



# NEWS SPLASH

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## **California milk processors submit FMMO proposal to USDA as alternative to plan filed by dairy co-ops last month**

SACRAMENTO — The Dairy Institute of California, which represents the state’s dairy processors, has filed an alternative proposal with the USDA in response to a petition filed last month by three of California’s largest dairy co-ops, asking the USDA to create a new Federal Milk Marketing Order (FMMO) in California.

California’s dairy industry is currently regulated by a state-run system established in the 1930s.

“We respect the right of our state’s dairy farmers to consider operating under a federal marketing order instead of the current state-run system,” said Rachel Kaldor, Executive Director of the Dairy Institute of California. “We’re choosing to participate in the process as well, since our members have invested billions of dollars in their operations here and are responsible for the jobs of 191,000 California workers.”

The Institute’s proposed federal plan is patterned after the other ten FMMOs now operating across the country, while the plan proposed by the co-ops contains fundamental features not found in the other federal orders.

Under the Institute’s plan, “pooling” would be administered the same as it is with all other FMMOs. But under the co-op plan, pooling would be mandatory. So instead of only requiring that all Class I milk handlers (bottlers) pay the regulated minimum price for the milk they purchase, as under the federal system, the co-op plan would require every California handler to pay the regulated minimum price for any and all classes of milk they buy, a fundamental departure from other FMMOs.

“If a new FMMO is adopted for California, it should be structured and operated like all the other federal milk marketing orders,” said Kaldor. “But the co-ops are proposing a plan that ‘cherry picks’ from the current state system, creating a hybrid federal system that would put California’s dairy industry at a competitive disadvantage with other states.

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“Creating a different set of rules for California would make our state’s dairy industry even less competitive in national and international markets, ultimately hurting producers and processors alike,” said Kaldor.

“We’re committed to creating a sustainable and profitable system that works for California dairy producers and processors,” said Kaldor. “We all benefit when the industry is healthy and competitive. So do consumers, our workers and the state’s economy.”

Kaldor said consideration of a new FMMO for California “will be a long and deliberative process, with an opportunity for all participants to be heard. We look forward to the discussion.”

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