agricultural Marketing Service
7 CFR Part 1145
[Doc. No. AMS-DA-25-0001]
RIN 0581-AE37

AGENCY:
Agricultural Marketing Service, USDA.

ACTION:
Final rule.

SUMMARY:
This final rule reauthorizes the Dairy Forward Pricing Program (DFPP) in accordance with the American Relief Act, 2025 (Relief Act). Establishing new contracts under the DFPP was prohibited between the expiration of the program on September 30, 2024, and publication of this final rule. The Relief Act reauthorizes the DFPP program to allow handlers to enter into new contracts until September 30, 2025. Any forward contract entered prior to the September 30, 2025, deadline is subject to a September 30, 2028, expiration date.

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And we're back



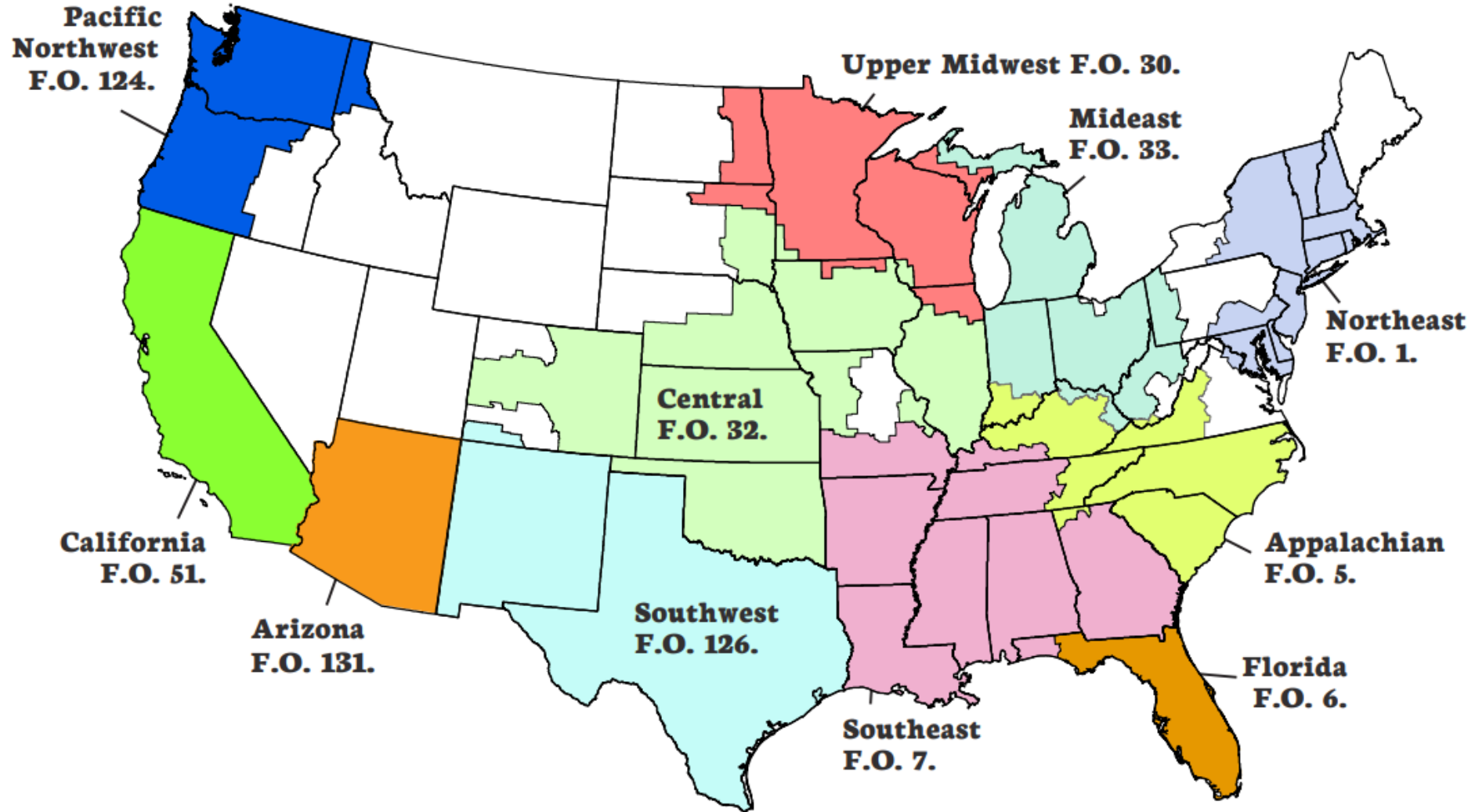
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11 Federal Milk Marketing Order Areas



“Stats” - FMMO Reform of 2025

- Petitions finalized in May-June 2023 (10 petitioners total)
- 49 days of hearings btw. 8/23/23 – 1/30/24 (on 21 proposals)
- 7/1/24 – Recommended Decision (FR - 7/15/24)
- 11/12/24 – Final Decision (FR 12/2/24)
- Final Rule (FR 1/17/25)
- 11 Referendum Votes (“referenda”) – January 2025 – all passed.
- Approved to be effective 6/1/25, except skim milk composition factors eff. 12/1/25.



Proposed Decision & Amendments

1. Milk in the Northeast and Other Marketing Areas; **Proposed Amendments** to Marketing Agreements and Orders, by the Agricultural Marketing Service on **07/15/2024**.
2. Milk in the Northeast and Other Marketing Areas; **Final Decision on Proposed Amendments** to Marketing Agreements and Orders by the Agricultural Marketing Service on **12/02/2024**.
3. Text of Amended Regulation published as a Final Rule →

Milk in the Northeast and Other Marketing Areas; Uniform Pricing Formula Provisions

A Rule by the Agricultural Marketing Service on 01/17/2025



PUBLISHED DOCUMENT: 2025-00563 (90 FR 6600)



PDF



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Related
Documents



Public

DOCUMENT HEADINGS

Department of Agriculture
Agricultural Marketing Service

7 CFR Parts 1000, 1001, 1005, 1006, 1007, 1030, 1032, 1033, 1051, 1124, 1126, 1131, and 1170

[Doc. No. AMS-DA-23-0031]

AGENCY:

Agricultural Marketing Service, USDA.

ACTION:

Final rule.

USDA AMS Website & “meaty” Resources

- [“National Federal Milk Marketing Order Pricing Formula Hearing”](#) – USDA AMS homepage.
- [USDA AMS Webinar: National Federal Milk Marketing Order \(FMMO\) Decision \(11/25/24\)](#)
- [Evaluating the Implications of the USDA AMS Final Decision on Federal Milk Marketing Orders \(FMMOs\)](#), **U. of Wisc-Madison Extension**, Leonard Polzin (also see his preceding [summary of proposed changes](#)).
- [New Federal Milk Marketing Order Rules Now Effective](#), **Terrain** (Farm Credit System analytics contractor), Ben Laine.
- [From Proposed to Final: Unpacking USDA’s FMMO Decision](#), **AFBF Market Intel**, by Daniel Munch.



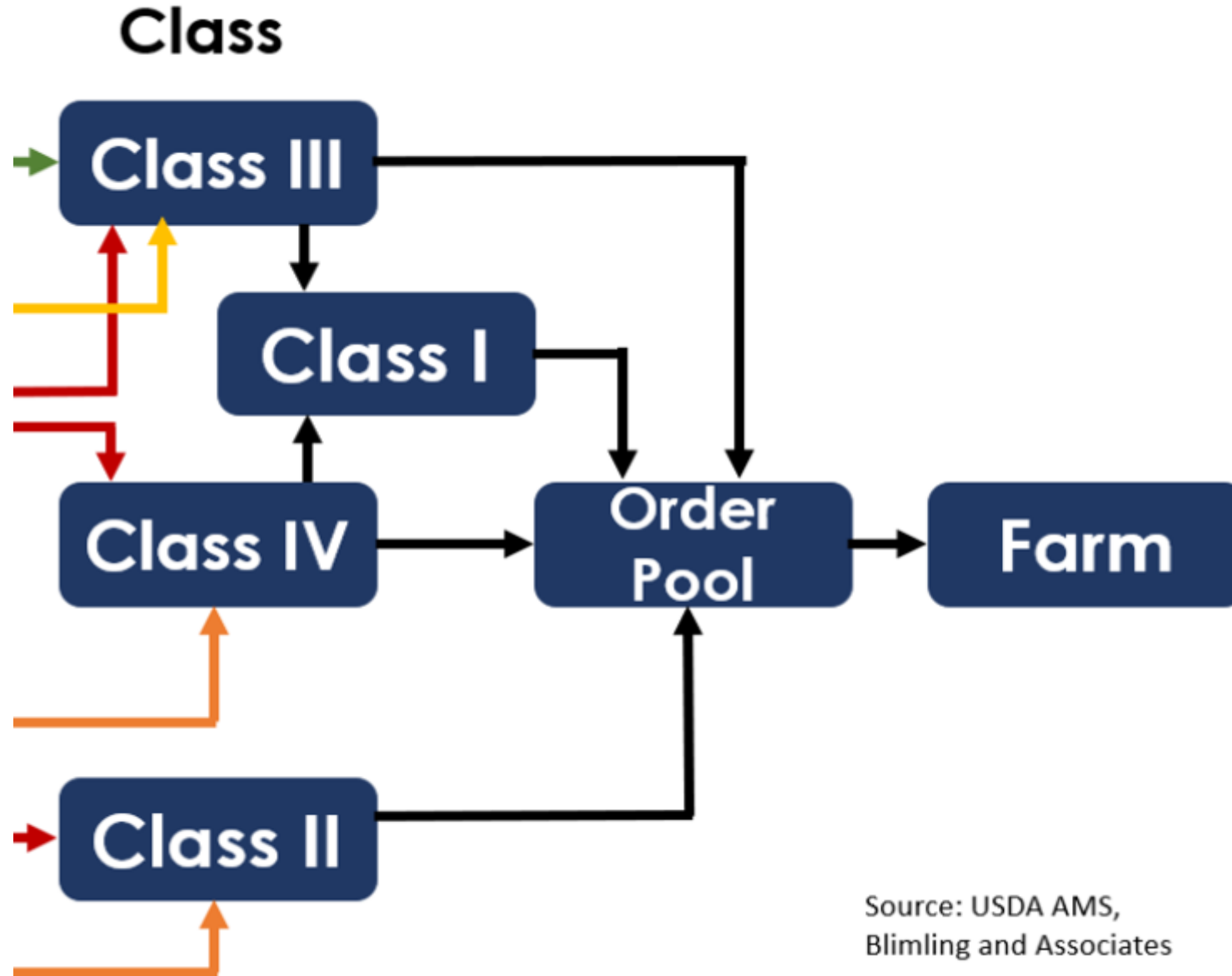
Laying the foundation – Why do we have FMMOs?

- “Eyes can glaze over” on this topic.
- Simple FMMO Objective: Spread the benefit of higher Class I fluid milk revenues across more producers.
- **Method: Market-wide mandatory “pool” of Class I revenues (and optional “eligible” Class II, III, IV revenue) through a monthly system of setting advance minimum pay prices and then “truing it up” after the market dictates the final result for the month. Participating producers (milk included in the pool) get a uniform price.**



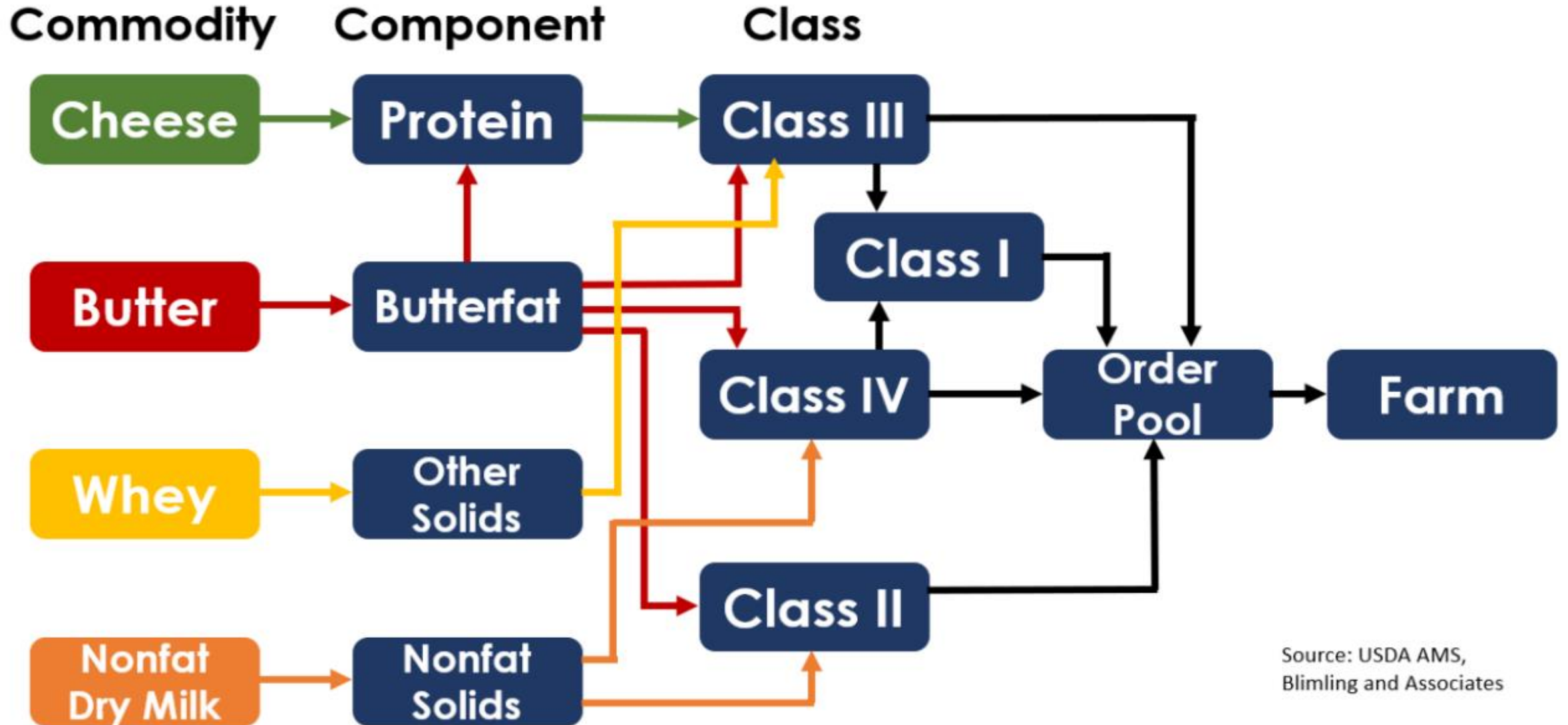
“Utilization” Classes

- **Class I – FLUID MILK**
- **Class II – SOFT PRODUCTS**
- **Class III – CHEESE (HARD)**
- **Class IV – BUTTER & POWDERED PRODUCTS**

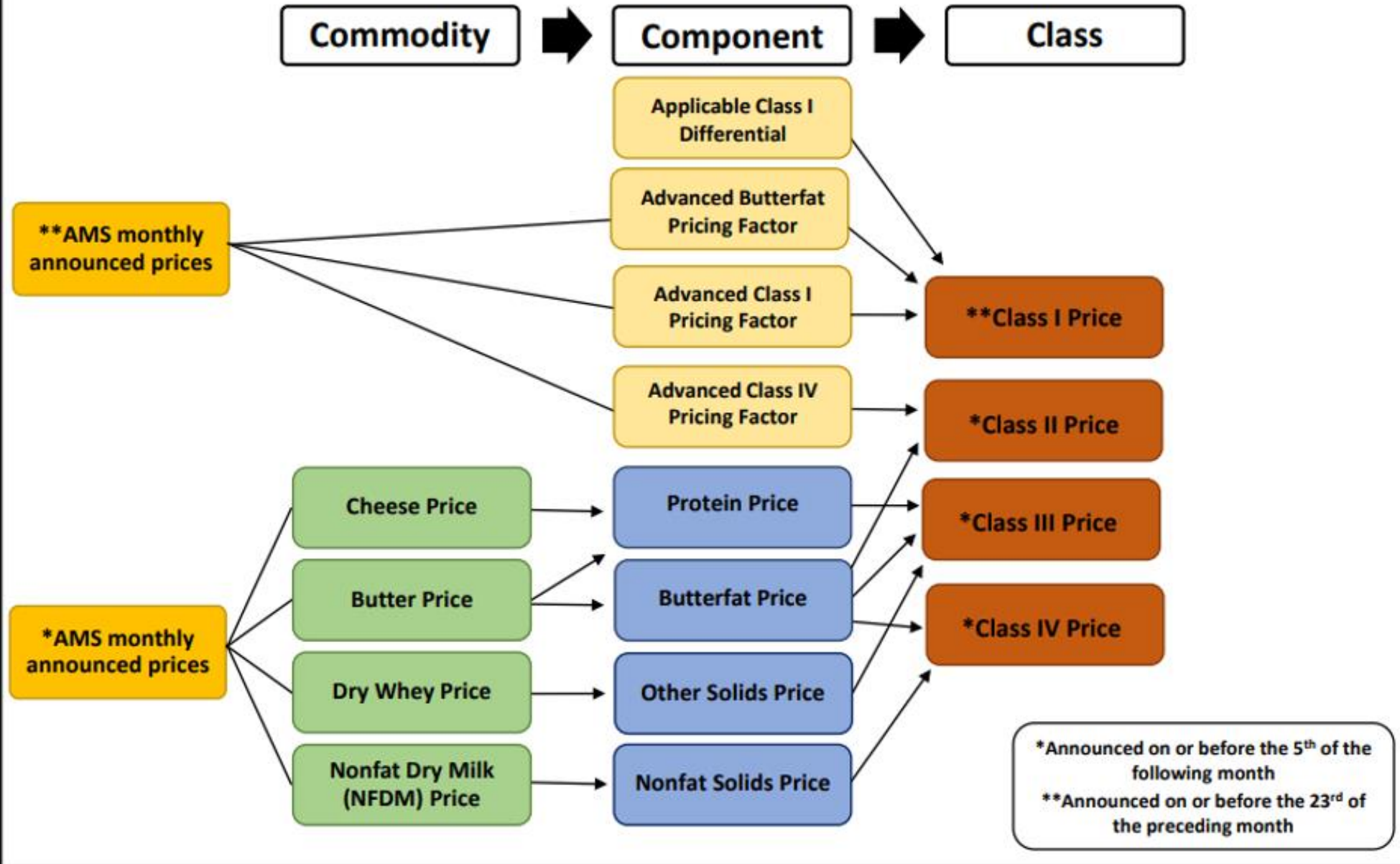


Source: USDA AMS,
Blimling and Associates

The “infamous” Blimling & Associates Flowchart of the FMMO pricing system



“Three C’s” of Federal Milk Marketing Order Pricing



Farmer A sells milk to bottling plant.



Bottling plant
buys milk for
\$18/CWT
the Class I
milk price.

\$17/CWT
pays Farmer A
for milk.

\$1/CWT
goes into pool.



Cheese plant
buys milk for
\$16/CWT
the Class III
milk price.

\$1/CWT
from pool goes
to cheese plant.

\$17/CWT
pays Farmer B
for milk.



Farmer B sells milk to cheese plant.

The
monthly
“truing up”
process

2025 Reforms to 11 FMMO pricing formula

1. Updating the skim milk composition factors to 3.3 percent true protein, 6.0 percent other solids and 9.3 percent nonfat solids, with a six-month delayed implementation.
2. Removing 500-pound barrel cheddar cheese prices from the Dairy Product Mandatory Reporting Program survey.
3. Updating the Class III and Class IV manufacturing allowances to \$0.2519 for cheese, \$0.2272 for butter, \$0.2393 for nonfat dry milk and \$0.2668 for dry whey, all on a per pound basis, and the butterfat recovery factor to 91 percent.
4. Returning the base Class I skim milk price formula to the higher-of the advanced Class III or Class IV skim milk prices for the month. In addition, adoption of a Class I extended shelf life (ESL) adjustment for all ESL products equal to the average-of mover plus a 24-month rolling average adjuster with a 12-month lag.
5. Updating the Class I differential values to reflect the increased cost of servicing the Class I market.

“Three C’s” of Federal Milk Marketing Order Pricing

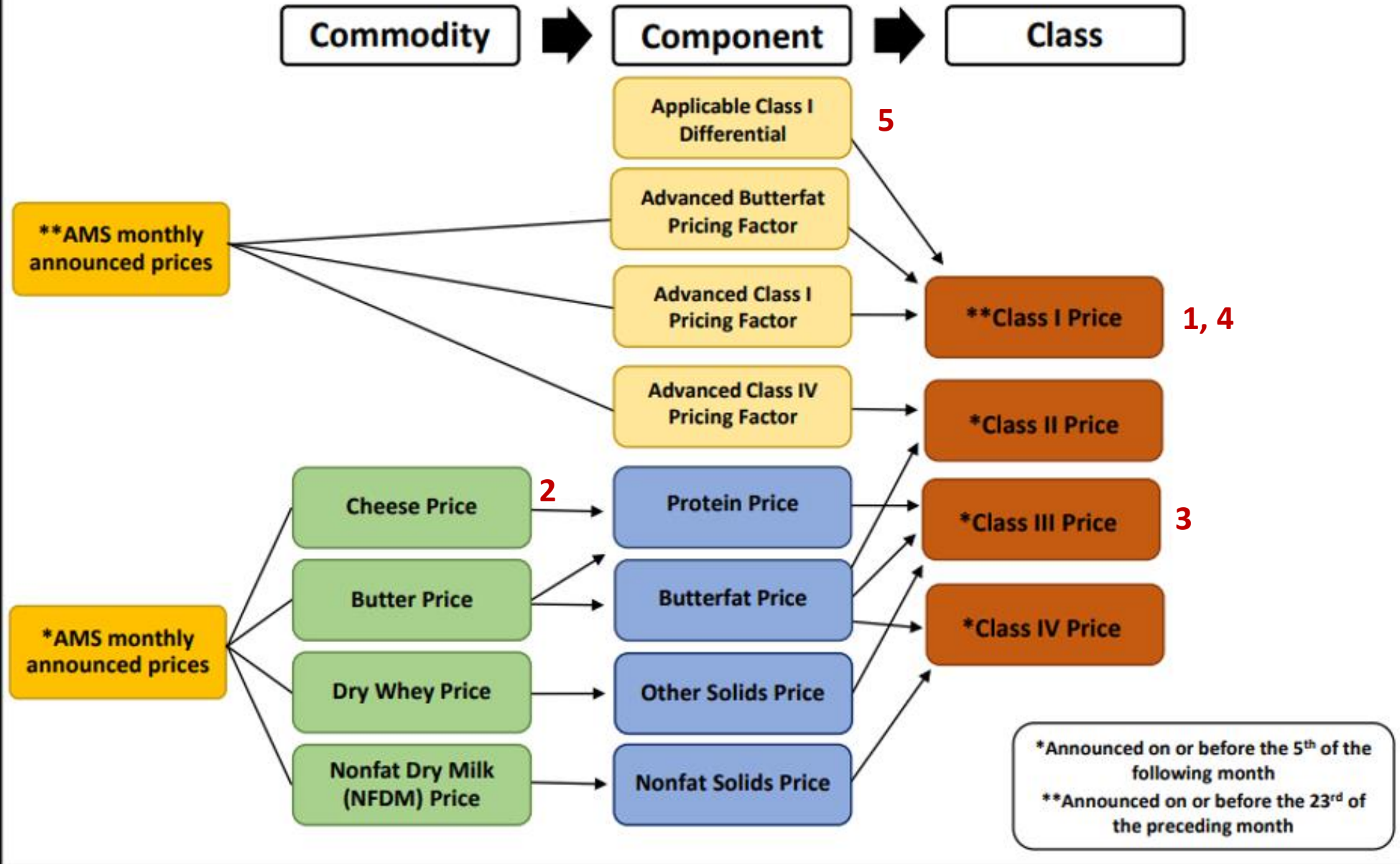
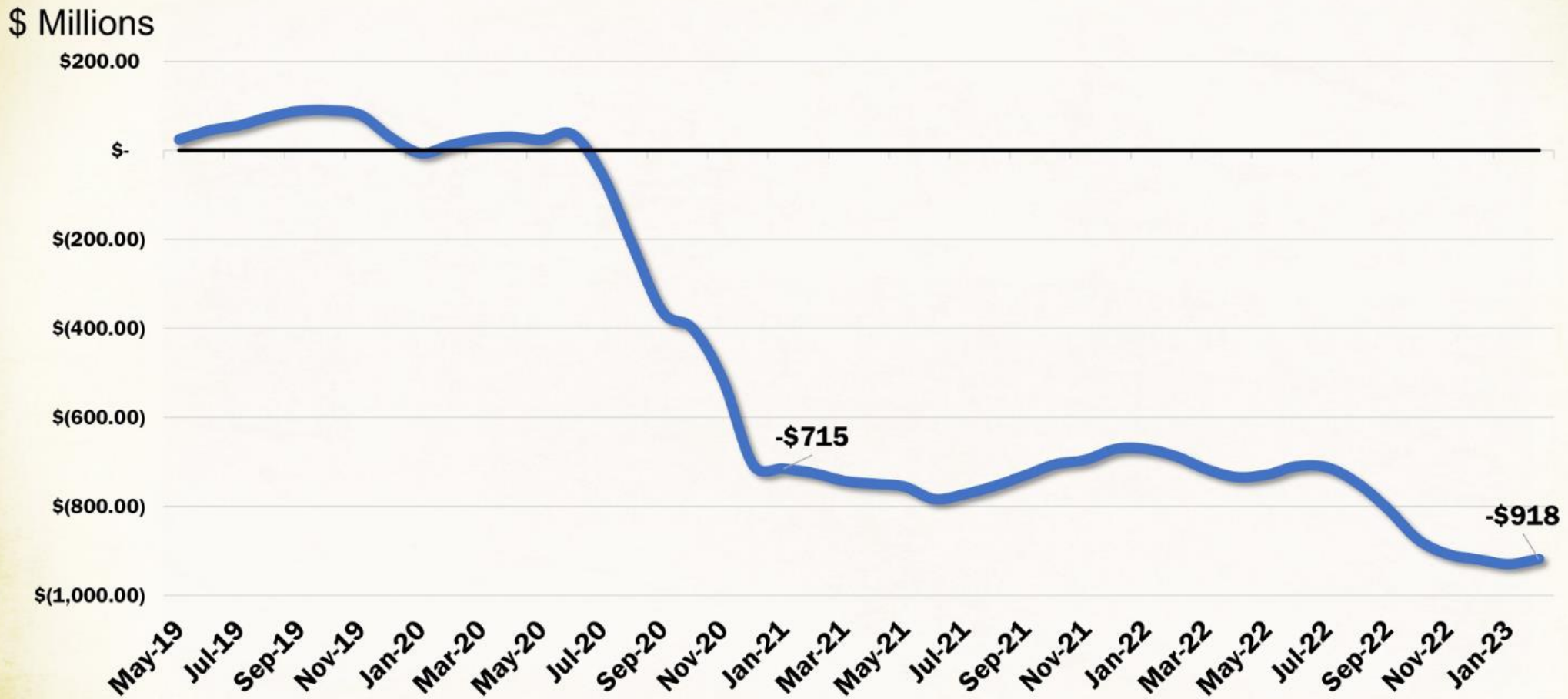


FIGURE 2: CUMULATIVE FEDERAL ORDER POOL LOSSES DUE TO CLASS I MOVER CHANGE



Source: Farm Bureau Compilations, USDA AMS

Pandemic Market Volatility Assistance Program (PMVAP): Round 1 - \$250M (80% of losses on production up to 5M lbs.) Round 2 - \$100M (80% of losses on production between 5M – 9M lbs.). Covers July –Dec. 2020.



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QUESTIONS / DISCUSSION?

THANKS FOR ATTENDING !

Email questions and inquiries to Brook Duer at
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