



Milk Producers Council

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California Federal Milk Marketing Order Final Rule released by USDA

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The long-awaited California Federal Milk Marketing Order (FMMO) decision was released earlier today. You can read it [here](#).

There are no substantive changes to the Preliminary Rule, which was released in February of 2017. What USDA proposed then has not changed, and today's Final Rule is a conventional FMMO for California that looks pretty much like all the other FMMOs in the country.

USDA did allow for a California quota program to exist, but they made it clear in their Preliminary Rule that they would not be administering the California Quota Program through the FMMO. As proposed, the FMMO would accommodate the administration of the Quota program by the California Department of Food and Agriculture (CDFA) as a stand-alone program. CDFA in 2017 launched an effort utilizing the Producer Review Board made up of 15 California dairy farmers to create a Stand Alone Quota Program that would operate the quota system in the event that California producers decided to become part of a Federal Milk Marketing Order. The construction of the Stand Alone Quota Program was completed by October of 2017 and a producer referendum took place. The time for voting was extended by several weeks in order for there to be enough votes cast for a valid election, and when the votes were counted, more than 87% of the producers who voted and more than 90% of the volume of the producers who voted, voted in favor of the Stand Alone Quota program being implemented if California becomes a FMMO.

So where are we now? On April 10, 2018, USDA will be conducting a public meeting to explain and answer questions about the proposed California FMMO starting at 9 a.m. at the Clovis Veterans Memorial District Building located at 808 Fourth Street, Clovis, CA. There will no doubt be a variety of meetings sponsored by the cooperatives and trade associations over the coming weeks where various analyses will be presented and questions entertained. The voting will commence on April 2 and run through May 5, 2018. The cooperatives do have the right to vote as a block for all their members. The California cooperatives will be contacted in the coming days by USDA for their decision about whether they intend to vote as a block on behalf of their members. Producers who are not members of cooperatives who decide to block vote will receive a ballot in the mail from USDA that will must be returned before May 5. For the referendum to pass two-thirds of the producers voting have to approve, or two-thirds of the volume of milk voting have to vote yes. So, the ball is definitely now in the producers' court.

You can count on this space in the coming weeks to explain various aspects of the proposal. In essence, a California FMMO will share all the common characteristics of the other 10 FMMO's in the United States. What that means is that our milk pricing formulas will be identical in form and fashion to the other FMMO's, but the pooling rules will be tailored to our region. Understanding how that may work in the California context will be the focus of much of the discussion over the next few weeks. The fundamental question California producers will have to answer is this: Given where we are today as an industry, and what we know of the history of the California state order and the history of the federal orders, **which system is likely to provide the best opportunity for a prosperous future?** It is a big decision.

**MPC wishes everyone a blessed Good Friday and a Happy Easter!
We will return with our regular MPC Friday Report on April 6, 2018.**

