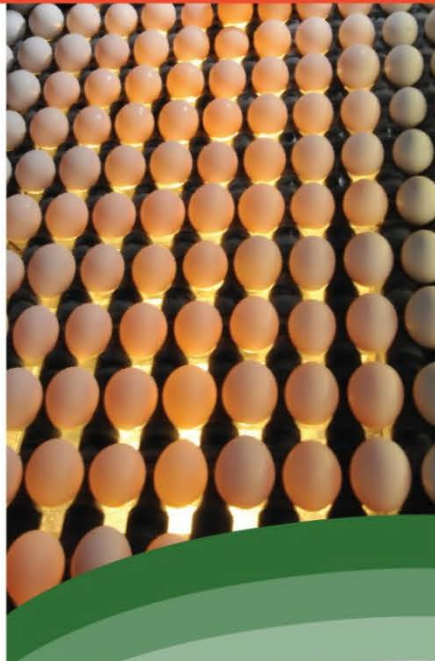




United States Department of Agriculture

# Agricultural Marketing Service

Creating Opportunities for American Farmers and Businesses





# **Agricultural Marketing Service**

*Creating Opportunities for American Farmers and Businesses*

## **Handler Training Module 5: Pool Payments**

Educational materials  
prepared by USDA AMS Staff

# Module 5: Pool Payments

## Content:

- Important Dates
- Payments to MA
- Payments from MA
- Payments to Producers
- Payments to Cooperatives
- Quota Deduction
- Location Adjustment

# Important Dates for California Federal Order 51

FEDERAL ORDER 51 PAYMENT DATES	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
PAYMENT TO MA OFFICE 2/ 3/											17-Dec Mon	16-Jan Wed
PAYMENT FROM MA OFFICE 2/											18-Dec Tue	18-Jan Fri
PARTIAL PAYMENT TO COOPERATIVES 2/											29-Nov Thu	31-Dec Mon
FINAL PAYMENT TO COOPERATIVES 2/											18-Dec Tue	18-Jan Fri
PARTIAL PAYMENT TO PRODUCERS 2/											30-Nov Fri	31-Dec Mon
FINAL PAYMENT TO PRODUCERS 2/											19-Dec Wed	22-Jan Tue

1/ All reports of information are due on or before the date identified.

2/ §1000.90 - If a date required for a payment contained in a Federal milk order falls on a Saturday, Sunday, or National holiday, such payment will be due on the next day that the market administrator's office is open for public business.

3/ All monetary payments to the market administrator should be sent to the California address in a manner that provides receipt of funds into our account by the due date.

# Payments to Market Administrator Office

FEDERAL ORDER 51 PAYMENT DATES	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
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# Payments to the Market Administrator

- Payments will be made to the Producer Settlement Fund, by each handler, in a manner that is received by the Market Administrator **no later than the 16<sup>th</sup> day** after the end of the month.

For more information see §1051.71.

# Payments from the Market Administrator

- No later than the 18<sup>th</sup> day after the end of the month, the MA will make payment, if any, to each handler in the amount specified on the handler obligation.

For more information see §1051.72.

# Payments to Producers

FEDERAL ORDER 51 PAYMENT DATES	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
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# Partial Payments to Producers

- Partial payment will be made to each producer on or before the **last day of the month** for milk received during the first 15 days on the month.
  - Producer must not have discontinued shipments as of the date of the partial payment due date.
  - Payment must not be less than the lowest announced class price for the preceding month.

For more information see §1051.73 (a)(1).

# Final Payment to Producers

- Final Payments shall be made so that it is received by each producer no later than the 19<sup>th</sup> day after the end of each month.

For more information see §1051.73 (a)(2).

# How is the payment calculated?

Pounds of butterfat produced  $\times$  butterfat price

+ Pounds of **true protein** produced  $\times$  protein price

+ Pounds of other solids produced  $\times$  other solids price

+ (cwt of milk  $\times$  PPD\*)

- Authorized Deductions

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= Producer Payment

\*Adjusted for location

# Pricing—Producer's Value of Milk

## **A Producer Payment ALSO Includes Authorized Deductions:**

- CDFA-administered quota assessment.
- National Dairy Promotion and Research Board assessment.
- California FMMO Market Administrator Assessment if services are provided to producers (excluding cooperative members already receiving market services).
  - Producers receiving FMMO marketing services would be assessed a maximum of \$0.07 per cwt on their pooled milk. Services include verifying, weighing, and testing producer milk; providing market information for producers not receiving such services from a cooperative
- Other deductions authorized in writing by the producer

# Payments to Cooperatives

FEDERAL ORDER 51 PAYMENT DATES	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
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# Partial payments made to Cooperatives

- Partial payment will be made to each cooperative so that it is received on or before the **day prior to the last day of the month** for milk received during the first 15 days on the month.

For more information see §1051.73 (b).

# Final Payments to Cooperatives

- Final Payments shall be made so that it is received by each cooperative no later than the 18<sup>th</sup> day after the end of each month.

# Quota

- California Quota Program remains separate from FMMO
- CDFA will continue to maintain, administer, and enforce the program, independent of FMMO
- Quota recognition in the CA FMMO will be through an **authorized deduction** in payments due to producers
- CDFA will determine and announce the deduction amount



# Location Adjustment

- Subtract the Class I price established for the Los Angeles County (\$2.10) from the Class I price at the plant's location.

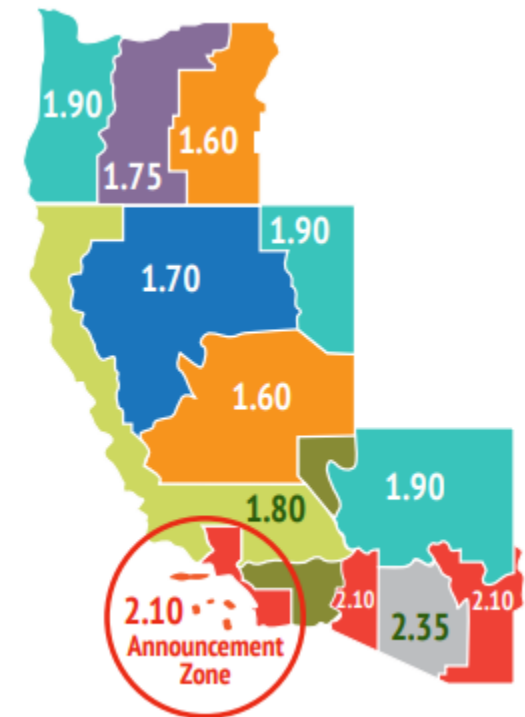
# Location Adjustment

- Order Blend price announced at the Los Angeles \$2.10 zone
- Prices received by producers will reflect location pricing (*by the plant of first receipt*)

## Examples:

- If delivered to a plant located in the \$1.60 zone  
**Producer's PPD** = announced PPD - \$0.50 / cwt
- If delivered to a plant located in the \$1.80 zone  
**Producer's PPD** = announced PPD - \$0.30 / cwt

## PRODUCER PAYMENT ZONES for Oregon, California, Nevada & Arizona





# Location Adjustment

