

# QUARTERLY DAIRY LEGAL WEBINAR

3rd Quarter 2025  
October 14, 2025

*Focus Topic:*  
**One Big Beautiful Bill Act  
Dairy Provisions**



**PennState**  
Dickinson Law

Center for Agricultural and Shale Law



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# Quarterly Dairy Legal Webinar Series

## #21 in the series—covering the 3rd quarter of 2025



1. October 2020: Federal Milk Marketing Order 51
2. January 2021: International Trade with Becky Rasdall
3. April 2021: Federal Milk Marketing Order Reform
4. July 2021: Geographical Indications
5. December 2021: USDA's Pandemic Assistance Programs
6. February 2022: Dairy Industry Carbon Reduction Programs
7. April 2022: Animal Welfare
8. July 2022: Labeling Standards
9. October 2022: 2023 Farm Bill and the Potential Implications for the Dairy Industry
10. January 2023: Interstate Regulation of Milk Production and Processing
11. April 2023: International Dairy Trade
12. July 2023: Federal Milk Marketing Order Administrative Process
13. October 2023: Risk Management/Income & Revenue Protection
14. February 2024: Pennsylvania Milk Marketing Law (Beyond the OOP)
15. April 2024: U.S. State Milk Pricing & Supports, part 1
16. July 2024: U.S. State Milk Pricing & Supports, part 2
17. October 2024: Raw Milk—An Overview of State Raw Milk Regulations
18. February 2025: HPAI in Dairy Cattle: Regulatory Measures Thus Far
19. April 2025: Bovine Disease Controls: Federal and PA Laws & Regulations
20. July 2025: 2025 Federal Milk Marketing Order Reforms
21. October 2025: One Big Beautiful Bill Act Dairy Provisions

Find upcoming topics at <https://aglaw.psu.edu/quarterly-dairy-legal-webinar/>



## Past Quarterly Dairy Legal Webinars and Materials

**April 18, 2023 (1st Quarter of 2023)** 12 noon ET. In addition to a round-up of quarterly legal developments, the focus topic will be the **International Dairy Trade: Canada-U.S. USMCA Arbitration Round 2**. Almost immediately upon entering the USMCA trade pact with Canada and Mexico in 2020, the U.S. trade relationship with Canada hit a rough patch over potential dairy exports to Canada, specifically the eligibility criteria for Canadian importers' potential use of a quota of favorable dairy tariff rates on U.S. dairy products. The U.S. took Canada to arbitration in 2021 and won. Nevertheless, Canada held steadfast to its dairy tariff rate quota system and made minimal changes. As a result, we are now headed to a second round of USMCA arbitration between the U.S. and Canada over the same, and some newly added, tariff rate eligibility issues. All will be explained as we examine the details of this dispute between international neighbors.

- [PowerPoint – April 2023 Quarterly Dairy Legal Webinar](#)
- [January-March 2023 Quarterly Dairy Legal Update](#)
- [Recording: April 2023 Quarterly Dairy Legal Webinar – Industry Round Up](#)
- [Recording: April 2023 Quarterly Dairy Legal Webinar – International Dairy Trade](#)

**January 17, 2023 (4th Quarter of 2022)** 12 noon ET. In addition to a round-up of quarterly legal developments, the focus topic will be the *Interstate Regulation of Milk Production and Processing: An Overview of the Pasteurized Milk Ordinance and Interstate Milk Shippers Program*. The federal government's current role in the creation and maintenance of a federal milk pricing system is recognized. The historical state-by-state regulation of milk production and processing as a food safety function of government is sometimes said to be historically "left to the states." However, the reality is much more complex. Learn the nuts and bolts of how this most perishable of agricultural commodities has been freely flowing across state lines through a combination of federal and state regulatory authority and a large amount of voluntary industry contribution and compliance.

- [2022 Annual Dairy Legal Update](#)
- [October-December 2022 Quarterly Dairy Legal Update](#)
- [PowerPoint – January 2023 Quarterly Dairy Legal Webinar](#)
- [Recording: January 2023 Quarterly Dairy Legal Webinar](#)

### Shale Law weekly Review

A WEEKLY UPDATE ON IMPORTANT  
SHALE LAW DEVELOPMENTS



AG LAW PODCAST



FARMLAND ENERGY  
LEGAL PODCAST

<https://aglaw.psu.edu/quarterly-dairy-legal-webinar/>



Upcoming programs from the Ag Law Center:  
***Understanding Agricultural Law Educational Program***

*Understanding the Basics of--*

Oct. 31, 2025—Immigration Compliance: I-9s, Audits and ICE Raids

Nov. 21, 2025—Cell Cultured Foods & Labeling Laws

Dec. 12, 2025—Clean Water Act & Ag: Biosolids & Food Processing Waste Land Application

Jan. 23, 2026—Pennsylvania's Seasonal Farm Labor Law

*PA Attorney CLE available (PACLE)*

Register at <https://aglaw.psu.edu/understanding-agricultural-law/>

All events: <https://aglaw.psu.edu/events/>

Upcoming programs from the Ag Law Center:

**Quarterly Dairy Legal Webinar Series:**

January 13, 2026—**4th Quarter 2025:**  
Dairy Product Standards of Identity—  
Regulations and Current Issues

*Registration available!*

*PA Attorney CLE Available (PACLE)*



Register at <https://aglaw.psu.edu/events/>

# AgWorks: Connecting Agricultural Businesses to Workforce Services and Training



Pennsylvania  
Department of  
Labor & Industry



Center for Agricultural  
and Shale Law

This project is funded 100% with federal funds from a US Department of Labor grant totaling \$1,325,699.00 and 0% (\$0.00) non-federal funds. Auxiliary aids and services are available upon request to individuals with disabilities. Equal Opportunity Employer/Program.

## Upcoming AgWorks webinars with the Center for Agricultural and Shale Law

As part of the AgWorks program, the Center for Agricultural and Shale Law will present 20+ employment law programs.

*Please note: Webinars are open to all, but Attorney CLE is NOT available*

Oct. 28—No. 2. **Legal Authority to Work and Pre-Employment Screening**

Nov. 18—No. 3. **I-9 and ICE Raids—Protecting Your Business**

Dec. 16—No. 4. **Staying Compliant with Anti-Discrimination Laws**

<https://extension.psu.edu/agworks-calendar-of-events>

[agworks@psu.edu](mailto:agworks@psu.edu)

# Housekeeping

- This webinar is being recorded.
- Please use the Q&A feature for questions.
- Please fill out surveys.
- CLE credits:
  - Link to CLE form will be posted in the chat
  - Please fill out form ASAP
  - Listen for code word, enter code word in the form

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## Quarterly Dairy Legal Webinar 3rd Quarter 2025

October 14 @ 12:00 pm - 1:00 pm

**Materials available on the event page!**



### Materials

- [CLE Form Quarterly Dairy Legal Webinar OBBA Dairy Provisions 10.14.25](#) (This form will open at 11:55am ET on 10/14/25 and close after the conclusion of the program)
- [PowerPoint: Quarterly Dairy Legal Webinar 10.14.25](#)

On **Tuesday, October 14, 2025**, from **noon–1:00pm ET**, the Penn State Center for Agricultural and Shale Law will conduct the latest installment in its [Quarterly Dairy Legal Webinar Series](#). Each quarter's free one-hour webinar covers the legal and regulatory developments in the U.S. dairy industry from the preceding quarter and includes an in-depth look at a single focus topic of law, regulation, or government policy of interest to dairy professionals of all kinds.

### This quarter's focus topic: One Big Beautiful Bill Act Dairy Provisions

The focus topic this quarter is the impact for dairy producers from provisions of the so-called One Big Beautiful Bill Act, signed into law on July 4, 2025, which includes text renewing and making changes to the Dairy Margin Coverage program (DMC), funding for expanded EMMO dairy cost surveys and foreign animal disease controls, trade

# QUARTERLY DAIRY LEGAL WEBINAR

3rd Quarter 2025  
October 14, 2025

Round Up 3rd Quarter 2025



**PennState**  
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- **Pennsylvania Milk Board (PMB) Actions**
  - PMB Extended \$1 Over-Order Premium
  - PMB Announced Cost Replacement Hearings in Areas 3, 5, and 6
- **U.S. Department of Agriculture (USDA) Actions**
  - USDA Clarified Federal Public Benefit Includes Loans, Grants, Licenses
- **U.S. Food and Drug Administration (FDA) Actions**
  - FDA Proposed Revoking 22 Dairy Standards of Identity
- **National Dairy Issues**
  - HHS Released Strategy for Childhood Health and Whole Milk in Schools
  - IDFA Reported Major Sugar Reduction in Flavored Milk
  - Court Granted Preliminary Approval to \$34M Milk Price-Fixing Class Action Settlement
- **International Dairy Issues**
  - U.S., EU Agreed on Trade Framework
  - Canada Barred Import Increases for Dairy
  - Switzerland Required Labels for Animal Welfare Practices



## PMB Extended **\$1** Over-Order Premium

- On July 1, 2025, the Pennsylvania Milk Board (PMB) continued **\$1 per hundredweight over-order premium** for all Class 1 milk in Pennsylvania.
  - **Effective July 1—December 31, 2025**

## PMB Announced Cost Replacement Hearings in Areas 3, 5, and 6

- The Pennsylvania Milk Board (PMB) announced three separate hearings to be held on **November 5, 2025**, to review cost replacement adjustments for
  - Milk Marketing Area 3 ([55 Pa.B. 6514](#))
  - Milk Marketing Area 5 ([55 Pa.B. 6414](#))
  - Milk Marketing Area 6 ([55 Pa.B. 6415](#))
- What is Cost Replacement?
  - A mechanism allowing **milk dealers to recover handling and distribution costs.**



## USDA Clarified Federal Public Benefit Includes Loans, Grants, Licenses

- Background—the **Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA)** restricts Federal public benefits to U.S. citizens and qualified aliens. USDA [published](#) a notice on July 10, 2025, **clarifying what counts as a Federal Public Benefit.**
- USDA's definition includes any **USDA-funded grants, contracts, loans, or licenses and payments or aid to individuals, households, or families.**
- Covered—
  - **Farm Service Agency and Commodity Credit Corporation programs (e.g., Dairy Margin Coverage Program, Dairy Indemnity Payment Program, etc.).**
  - **Duty-free dairy import licenses.**



## FDA Proposed Revoking 22 Dairy Standards of Identity

- On July 17, 2025, FDA [proposed](#) to repeal **18 standards of identity** for certain dairy products: e.g., acidified milk, low sodium colby cheese, high-moisture jack cheese, samsoe cheese, goat's milk ice cream, etc.
  - These standards are **“no longer necessary to promote honesty and fair dealing in the interest of consumers”** and products have **“little to no market in the U.S.”**
  - Consistent with **Executive Order 14192** (Unleashing Prosperity Through Deregulation, Feb. 2025) and **Executive Order 13563** (Improving Regulation and Regulatory Review, Jan. 2011)
- Also [proposed](#) to repeal **4 additional dairy-related product standards**: milk bread, rolls, and buns, milk macaroni products, nonfat milk macaroni products, and enriched nonfat milk macaroni products.
- Public comment period closed on September 15, 2025.



## HHS Released Strategy for Childhood Health and Whole Milk in Schools

- [Strategy Report, Make Our Children \*Healthy\* Again; Recommendations of the MAHA Commission to President Donald J. Trump](#) (September 2025)
  - “Remove restrictions on whole milk sales in schools, allowing districts to offer full-fat dairy options alongside reduced-fat alternatives”
  - “Remove barriers preventing small dairy operations from processing and selling their own milk products locally”



## IDFA Reported Major Sugar Reduction in Flavored Milk

- In August 2025, IDFA [issued](#) a press release reporting survey results under the [Healthy School Milk Commitment](#).
  - Average added sugar is now **7.2 grams per 8-oz serving**
  - Represents a **60% reduction** compared to 2006 levels
  - Shows that participating companies have **already met or exceeded the pledge** of a maximum 10 grams of added sugar per serving by the 2025-2026 school year
  - Calorie content in flavored milk has dropped **from 166 to 123 calories per 8-oz serving** since 2006.

## Court Granted Preliminary Approval to \$34M Milk Price-Fixing Class Action Settlement

- Class action [filed](#) in 2022 against Dairy Farmers of America (DFA) and Select Milk Producers, Inc., alleging collusion to artificially lower raw Grade A milk prices in the Southwest. *Othart Dairy Farms, LLC v. Dairy Farmers of America*, USDC New Mexico, No. 2:22-cv-251
  - **Exchanged pricing information** to coordinate payments
  - **Used marketing strategies** to boost profits
- Plaintiffs include dairy farmers who sold Grade A milk to DFA and Select in New Mexico, most of Texas (except far eastern part), eastern Arizona, Oklahoma Panhandle, and southwestern Kansas from January 1, 2025, to June 30, 2025.
- The U.S. District Court [granted](#) **preliminary approval** in August 2025 for a **\$34 million settlement**.



## U.S., EU Agreed on Trade Framework

- United States and European Union [agreed](#) on a **Framework for Reciprocal, Fair, and Balanced Trade**—not a finalized trade agreement, a roadmap for future negotiations.
- Main goals for dairy trade:
  - **Expand EU market access for U.S. dairy products**
  - **Reduce non-tariff barriers that complicate trade**—streamline sanitary certification process for U.S. dairy exports
- Current EU Dairy Import Rules
  - U.S. dairy facilities [must be approved and listed](#) by the EU
  - Each shipment usually requires a separate [health certificate](#) to confirm compliance with EU food safety and animal health standards



## Canada Barred Import Increases for Dairy

- [Canadian Bill C-202](#) prevents the Minister of Foreign Affairs from (1) increasing import quotas and (2) lowering tariffs on certain products, including dairy.
  - Objective: **protect Canada's supply management system; avoid additional trade concessions** that could flood the Canadian market.

*"... up to 18% of some dairy products is open to external markets. We also know that there is a huge surplus of milk in the United States. Millions of litres of milk—or gallons, as they call it—have to be destroyed. Wisconsin, in particular, has excess milk production, so it wants to have access to the Canadian market to ship this surplus.*

*At what point will our dairy supply system be weakened to the point of collapse? That is the question.*

*According to all the dairy farmers and all the dairy organizations that I met, this 18% ... puts them in the critical zone. If our borders open up even more, the system is finished, according to them."*

[Debate of the Senate \(June 12, 2025, The Honourable Raymonde Gagné, Speaker\)](#)



## Switzerland Required Labels for Animal Welfare Practices

- Swiss Federal Council updated the [Ordinance on Foodstuffs and Utility Articles](#); requires labels on certain meat, egg, and dairy products if animals underwent **painful procedures without anesthesia**.
  - **Milk from cows dehorned without anesthesia** must carry a clear label.
- Applies to **all commercial outlets**: restaurants, small businesses, and retail stores.
- The rule came into effect on **July 1, 2025, with a two-year transition period** to allow businesses to comply.

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# Late-Breaking Major Dairy Developments

*Regional – Harrisburg Dairies:*

- **Harrisburg Dairies Closes After 94 Years Due to Financial Woes**  
(Lancaster Farming, 10/10/25).
- Last pick-up - 10/5/25; according to PMB,
- *“Rob Barley, the chairman of the Pennsylvania Milk Board, said a **security fund will cover about 75% to 80%** of the missed payments and Harrisburg Dairies may come through with additional payments. **The processor owes about \$940,000 to farmers, and \$730,000 will be covered by the fund.** “Next week, we should have all the security funding,” Barley said on Oct. 10. “It’s very disappointing that it went this way.” **All the remaining farms were picked up by cooperatives, he said.**”*

# Harrisburg Dairies



- <https://harrisburgdairies.com/our-farms/>
- The handwriting has been on the wall. 8/4/2025: [Lost Contracts Create Uncertainty for Lebanon County Dairy Farmers](#) - Whole Foods contract lost in 3<sup>rd</sup> Q. “The grocery chain had purchased an average of nearly 230,000 pounds, or 27,000 gallons, of milk weekly . . . The seven terminated farms shipped an average of nearly 238,000 pounds weekly.”
- Seven producers already were picked up by cooperatives. Ironically, Harrisburg Dairies picked up some independents in 2018 when Dean sold Swiss Premium to DFA.



*Maryland & Virginia*  
Milk Producers Cooperative Association

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## Late-Breaking Major Developments (cont.)

### *National - Federal Government Shutdown:*

- [What Dairy Farmers Need to Know About the Government Shutdown](#), Center for Dairy Excellence (CDE). (Published in Lanc. Farming, 10/3/25). Liberally borrows from NMPF alert.
- [USDA Lapse of Funding Plan](#) (as of 9/30/25); [FDA](#) plan re: shutdown;
- [The Government Shutdown: A Guide for Dairy](#) (NMPF Member Alert, 10/1/25).

- USDA and FDA programs that operate through user fees, such as butter grading, the Agricultural Quarantine and Inspection (AQI) program or ADUFA (Animal Drug User Fee Amendments), to cite some examples, will remain in effect.
- State milk regulatory agencies have indicated that a federal shutdown will not affect the Grade A program.
- USDA Agricultural Marketing Service and the Animal and Plant Health Inspection Agency (APHIS) will continue issuing sanitary and veterinary certificates for export.
- Staff working on other regulatory matters at USDA's Foreign Agricultural Service, AMS, and APHIS, as well as FDA, will be furloughed.
- U. S. Trade Representative staff will continue pursuing negotiations, with very few furloughs planned.

## FARM PROGRAMS

- Most FSA staff will be furloughed, and county FSA offices will be closed. Should a shutdown last longer than ten days, one employee may become available per service center to complete urgent loan processing tasks for certain active loans. No new loans will be processed at any point during the shutdown.
- Most NRCS staff will be furloughed, and county NRCS offices will be closed. This will consequently stop payments and technical assistance on active contracts.
- Disaster assistance payments will be interrupted. The recently announced ELRP 2023 and 2024 flood program will be paused. Application materials are still available on the website for now, and materials should be gathered to prepare for the original Oct. 31 application deadline. NMPF will provide updates should the [ELRP application process](#) or timeline change.

## DATA REPORTS

- Data reports suspended during previous shutdowns covering U.S. milk production, trade data, cold storage, etc., will again be suspended.
- USDA will continue to report pricing information, including the National Dairy Product Sales Report, and Market News information.

## DISASTER AND DISEASE RESPONSE

- Animal and plant health emergency programs, including New World screwworm, Highly Pathogenic Avian Influenza, exotic fruit flies, African swine fever, and rabies, will continue during the shutdown.



# OBBBA & Dairy

## One Big Beautiful Bill Act - H.R.1 (nka P.L. 119-21), enacted 7/4/25.

- OBBBA is a reconciliation bill that made appropriations to a select list of agencies/programs. Title I of the OBBBA addresses agriculture, with many traditional Farm Bill programs/provisions partially included.
- There are many others Farm Bill programs/provisions that were not included and are set to expire, some on September 30, 2025, and some on December 31, 2025.

### TITLE I—COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

#### Subtitle A—Nutrition

- Sec. 10101. Re-evaluation of thrifty food plan.
- Sec. 10102. Modifications to SNAP work requirements for able-bodied adults.
- Sec. 10103. Availability of standard utility allowances based on receipt of energy assistance.
- Sec. 10104. Restrictions on internet expenses.
- Sec. 10105. Matching funds requirements.
- Sec. 10106. Administrative cost sharing.
- Sec. 10107. National education and obesity prevention grant program.
- Sec. 10108. Alien SNAP eligibility.

#### Subtitle B—Forestry

- Sec. 10201. Rescission of amounts for forestry.

#### Subtitle C—Commodities

- Sec. 10301. Effective reference price; reference price.
- Sec. 10302. Base acres.
- Sec. 10303. Producer election.
- Sec. 10304. Price loss coverage.
- Sec. 10305. Agriculture risk coverage.
- Sec. 10306. Equitable treatment of certain entities.
- Sec. 10307. Payment limitations.
- Sec. 10308. Adjusted gross income limitation.
- Sec. 10309. Marketing loans.
- Sec. 10310. Repayment of marketing loans.
- Sec. 10311. Economic adjustment assistance for textile mills.
- Sec. 10312. Sugar program updates.
- Sec. 10313. Dairy policy updates.
- Sec. 10314. Implementation.

#### Subtitle D—Disaster Assistance Programs

- Sec. 10401. Supplemental agricultural disaster assistance.

#### Subtitle E—Crop Insurance

- Sec. 10501. Beginning farmer and rancher benefit.
- Sec. 10502. Area-based crop insurance coverage and affordability.
- Sec. 10503. Administrative and operating expense adjustments.
- Sec. 10504. Premium support.
- Sec. 10505. Program compliance and integrity.
- Sec. 10506. Reviews, compliance, and integrity.
- Sec. 10507. Poultry insurance pilot program.

#### Subtitle F—Additional Investments in Rural America

- Sec. 10601. Conservation.
- Sec. 10602. Supplemental agricultural trade promotion program.
- Sec. 10603. Nutrition.
- Sec. 10604. Research.
- Sec. 10605. Energy.
- Sec. 10606. Horticulture.
- Sec. 10607. Miscellaneous.

# Dairy Margin Coverage (DMC) changes

## DMC Amendments/Updates (H.R.1 § 10313)

*DMC is a voluntary risk management program managed by the Farm Service Agency. By opting into the program, dairy farmers receive payment when the difference between established national milk price and defined feed costs drop below the farmer's chosen coverage level. These payments provide stability when there are fluctuations in either both the milk market or feed costs, or both. The DMC was last authorized in the 2018 Farm Bill and was included in subsequent Congressional extensions.*

- **OBBBA Expansion of Free Tier 1 Coverage**

- There are two levels of coverage depending on the farm's annual production history. Tier 1 is free coverage designed to benefit smaller farms, with the 2018 Farm Bill setting the scope of Tier 1 coverage to the first five million pounds of milk annually. **To reflect the increase of average dairy farm size, this cap was raised under the OBBBA to six million pounds of milk annually.**

# DMC changes (cont.)

- **Establishment of production history generally**
  - Production history under DMC for established dairy herds was initially set at the farm's highest annual production from 2011-2013. New operations used their most recent annual milk production as their production history. Under the 2024 Farm Bill extension, farms were able to adjust their production history to the farm's 2019 annual production. Production history is important to farmers because it will dictate how much production is eligible to be covered under DMC.
- **OBBBA amended production history for both established producers and new producers:**
  - For established producers, their production history will be equivalent to the highest annual production from either 2021, 2022, or 2023.
  - For new producers, there are two options to calculate annual production history:
    - Determine the average monthly production for the months the farm has been in operation, then extrapolate that number out for an entire year; or
    - Take the size of the herd and estimate the yearly production by using the national rolling herd production average for farms of similar size.

# Other Potential OBBBA Impacts (non-tax code)

- **Renewable Energy (H.R.1 § 70521)**

There was a reauthorization of programs that focused on biofuel production, and some of the programs extended tax credits to produce clean fuel. These tax credits now apply to animal manure that is being converted into forms of transportation fuel, allowing farmers to receive benefit through 45z tax credits.

- **USDA Data Collection/Reporting for FMMO make allowances**

The OBBBA adds funding for the USDA to carry out surveys of dairy processors to help calculate more accurate make allowances. The make allowances are used to decide pooled pricing for Class II, III, and IV dairy products under the Federal Milk Marketing Orders. Under the OBBBA, the results of these surveys are to be released twice a year so that dairy processors are provided with accurate production cost data more frequently.

- **Animal Health (H.R.1 § 10607(a))**

The OBBBA increased the amount of funding going into the National Animal Disease Prevention and Management portion of the Animal Health Protection Act. Part of the push for this increased funding was in response to the outbreak of highly pathogenic avian influenza (HPAI) that has been affecting dairy farms.

- **Trade Programs (H.R.1 § 10602)**

The OBBBA introduced a new program, the Supplemental Agricultural Trade Promotion Program, to help increase the facilitation of trade. This program should double the USDA's trade capacity because the previous programs, the Market Access Program and the Foreign Market Development Program, are still in place.

- **Conservation Programs (H.R.1 § 10601)**

Renewals occurred for the Environmental Quality Incentives Program, Conservation Stewardship Program, and the Agricultural Conservation Easement Program. Dairy farmers may be eligible for any of these conservation programs, and many of the conservation programs are specifically targeted towards rural communities.

- **Organic Production (H.R.1 § 10606(c-d))**

There was a reauthorization of programs that track data in the organic market as well as provide help to farmers looking to transition into organic production. This provision is targeted towards horticulture production, but there could be some application for organic dairy farmers who produce their own feed or sell other commodities along with their dairy products.

# Dairy Farm Bill Programs Not in the OBBBA

2018 Farm Bill passed on 12/20/18; Extended by continuing resolution on 11/16/23, 12/21/24 (American Relief Act of 2025). If Congress does not pass another Farm Bill or extension, these programs disappear.

- **Dairy Forward Pricing Program (2018 Farm Bill § 1402(a))**

The Dairy Forward Pricing Program allows producers to negotiate prices for Classes II, III, and IV to make dairy forward contracts directly with manufacturers. Producers receive the price negotiated in the contracts instead of the FMMO pooled milk price, though part of the FMMOs are included in the calculations. This is a voluntary program that allows both producers and processors to have a set milk price for the period of the agreement without the uncertainty that comes with fluctuations of the dairy market.

## **No mention in OBBBA (cont.)**

- **Dairy Indemnity Payment Program (2018 Farm Bill § 1402(b))**

This program provides compensation for producers when their animals have been contaminated by chemicals, toxic residues, or nuclear radiation. Under this program, farms are covered for losses from culling animals from the herd as well as losses from discarded milk due to contamination. The farmers will be paid fair market value for their lost products.

- **Milk Donation Reimbursement Program (2018 Farm Bill § 1404(b))**

Dairy organizations can receive reimbursement for donations made to non-profits focused on distributing food to low-income individuals. This program was created to encourage producers to donate milk, reducing unnecessary food waste and improving nutrition for low-income individuals. To apply for the program, dairies partner with a non-profit organization and then the partnership applies for the reimbursement together.

# Permanent Law (the “Dairy Cliff”)

- Without extending the previous Farm Bill, or passing a new one, the agriculture market will revert to permanent law. Permanent law refers to the Agricultural Act of 1949, which was passed as a way for the national government to stabilize the price of commodities. Under Section 201(c) of the 1949 Act, the United States Government would be required to purchase milk for a value of at least 75% of the “parity price.” Since the formula to calculate parity price relies on numbers and technology from the early 1900s, milk prices could more than double. Commercial markets would be unable to afford to purchase milk at these higher prices, resulting in the USDA being required to purchase most of the fluid milk in the market.
- The year-round nature of the dairy market means that milk would be the first commodity to experience the effects of permanent law. This spike, though temporarily beneficial to farmers, would have lasting impacts on the dairy market and could lead to a lot of instability for farmers. This provision is part of the 2018 Farm Bill that will expire on December 31<sup>st</sup>, 2025.

# Resources / References

- [One Big Beautiful Bill Act](#), H.R. 1, 119th Cong. (2025).
- [Agriculture Improvement Act of 2018](#), H.R.2, 115th Cong. (2018).
- [Agriculture Act of 1949](#), Pub. L. No. 81-439, 63 Stat. 1051.
- Randy Alison Aussenberg, Jim Monke & Megan Stubbs, [Expiration of the 2018 Farm Bill and Extension for 2025](#), CRS Reports – Library of Congress (2025)
- Kristine A. Tidgren, [What Tax Provisions Are in the House’s Big Beautiful Bill?](#), Iowa State University Center for Agriculture Law and Taxation (May 29, 2025).
- USDA - Farm Service Agency on Dairy Margin Coverage Program, <https://www.fsa.usda.gov/resources/programs/dairy-margin-coverage-program-dmc>
- USDA – Ag Marketing Service, [Dairy Forward Pricing Program Q&A](#) (Apr. 22, 2025).
- USDA – Farm Service Agency on Dairy Indemnity Payment Program, <https://www.fsa.usda.gov/resources/programs/dairy-indemnity-payment-program-dipp>
- USDA – Ag Marketing Service on Milk Donation Reimbursement Program, <https://www.ams.usda.gov/services/milk-donation-reimbursement-program>

# QUESTIONS/DISCUSSION?

## *Understanding Agricultural Law*

Oct. 31, 2025—Immigration Compliance: I-9s, Audits  
and ICE Raids

Nov. 21, 2025—Cell Cultured Foods & Labeling Laws

Dec. 12, 2025—Clean Water Act & Ag: Biosolids & Food  
Processing Waste Land Application

Jan. 23, 2026—Pennsylvania’s Seasonal Farm Labor Law

## *Quarterly Dairy Legal Webinar Series:*

Jan. 13, 2026—4th Quarter 2025: Dairy Product  
Standards of Identity—Regulations and Current Issues

## *Mid-Atlantic Ag & Resource Law Conference*

October 28–29, 2025

In-person at the National Conservation Training  
Center, Shepherdstown, WV

7 PACLE Credits

## *AgWorks: Connecting Agricultural Businesses to Workforce Services & Training*

Oct. 28—Legal Authority to Work and Pre-  
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Laws