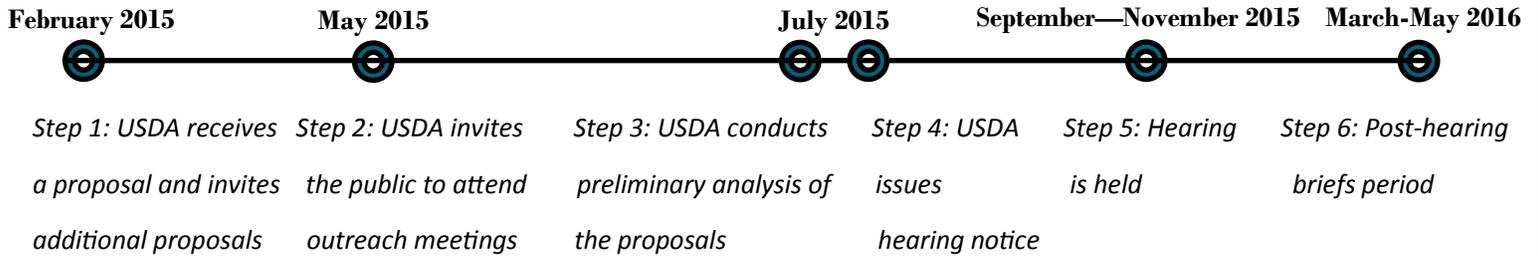


The California FMMO process

— Still a work in progress? —

While it may seem like the road to the U.S. election started a long time ago, the California Federal Milk Marketing Order (FMMO) process has been occupying dairy media outlets since before the first Republican debate. There are multiple steps left for both processes, but it's likely the U.S. President will be elected before California producers get to vote on a FMMO. Here's a snapshot of what happened and what's left.



What's left

Step 7: USDA issues a recommended decision

Step 7a: Period for public comments

Step 8: USDA issues a final decision

Step 9: If USDA recommends a FMMO, California producers vote

Step 10: Results. If favored by 2/3 of the producers or producers representing 2/3 of the milk produced participating in the voting process, a final order is issued.

There is certainly a lot of uncertainty surrounding the next steps, and our guess may be as good as the horoscope is at predicting your next day. But based on industry discussions, it appears expectations for Step 7 would be around fall 2016. This may seem far, but it's important to remember USDA now has to digest thousands of pages of testimony, amplified by hundreds of pages of post-hearing briefs. The period for public comments and USDA's deliberations before the final decision (steps 7a & 8) will likely add a few months each. This puts Steps 9 & 10 somewhere around spring 2017.

Two notes on Steps 9 & 10:

- 1) California producers who are members of a cooperative will get to vote individually if the cooperative decides not to use its right to bloc vote. Bloc voting means voting on behalf of producer-members.
- 2) It is possible there will be lawsuits that delay the process down the line. For example, if the USDA's final decision appears problematic to the Dairy Institute of California (the association representing processors in the state), their attorney may find reasons why USDA's proposed California order is allegedly not lawful.

CDFA'S HEARING DECISION

Will it impact the process?

When drafting a recommendation, USDA must take into account all the information that is in the record (the information at the hearing and the information in post-hearing briefs). CDFA issued its decision on the whey formula changes on May 20—after the May 16 deadline for the last briefs. Therefore, CDFA's latest decision could not be made part of the record.

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