



United States
Department of Agriculture
Agricultural Marketing Service
Dairy Program

CALIFORNIA MARKETING AREA FEDERAL MILK ORDER NO. 51

Tel.: (916) 702-6455 -- Fax: (833) 673-3751
email: market.admin@cafmmo.com
website: www.cafmmo.com

Mailing Address:
P.O. Box 6660
Folsom, CA 95763

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To: Handlers pooling non cooperative producers

From: Cary Hunter, Interim Market Administrator, Folsom, California

Subject: Policy Clarification-Acceptable Reporting of Producer Payment

This statement provides clarification as to acceptable payroll reporting for producers with pool and nonpool milk. Section 1051.73 of the California Federal Order, *Payments to producers and cooperative associations*, subparts (f)(4), (5), (6), (7) stipulates the form in which payments to non-cooperative producers shall be reported by the pooling handler. Subpart (4) 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 Federal Order minimum payment values as specified in Section 1051.73(a), (1), (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 51 *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 pool and nonpool milk, on a cwt basis, is less than the Federal Order minimum order value then payment presentation to the producer must be separate and distinct for the pooled and non pooled production. Payment transparency is required 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 non pooled payment information could be as separate checks for the pooled and non 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. Such required explanation falls under subpart (5) which states: *The rate used in making payment if the rate is other than the applicable minimum rate is to be provided.*

/s/ Cary Hunter