USDA ISSUES “MILK IN CALIFORNIA” RECOMMENDED DECISION

California dairy farmers would operate under similar milk pricing and revenue pooling rules governing existing FMMOs

SACRAMENTO — Dairy Institute of California, which represents the state’s milk, cheese and dairy product manufacturers, today expressed appreciation for the work done by USDA in developing its Recommended Decision, issued as part of the 2015 “Milk in California” hearing. USDA released its recommended decision yesterday.

As part of this hearing process, Dairy Institute proposed a California federal milk marketing order (FMMO), and offered ample testimony and evidence at the 2015 hearing to support it. Dairy Institute’s proposal was consistent with the ten other FMMOs currently in operation in the United States. The Recommended Decision largely reflects the proposal submitted by Dairy Institute.

The state’s dairy farmers had petitioned USDA in 2015 for a unique FMMO that would have compelled California milk processors to be fully regulated. But as USDA acknowledged in its Recommended Decision, processors in FMMOs choose to participate in FMMO pooling and pricing regulations; and outside of Class I utilization, such participation is not mandatory.

FMMOs reflect the markets in which they operate. Not surprisingly, USDA acknowledged that California’s FMMO should operate similarly to comparable milk markets in the Southwest and Upper Midwest.

“We are heartened that USDA’s Recommended Decision reflects the FMMO we proposed,” said Rachel Kaldor, Executive Director of the Dairy Institute of California. “If California dairy farmers approve a FMMO based upon the Recommended Decision, the same basic milk pricing and revenue pooling structure in place in the other FMMOs would apply to California farmers and processors as well.”

The unique California ‘quota system’ would operate as outlined in the Recommended Decision. “This provision of the proposed FMMO will likely be of keen interest to California dairy farmers, as it rightly should be. We are hopeful that our farmers will pay close attention to all the provisions of the Recommended Decision, its impact on each of them, and the industry at large,” said Kaldor.

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