



# Michigan Milk Producers Association

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Honorable Tom Vilsack  
U.S. Secretary of Agriculture  
U.S. Department of Agriculture  
1400 Independence Avenue, SW  
Washington, DC 20250

The dairy farm families of Michigan Milk Producers Association have serious concerns about the Organic Trade Association's (OTA) petition for a hearing to effectively exempt processors of organic Class I beverage milk from paying into Federal Milk Marketing Order (FMMO) pool. We agree with the concerns raised by many in the dairy industry and urge you to deny the hearing request.

The intent of the FMMO program is to ensure an orderly flow of the milk supply by guaranteeing dairy farmers a minimum – not maximum – price for the milk they send to market. Importantly, FMMOs do not force milk processors to pay premiums for production decisions such as rBST-free, pasture fed, GMO-free, or organic, but instead allows the market to establish premiums above the FMMO minimum prices based on the available supply or demand signals received from the marketplace. As evidence, the average milk price received by organic producers ranged from \$32 to \$38 per hundredweight from January 2015 through June 2015. In comparison, conventional farmers received average milk prices of \$16.72 per hundredweight during the same period.

Moreover, according to data released by the Department removing organic packaged fluid milk sales would have reduced the FMMO pool value by \$118 million dollars over the January 2013 to July 2015 time period. While OTA maintains that this financial impact would be insignificant to farmers pooling on FMMOs the data tells a different story. With milk prices falling by nearly 40 percent from 2014 our dairy farm families cannot afford to surrender another penny from their milk check.

Importantly, this money is not guaranteed to be paid to organic dairy farmers as has been implied. Instead, OTA acknowledges that the pool credit will be received by organic Class I processors before dairy farmers would be able to discuss what portion, if any, may be directed back to the farm family. The proponents of this proposal consist of three large organic dairy processors with large national footprints in the retail space. At least two of the proponents have annual sales well over \$1 billion dollars. The notion that OTA speaks on behalf of dairy farm families as it pertains to the benefits provided by the FMMO program is disingenuous.

This proposal is a very serious problem for dairy farmers and for USDA as it would undermine the intent of the important FMMO program and would cost dairy farm families thousands of dollars each year. I plan to share these concerns with many in Michigan including our elected officials, and we request that the Department reject the proposal.

Sincerely,

Ken Nobis  
President, Michigan Milk Producers Association