

Reporting Specifications Questions and Answers For Dairy Product Mandatory Reporting Program

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Reporting plants will be notified and provided a copy of new guidelines of any changes to the Dairy Product Mandatory Reporting Program (DPMRP) reporting specification questions and answers.

Reporting Specifications

Product Type

1. Should dairy products enhanced with flavorings (i.e. jalapenos added to cheese or chocolate to NFDM) be included in the weekly DPMRP web forms submitted to AMS?
Answer: No. Only products meeting the specifications described in the Final Rule and on the weekly DPMRP web forms should be reported to AMS.
2. If the product is not graded, how do firms know to include or exclude sales in the weekly DPMRP web forms to AMS?
Answer: First review product labeling and, if a determination cannot be made: the individual in the plant responsible for plant production (i.e. cheese maker) should be consulted to determine the quality of the product being produced. If the product quality is equal or equivalent to grades specified in the Final Rule and on the weekly DPMRP web forms, the product should be included in the report to AMS.

Product Specific

• Butter

1. Should “Hi Color” salted butter be included in the weekly DPMRP web forms submitted to AMS?
Answer: Yes. Follow USDA Grade AA butter standards in determining whether to include or exclude butter sales. Butter may be disqualified from Grade AA for an inconsistency in color (wavy, mottled, streaks, or color specks), but not due to degree of color. Grade AA butter with a color rating of very high should be reported if other reporting criteria are met.
2. Should unsalted butter be reported in the weekly DPMRP web forms submitted to AMS?
Answer: No. Only products meeting the specifications described in the Final Rule and on the weekly DPMRP web forms should be reported to AMS.

3. Should Grade A butter be reported in the weekly DPMRP web forms submitted to AMS?
Answer: No. Only products meeting the specifications described in the Final Rule and on the weekly DPMRP web forms should be reported to AMS.

- **Cheddar Cheese 40 pound blocks**

1. A cheese maker produces cheddar cheese in 640 pound blocks, then cuts and repackages the large blocks into 40 pound blocks before the initial sale. Should these blocks be included in the weekly DPMRP web forms submitted to AMS?
Answer: Yes. If the product meets all other reporting specifications described in the Final Rule and on the weekly DPMRP web forms, it should be reported to AMS.
2. Should “Hi acid” cheddar cheese be included in the weekly DPMRP web forms submitted to AMS?
Answer: No. USDA Grade A and Wisconsin State Brand Cheddar standards permit only a slight acid flavor.
3. Should reduced or low fat cheddar cheese products be included in the weekly DPMRP web forms submitted to AMS?
Answer: No. Only products meeting the specifications described in the final rule and on the weekly DPMRP web forms should be reported to AMS.
4. How do firms determine if 40 pound blocks of cheddar meet the color specifications?
Answer: The color reporting specifications for 40 pound blocks of cheddar cheese is “within the color range of 6-8 on the National Cheese Institute color chart.” The individual in the plant responsible for plant production (i.e. cheese maker) should be consulted to determine if the color of the product being produced meets the reporting specification for color described in the final rule and on the weekly DPMRP web forms.
5. Should all packaging costs for 40 pounds blocks be excluded from the weekly DPMRP web forms submitted to AMS?
Answer: No. The Final Rule states that “a price reflecting packaging costs for cheese wrapped in a sealed, airtight package in corrugated or solid fiberboard container with a reinforcing inner liner or sleeve (excluding all other packaging costs from the reported price)” should be reported.

- **Cheddar Cheese 500 pound barrels**

1. Should “Hi acid” cheddar cheese be included in the weekly DPMRP web forms submitted to AMS?
Answer: No. USDA Grade A and Wisconsin State Brand Cheddar standards permit only a slight acid flavor.

2. The Weekly Cheddar Cheese (40 Pound Block) Report web form specifies to exclude 40 pound blocks of cheddar cheese to be aged. Should 500 pound barrels sold for aging be excluded as well?

Answer: No. The Final Rule does not exclude 500 pound barrels to be aged.

3. Should reduced or low fat cheddar cheese products be included in the weekly DPMRP web forms submitted to AMS?

Answer: No. Only products meeting the specifications described in the final rule and on the weekly DPMRP web forms should be reported to AMS.

4. Should all packaging costs for 500 pounds barrels be excluded from the weekly DPMRP web forms submitted to AMS?

Answer: Yes. The Final Rule excludes all packaging costs for 500 pound barrels.

5. Should sales of cheddar cheese in 500 pounds barrels with moisture content more than 37.7% to be excluded from weekly DPMRP web forms submitted to AMS?

Answer: Yes. The Final Rule excludes cheddar cheese sales for 500 pound barrels with moisture content above 37.7% and notes that reported moisture content is to be weighted by volume.

6. Should a sale of cheddar cheese containing multiple vats with weighted average moisture content below 37.7% be included or excluded if an individual vat exceeds 37.7% moisture content?

Answer: The sales price reported should reflect the moisture content for which the price was determined. If a lot of barrel cheese is made up of six vats and one vat is over the 37.7% threshold, but the entire lot had one price and the average content for the lot was under the 37.7% threshold, the entire lot is reportable. If each vat was priced separately, the vat with moisture of over 37.7% would be excluded. If a specific situation arises where the inclusion or exclusion of data is unclear, the plant or its agent should contact AMS for further instructions.

7. CME spot cheese includes a 3-cent per pound discount for cheese delivered in steel barrels. How does this impact the prices in the weekly DPMRP web forms submitted to AMS?

Answer: It has no impact. For barrel cheese, any packaging costs should not be included in the reported price. The price reported in the weekly DPMRP web forms should be the value received by the firm.

- **Dry Whey**

1. Why is Grade A dry whey excluded from reporting in the weekly DPMRP web forms submitted to AMS?

Answer: Grade A dry whey is a FDA standard of identity not a USDA standard of identity. All product grades referenced in the Final Rule use USDA standard of identity definitions unless otherwise denoted.

- **Nonfat Dry Milk**

1. Why exclude NFDM that is more than 180 days old?

Answer: Prices reported in the weekly DPMRP web forms should be for the basic commodity NFDM. NFDM that is more than 180 days old may reflect a lower price due to the length of time from production.

2. How should industry maintain records on the age of nonfat dry milk?

Answer: Records maintenance is an individual company decision.

3. The reporting specifications state that instant nonfat dry milk should not be reported. Should semi-instant non-fat dry milk that has no added lactose be reported? At what point in the spectrum should a product be excluded?

Answer: The Final Rule and weekly DPMRP web form specify that sales of non-fortified, nonfat dry milk meeting USDA Extra Grade and/or USPH Grade A standards should be reported as long as other reporting criteria are met.

4. Should “low spore” nonfat dry milk be included in the weekly DPMRP web forms submitted to AMS?

Answer: Yes. Spore count is not used in the determination of grade for nonfat dry milk. The Final Rule and the DPMRP web forms specify that sales of non-fortified, nonfat dry milk meeting USDA Extra Grade and/or USPH Grade A standards should be reported as long as other reporting criteria are met.

5. Should nonfat dry milk manufactured using a high heat process be reported in the weekly DPMRP web forms submitted to AMS?

Answer: No. Only products meeting the specifications described in the Final Rule and on the weekly DPMRP web forms, should be reported to AMS.

6. Should skim milk powder be included in the weekly DPMRP web forms submitted to AMS?

Answer: No. Skim milk powder is similar to nonfat dry milk with one major distinction; the skim milk powder has been standardized for protein content. Nonfat dry milk is made from drying skim milk, but the resulting product’s protein level varies between 34 and 37 %. Nonfat dry milk is then mixed with another dry dairy product such as lactose powder to standardize the protein level at 34% creating skim milk powder, which is typically traded on international markets. In parts of the U.S., skim milk powder is also considered a broad term including other dry products as well as nonfat dry milk. If a specific situation arises where the inclusion or exclusion of data is unclear, the plant or its agent should contact AMS for further instructions.

7. Should sales of dry buttermilk products be reported in the weekly DPMRP web forms submitted to AMS?

Answer: No. Only products meeting the specifications described in the final rule and on the weekly DPMRP web forms should be reported to AMS.

F.O.B. Prices

1. Should pallet charges be included in sales data reported in the weekly DPMRP web forms submitted to AMS?

Answer: No. The charges for pallets should not be included in prices reported for any of the commodities. Pallets are a marketing cost, which are reflected in the make allowance. The make allowance in the AMS pricing formula includes a marketing cost factor which reflects this cost among, other marketing costs. Thus, to add the cost of pallets to the price received would be including that cost twice.

2. Should energy surcharges be included in the price reported in the weekly DPMRP web forms submitted to AMS?

Answer: Yes.

3. Should transportation surcharges be included in the price reported in the weekly DPMRP web forms submitted to AMS?

Answer: No. An f.o.b. price excludes all transportation costs. The Final Rule and weekly DPMRP web form specify that all sales should be reported as f.o.b. plant or storage location (depending on the sale's origination).

4. Should commissions be included in the price reported in the weekly DPMRP web forms submitted to AMS?

Answer: Yes. Do not deduct commissions from the price received.

5. Should brokerage fees be included in the price reported in the weekly DPMRP web forms submitted to AMS?

Answer: Yes. Do not deduct brokerage fees from the price received.

6. If a certificate of analysis is provided to the buyer (such as a certificate of analysis to indicate negative tests for salmonella, e.coli, etc.), should the fees for such a service be included in the price reported in the weekly DPMRP web forms submitted to AMS?

Answer: No. Such a fee is an additional charge and not required to complete a transaction. Deduct certificate of analysis fees from the price received.

7. If a manufacturer entered into a contract where the sale price includes freight charges (i.e. sales to USDA school lunch program), would the sale be reportable? If so, how is the freight handled?

Answer: Yes. If the product meets all other reporting specifications, the freight charge should be subtracted to obtain the f.o.b. price. If the final freight charge is not available, estimate the freight charge using previous shipping charges (or current market freight rates) and revise the data when final invoice is obtained from the buyer. If a specific situation arises where the inclusion or exclusion of data is unclear, the plant or its agent should contact AMS for further instructions.

8. Should charges, for example the \$25 transaction fee paid to the CME, be included in the price reported in the weekly DPMRP web forms submitted to AMS?

Answer: Do not deduct charges from the price received.

9. Explain the difference in reporting f.o.b. plant if the product is “shipped out” from the plant or f.o.b. storage facility if the product is “shipped out” from the storage facility.

Answer: For some transactions, products are shipped to the buyer, or under the buyer’s direction, directly from the plant. For other transactions, products are shipped to the buyer, or under the buyer’s direction, from a storage facility that is separate from the plant. In both cases, transportation costs associated with shipping the product to the buyer, or under the buyer’s direction, should not be added to the reported price. In the case of products that are sold from a storage facility, do not deduct transportation costs associated with transporting the products from the plant to the storage facility.

10. A west coast dairy manufacturer ships finished dairy products to an east coast storage location, should the transportation cost be deducted from the price?

Answer: Do not deduct transportation cost associated with shipping products to storage locations. Transporting a product to a storage facility is a marketing cost and is reflected in the make allowance. The make allowance in the AMS pricing formula includes a marketing cost factor, which reflects this cost among other marketing costs. Thus, to subtract the cost of transporting products to a storage facility from the price received would be deducting that cost twice.

Complete Transactions

1. Is a transaction complete when the product is ‘shipped out’ and ‘title transfers,’ or are other factors (such as possession) considered?

Answer: No, there is no other condition.

2. Is the transaction completed if only one factor (‘shipped out’ or ‘title transfers’) occurred?

Answer: No.

3. If a purchase order calls for multiple shipments, is the transaction only completed when the last shipment is made and title transferred?

Answer: This question is very general and only a general answer can be given. Sales should be reported as the date product is shipped out and the title transferred. If a specific situation arises where the inclusion or exclusion of data is unclear, the plant or its agent should contact AMS for further instructions.

4. When is a transaction completed if a shipment is delayed and title is not transferred due to actions outside the control of the parties?

Answer: If the title is not transferred, the sale is not complete.

5. If an entity sells product to a customer and after the sale the customer requests that the seller keep the product available at the seller's warehouse for up to 6 months, should that product be included in the weekly DPMRP web forms submitted to AMS?

Answer: No. Product has not 'shipped out.'

6. In the case of a sale to a customer where the product by contract is stored in the original warehouse and later shipped (although title passes immediately), are the only reportable transactions for those weeks when shipment occurs within 30 days of the sales contract.

Answer: Yes. If by contract the product remains in the original warehouse and a storage cost is applied, the product is considered "shipped out" from the date storage costs begin and the sale should be reported. Storage costs should not be included as part of the sales price.

7. If a sale is made and product is shipped f.o.b., but delivery of the product to the customer does not happen because of a natural disaster and a dispute arises over the payment, should the sale be included when it is shipped?

Answer: Yes, if the title also transferred. If a specific situation arises where the inclusion or exclusion of data is unclear, the plant or its agent should contact AMS for further instructions.

8. Occasionally, a manufacturer enters into a contract where the sale price is not set before the title transfers and product ships. Are these sales reportable, if so when?

Answer: Yes. If the final price is based on an indicator of current market conditions and the product meets all other reporting specifications, then the sales are reportable. The sale would be reported when the contract terms are fulfilled (i.e. the final price is set). If a specific situation arises where the inclusion or exclusion of data is unclear, the plant or its agent should contact AMS for further instructions.

CCC Sales

1. Should manufacturer sales to the Commodity Credit Corporation (CCC) be included in prices and volumes reported in the weekly DPMRP web forms submitted to AMS?

Answer: Yes. The Final Rule and weekly DPMRP web form specify that CCC sales should be reported as long as other reporting criteria are met.

rBST Sales

1. Should products labeled or contracted as sourced from cows not treated with recombinant bovine somatotropin (rBST) be included in the weekly DPMRP web forms submitted to AMS?

Answer: Yes. The Final Rule and weekly DPMRP web form specify that rBST-free sales should be reported as long as other reporting criteria are met.

2. Should products labeled or contracted as sourced from cows treated with recombinant bovine somatotropin (rBST) be included in the weekly DPMRP web forms submitted to AMS?

Answer: Yes. The Final Rule and weekly DPMRP web form do not exclude rBST sales as long as other reporting criteria are met.

Forward Pricing

1. When does the 30-day exclusion period commence?

Answer: Exclude sales in which the selling price was set (not adjusted) 30 days or more before the transaction was completed. For example: Dairy products are shipped and title transferred on May 30. Counting back, with May 29 as being day 1, April 30 falls 30 days before the product is shipped and title transferred. Therefore, if the price was set on April 30, or earlier, the transaction should not be included in that week's report.

2. If a sale is set and then the price adjusted within 30 days, which price is reported and within what time period?

Answer: Sales should be reported as of the date product is shipped out and the title transferred. Should the reported price change after the transaction is complete, submit required revisions. If a specific situation arises where the inclusion or exclusion of data is unclear, the plant or its agent should contact AMS for further instructions.

3. A sales contract is entered into on May 1 at a price of \$1.00 per pound of product. The contract specifies delivery in five shipments for a total of 1 million product pounds divided equally (200,000 pounds each) on May 10, May 20, June 1, July 1, and August 1. Title passes on the date of shipment, however, the contract is not deemed to be fulfilled unless all the shipments are made and the price, while fixed in the contract, could eventually be disputed. Nonetheless, there are five separate shipments made, all on the specified date. There is no dispute as to the May 10 and July 1 shipments and the contracted price is paid for those two shipments. However, a dispute arises as to the May 20, June 1, and August 1 shipments. Each dispute is resolved within 10 days of shipment (May 30, June 10, and August 10) at a price of \$0.95 for May 20 and June 1 shipments and of \$1.05 for the August 1 shipment. Which of the five shipments included in this one contract are reported (if any), when, at what price, and with what adjustments (if any)? Is the answer different in any way if there is no dispute as to any transaction?

Answer: Absent a contract for storage, only shipments made on May 10 and May 20 should be reported at the contract price. Price adjustments occurring within the four-week revision period should be reported as the new information becomes available.

4. An export contract is entered into for sales for the next three months. The total volumes to be shipped are fixed for the duration of the contract, but the price is not fixed until under 30 days before shipment. However, the parties set a floor price, below which the price cannot fall, and a ceiling price, above which the price cannot go. What price and sales dates should be reported to AMS?

Answer: The plant should report sales for the first 30 days of the contract period. After the first 30 days, sales should be reported as long as the sales price is not one of the boundary prices. Boundary prices were established at the beginning of the contract period and are not necessarily representative of current market conditions.

5. An export contract is entered into for sales through January. The total volumes to be shipped are fixed for the duration of the contract, but the price is not fixed until under 30 days before shipment. However, the parties set a floor price below which the sales price cannot fall, which is below current prices. There is no ceiling price and no range as in the last question. What price and sales dates should be reported to AMS?

Answer: The plant should report sales for the first 30 days of the contract period. After the first 30 days, sales should be reported as long as the sales price is not the boundary price. The boundary price was established at the beginning of the contract period and is not necessarily representative of current market conditions.

6. A plant has a long-term contract to sell dairy products at a price that varies with market supply and demand conditions. Prices change at least every 30 days reflecting current conditions. The contract, however, contains an upper boundary price level and/or a lower boundary price level. Should the plant report sales made under this contract?

Answer: The plant should report sales for the first 30 days of the contract period. After the first 30 days, sales should be reported as long as the sales price is not one of the boundary prices. Boundary prices were established at the beginning of the contract period and therefore are not necessarily representative of current market conditions.

7. If a member of a federation of cooperatives sells product to the federation, the product remains in the member's warehouse and the federation does not ship the product to its customer within 30 days of that sale, should this sale be included in the weekly DPMRP web forms submitted to AMS.

Answer: No. The product has not 'shipped out.'

8. If the product in the previous question is shipped within 30 days, please confirm that the transaction should be reported and reported at the price agreed upon between the member and the federation.

Answer: Yes. The product has 'shipped out.'

Intra-company Sales and Re-sales

1. A dairy product sale, meeting all reporting specifications, was completed and reported in the weekly DPMRP web forms in the previous week, but the buyer rejected and returned the product. How should this returned sale be reflected in this week's report and is the product eligible to be included in future sales?

Answer: The current week would not be affected by the rejected product, but the previous week is to be revised. The product is eligible to be included in future reports only if the product continues to meet all other reporting specifications. The product was rejected (not sold), and the product would not be considered a resale. If a specific situation arises where the inclusion or exclusion of data is unclear, the plant or its agent should contact AMS for further instructions.

2. What is the definition of "intra-company" sales that are to be excluded in the weekly DPMRP web forms submitted to AMS?

Answer: Intra-company sales are sale transactions from one division or subsidiary of a company to another division or subsidiary, generally for further processing.

3. For instance, if a division of a company transfers product to another division, is that volume to be excluded in the weekly DPMRP web forms submitted to AMS?

Answer: Yes. Product transferred from one division to another division should be excluded.

4. If a company sells product to a wholly owned subsidiary that maintains separate books and records, is that volume to be included in the weekly DPMRP web forms submitted to AMS?

Answer: No. Product sold to subsidiaries is not included.

5. If there is a federation of cooperatives and one member of the federation sells product to another member, is that volume to be included in the weekly DPMRP web forms submitted to AMS?

Answer: Yes, unless one of the members is a subsidiary of the other.

6. If a member of a federation of cooperatives sells product to the federation should that volume be included in the weekly DPMRP web forms submitted to AMS?

Answer: No. Member sales to a federation should not be reported.

7. If the federation makes the first sale of product to a member, should that volume be included in the weekly DPMRP web forms submitted to AMS?

Answer: Yes.

8. Assume that a federation of cooperatives normally markets its members' product to customers. Some of those customers will be the members or subsidiaries of members of the federation. The federation's job is to maximize the price at which the product is sold and thus will charge all customers a market price. If title only passes with the sale to a federation customer (that is the federation under this circumstance does not take title to the product from its member) that the first sale is to that federation customer, not to the federation. The federation collects that market price from its customer and pays its members pursuant to the federation agreement after subtracting its agency fee.

Answer: Yes. The sale would be included, assuming that the subsidiary purchasing the product is not a subsidiary of the member making the sale.

9. As a follow-up to the previous question. Under those circumstances since the assumed sale is made by the federation, would the sale to a member or a subsidiary of a member be included in the report. That means that the volume will not be excluded even if the product is produced by the federation's customer's parent company so long as the federation actually negotiates the sale?

Answer: The sale would not be included if it were made to a subsidiary of the member who is the seller.

10. There is another type of transaction in the marketplace. Sometimes (atypically) a member of a federation of cooperatives with product available for sale by the federation will sell the product to the federation usually because no immediate federation customer is available for that sale. An invoice will be generated, title passes to the federation and the federation will pay the member at the contract price for the product, usually at a market clearing price. Later, the product will be resold by the federation at whatever price it can obtain for the product and the profit or loss on that sale will be shared through the federation, rather than by only the member making the sale to the federation. Please confirm that in this instance, the only reportable sale, if any, is the sale from the member of the federation to the federation.

Answer: Member sales to a federation of cooperatives should not be reported. Sales of product purchased from a member by the federation are not reportable.

11. If a company sells product to a wholly owned subsidiary that maintains separate books and records and the subsidiary must competitively bid for the product, is that volume to be included?

Answer: No. Products sold to subsidiaries are excluded.

Organic Sales

1. Should certified organic dairy products be included in the weekly DPMRP web forms submitted to AMS?

Answer: No. Products certified as organic by a USDA-accredited certifying agents should not be reported.

Faith Based Sales

1. Should all 'kosher' products be excluded from the weekly DPMRP web forms submitted to AMS?

Answer: No. Most dairy products meet the definition of kosher on some level, only products carrying a premium and having been actively involved faith-based supervisor throughout the production process should be excluded. If a specific situation arises where the inclusion or exclusion of data is unclear, the plant or its agent should contact AMS for further instructions.

2. Should all 'kosher' products be included in the weekly DPMRP web forms submitted to AMS?

Answer: No. Products made under close faith-based supervision throughout processing that carry a premium price for example Cholon Yisroel or Islamic Hahal should be excluded. If a specific situation arises where the inclusion or exclusion of data is unclear, the plant or its agent should contact AMS for further instructions.

Premium Assisted Sales

1. Why are DEIP sales and premium assisted sales, such as CWT export assistance sales, excluded in the weekly DPMRP web forms submitted to AMS?

Answer: DEIP sales or other premium-assisted sales include bonuses paid by third parties. Export bonuses are frequently based upon market averages of domestic and international commodity prices that may or may not be reflective of the actual sales agreement made by buyers and sellers.

Miscellaneous

1. Company A owns and ships condensed milk to Company B. Company B processes the condensed milk into dairy products under a tolling agreement (Company B receives only a fee to produce the dairy products never owning the raw materials or finished products). Company B transfers the finished product to Company A. Who should report the sale of dairy products made under tolling agreements? Who should report production under tolling agreements?

Answer: Company A, the product owner, is responsible for reporting any qualifying sales under tolling agreements.

2. A dairy manufacturer producing dairy products in the U.S. ships their dairy products to a wholly owned storage location outside the U.S., should these sales be included in the weekly DPMRP web forms submitted to AMS?

Answer: No. Do not include the sale of dairy products from storage locations outside the U.S.

3. Does a revised payment agreement require revision to a past report? If so, how long after the original transaction should a revised report be made?

Answer: Yes. Revisions should be made to any of the four weeks of data prior to the week being reported. If a specific situation arises where the inclusion or exclusion of data is unclear, the plant or its agent should contact AMS for further instructions.

4. Do price adjustments resulting from common price disputes, product disputes, or other private party disagreements require submission of a revised report? Should a revised payment agreement result in a restatement of a past report? If so, for what time period should a revised report be made?

Answer: Revise affected weeks. Revisions should be made to the four weeks of data prior to the current reporting week. If a specific situation arises where the inclusion or exclusion of data is unclear, the plant or its agent should contact AMS for further instructions.

5. Should sales for export be included from the weekly DPMRP web forms submitted to AMS?

Answer: Yes. The Final Rule and weekly DPMRP web form do not exclude export sales as long as other reporting criteria are met.