

I hear about milk check deductions, but what exactly is deducted from a farmer's milk check?

Farmers have always had milk check deductions – some are requirements that all farmers must pay and some are optional such as having a loan payment taken out. For those who are wondering what a milk check is, it is the payment that farmers get for selling their milk. One deduction that farmers have is advertising and marketing. Most farmers pay fifteen cents per one hundred weight of milk for this deduction. These fifteen cents are then used to increase sales and demand for dairy products. A 100-cow dairy farm with a total production of two million pounds would pay roughly \$3,000 a year to promote dairy products.

When farmers started selling their milk commercially, they always took the milk to the plants themselves in milk cans. Although farmers now have milk tanks on the farm instead of milk cans, and milk trucks pick up their milk, they still pay to have the milk delivered to the milk plant. On the milk check there is a deduction for hauling. Depending on who farmers sell their milk through and how far away the plant is, the deduction can be anywhere from zero to fifty-five cents a hundred weight. On a 100-cow dairy farm this expense can run as high as \$11,000 a year.

In the past few years farmers are having to pay a fee to help balance excess milk. This expense is approximately sixty cents per 100 pounds of milk. On this same 100-cow dairy this cost to the farmer is roughly \$8,000 a year.

If a dairy farmer markets his milk through a cooperative, he usually pays dues to the cooperative. These dues usually cost the dairy farmers from one cent to five cents for every 100 pounds of milk he produces.

Although there may be more deductions, advertising, hauling dues, and marketing fees are the ones most farmers see as deductions from their milk check. Add these all up and they average approximately \$1.15 per one hundred pounds of milk. It's just another cost of doing business.

Source: Cornell Dairy Farm Business Summary 2016, 2017

By Peggy Murray, Farm Business Educator, Cornell Cooperative Extension of Lewis and Jefferson Counties

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