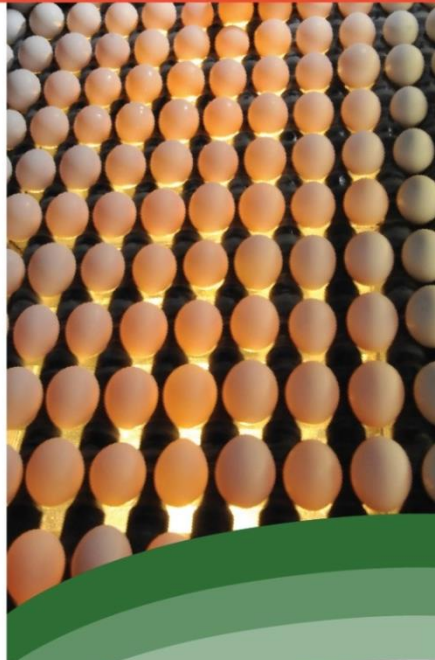




United States Department of Agriculture

# Agricultural Marketing Service

Creating Opportunities for American Farmers and Businesses





# **Agricultural Marketing Service**

*Creating Opportunities for American Farmers and Businesses*

## **Handler Training Module 1: Introduction, Overview, and Terms**

Educational materials  
prepared by USDA AMS Staff

# Module 1: Introduction, Overview, and Terms

## Content:

- Introduction of trainers and key staff
- Overview of Federal Milk Marketing Orders (FMMO)
- FMMO terms used throughout presentation

# Module 1: Introduction, Overview, and Terms

## Introduction of Trainers and Key Staff

# Trainers

## Lori Espe – LA Region

- Marketing Specialist
  - FMMO 124 & 131

## Scott Jones – Bay Area Region

- Supervisory Marketing Specialist
  - FMMO 33

## Bradley Vierra – Central Valley Region

- Audit Manager
  - FMMO 126

# Key Staff – LA Region

## Colleen Eigenfeld

- Senior Auditor
  - FMMO 30

## John Herbert

- Agricultural Economist
  - FMMO 5

## Rick Holt

- Associate Market Administrator
  - FMMO 5

## Victor Mrozek

- Auditor
  - FMMO 33

# Key Staff – Bay Area Region

## Ali Lotia

- IT Specialist
  - FMMO 32

## Josh Little

- Auditor
  - FMMO 124 & 131

## Steven Quadros

- Chief Auditor
  - FMMO 1

## Susan Smith

- Marketing Specialist
  - FMMO 126

# Key Staff – Central Valley Region

## Carl Helmich

- Senior Lead Auditor
  - FMMO 30

## Matt Henson

- Auditor
  - FMMO 33

## Dean Sprenkle

- Senior Auditor
  - FMMO 1

## Shana Wiggins

- Senior Auditor
  - FMMO 32



# Key Pool Support & IT Staff

## Sara Elliott

- Audit Review
  - FMMO 1

## Adam Gray

- IT Specialist
  - FMMO 126

## Igor Karpierz

- Accountant
  - FMMO 1

## Phi Nguyen

- IT Applications Manager
  - FMMO 1

## Reginald Williams

- Audit Review
  - FMMO 1

# Module 1: Introduction, Overview, and Terms

## Overview of Federal Milk Marketing Orders (FMMO)

# Federal Milk Marketing Orders

## What is a Federal Marketing Order?

- A federal regulation that spells out the terms of trade for a specific commodity between producers and buyers in a specific market
- The purpose of the Order is to provide orderly marketing conditions

## Legislation

- Agriculture Marketing Agreement Act of 1937, as amended
- FMMO's are permanent law

# FMMO Objectives

- Assure an adequate supply of fluid milk at all times
- Ensure that similarly regulated handlers have the same minimum raw milk costs
- Calculate for producers, a minimum regulated price reflective of market conditions

# Primary Functions of Market Administrator's Office

- Set minimum prices for milk in classified system
- Pool milk and establish minimum blend price
- Enforce minimum payments to producers
- Audit plants to verify use of milk
- Verify tests and weights of producer milk
- Provide market information

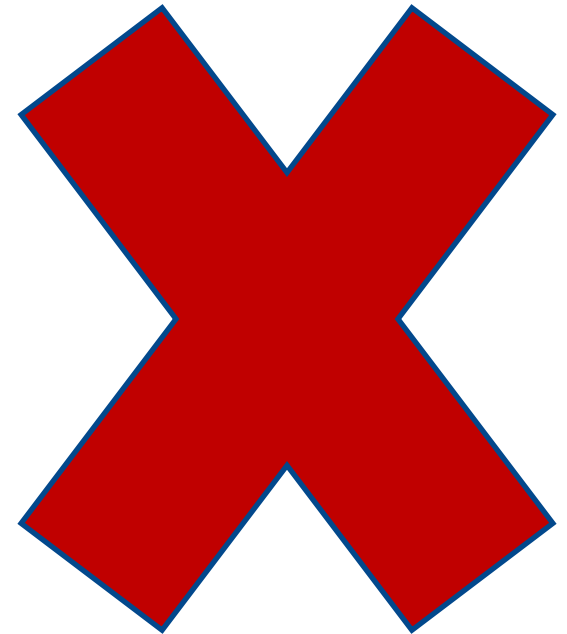
# Federal Orders Do:

- Classify milk according to end use
- Establish and enforce minimum handler classified prices
- Determine / enforce minimum producer blend prices
- Verify weights and tests of producer milk
- Conduct impartial audits
- Provide market information

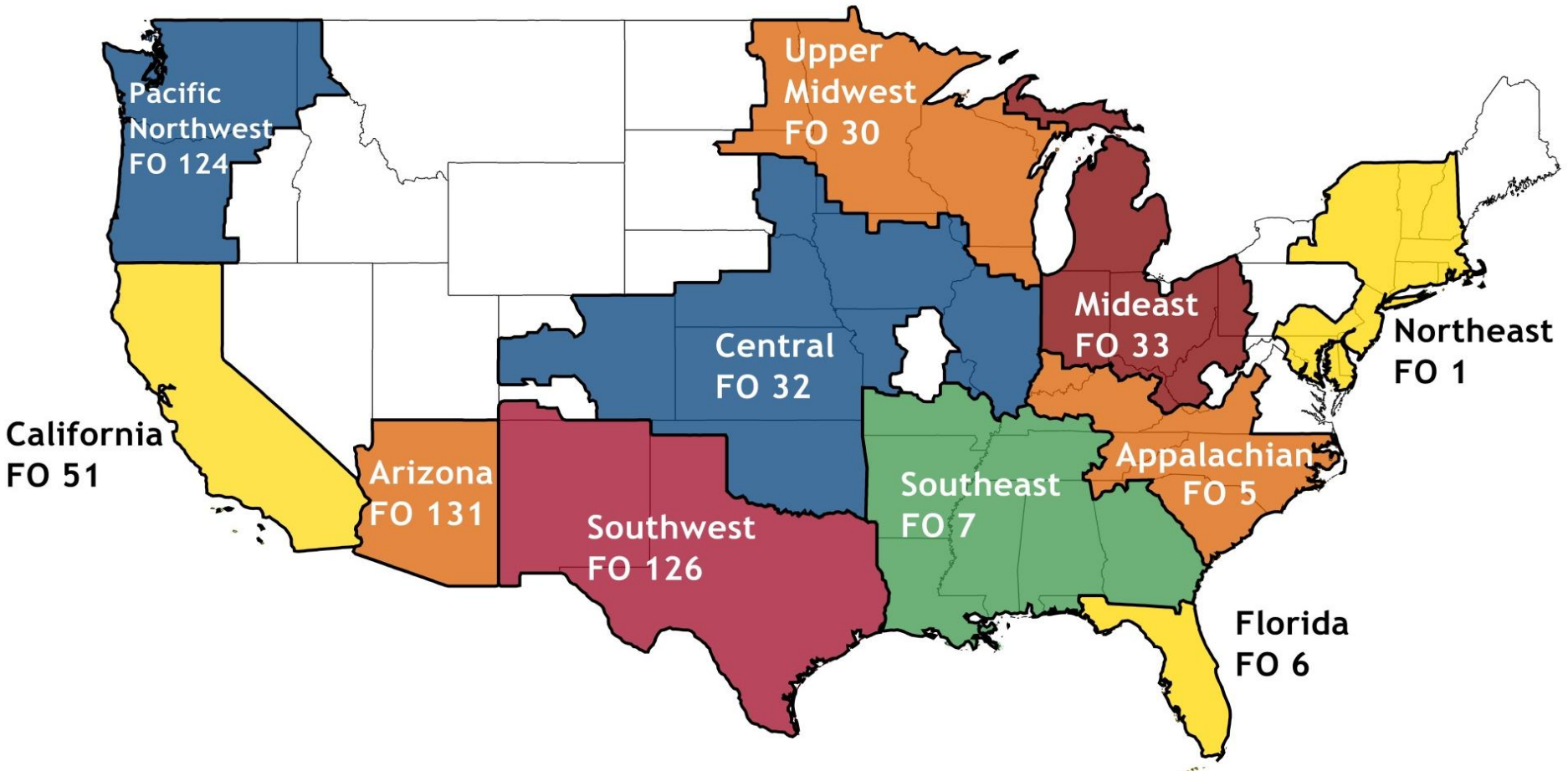


# Federal Orders Do Not:

- Regulate producers
- Guarantee a market for milk
- Set wholesale or retail prices
- Set maximum prices to producers
- Restrict new product development
- Regulate from whom a plant may buy milk
- Regulate how much milk a plant may buy
- Restrict production



# Federal Milk Marketing Orders





# Module 1: Introduction, Overview, and Terms

**FMMO terms used throughout  
presentation**

# California Marketing Area – §1051.2

The marketing area means all territory within the bounds of: **All of the State of California**

- Includes:
  - Piers
  - Docks
  - Wharves
  - All territory occupied by government reservations, installations, or institutions
    - Municipal, State, or Federal

# Federal Order Terms and Definitions

## **Plant – §1051.4 (§1000.4)**

- The land, building, facilities, and equipment constituting a single operating unit or establishment at which milk or milk products are received, processed, or packaged.
- An on-farm facility operating as part of a single dairy farm entity for the separation of cream and skim, or removal of water from milk.

# Federal Order Terms and Definitions

## Plant (continued)

A plant shall not include:

- A separate non-stationary storage tank truck that is used only as a reload point for transferring bulk milk from one tank to another
- A separate building used only as a distribution point for storing packaged fluid milk products from a plant
- An on-farm facility operating as a single dairy farm entity for the separation of cream and skim or the removal of water

# Federal Order Terms and Definitions

## **Handler - §1051.9 (§1000.9)**

- Operates a Pool Plant or a Nonpool Plant
- Receives packaged fluid milk products from a plant
- A broker who negotiates a purchase or sale of fluid milk or cream products from or to any Pool or Nonpool Plant
- Any Cooperative association with respect to milk that it receives for its account from the farm of a producer and delivers to a Pool Plant, or diverts to a Nonpool Plant

# Federal Order Terms and Definitions

## **Route Disposition – §1051.3 (§1000.3)**

- A delivery to a retail or wholesale outlet (except a plant), either directly or through any distribution facility, of a fluid milk product in consumer-type packages or dispenser units classified as Class I milk.

# Federal Order Terms and Definitions

## **Distributing Plant – §1051.5 (§1000.5)**

- A plant that is approved by a duly constituted regulatory agency for the handling of Grade A milk
- Processes or packages fluid milk products, and
- Has route disposition or transfers of packaged fluid milk products to other plants

# Federal Order Terms and Definitions

## **Supply Plant – §1051.6 (§1000.6)**

- A plant approved by a duly constituted regulatory agency for the handling of Grade A milk
- Receives milk directly from dairy farmers, and
- Transfers or diverts fluid milk products to other plants or manufactures dairy products on its premises



# Federal Order Terms and Definitions

## **Nonpool Plant – §1051.8 (§1000.8)**

- A plant fully regulated on another Federal order
- Producer-handler
- Partially regulated distributing plant
- Unregulated supply plant
- Exempt Plant

# Nonpool Plant – §1051.8

## Producer – Handler - §1051.10

- A person who operates a dairy farm and a Distributing Plant from which there is Route Disposition in the marketing area.
  - Total Route Disposition and Packaged Sales of fluid milk to other plants during the month **does not exceed 3 million pounds**
  - Must meet MA requirement §1051.10 (a)(1)-(5)(ii)

# Nonpool Plant – §1051.8

## **Partially Regulated Distributing Plant**

- A nonpool plant that has route disposition in the marketing area during the month that is not:
  - A plant fully regulated under another Federal order
  - A producer-handler plant
  - An exempt plant

# Nonpool Plant – §1051.8

## Unregulated Supply Plant

- Does not qualify as a pool supply plant
- Is not:
  - A plant fully regulated under another Federal order
  - A producer-handler
  - An exempt plant

# Nonpool Plant – §1051.8

## Exempt Plant

- Exempt from pricing and pooling provisions of any order
  - A plant operated by a government agency with no route disposition in commercial channels
  - A plant operated by a duly accredited college or university
    - All fluid milk products are disposed of through the operation of its own facility
    - No route disposition in commercial channels
  - Total route disposition is for individuals or institutions for charitable purposes without remuneration
  - Route disposition and packaged sales of fluid milk products to other plants of **150,000 pounds or less** during the month
    - (Note – status can change from month to month)

# Federal Order Terms and Definitions

## **Other Source Milk – §1051.14 (§ 1000.14)**

- All skim milk and butterfat contained in:
  - Receipts of fluid milk products and bulk fluid cream products from any source other than:
    - Producers, Handlers Described in §1000.9(c), Pool Plants
  - Products from any source which are reprocessed, converted into, or combined with another product in the plant, except:
    - Fluid milk products, fluid cream products, and products produced at the plant during the same month
  - Receipts of any milk product for which the handler fails to establish a disposition, except:
    - Fluid milk product and fluid cream product

# Federal Order Terms and Definitions

## Fluid Milk Product – §1051.15

- Any milk products in fluid or frozen form that are intended to be used as beverages.
  - Less than 9 percent butterfat, and
  - 6.5 percent or more non-fat solids or 2.25 percent or more true protein
    - Product examples: Milk, fat-free milk, low fat milk, light milk, reduced fat milk, milk drinks, eggnog, and cultured buttermilk
      - Including any such products that are flavored, cultured, modified with added or reduced solids, sterilized, concentrated, or reconstituted

# Federal Order Terms and Definitions

## Fluid Cream Product – §1051.16

- Cream (other than plastic cream or frozen cream), including sterilized, or a mixture of cream and milk or skim containing **9 percent or more butterfat**, with or without the addition of other ingredients.



# Federal Order Terms and Definitions

## **Cooperative Association – §1051.18**

- Any cooperative marketing association of producers which the Secretary determines is qualified under the provisions of the Capper-Volstead Act.
  - Full authority in the sale of milk of its members
  - Markets milk or milk products for its members
- Federation of cooperatives

# Federal Order Terms and Definitions

## **Commercial Food Processor – §1051.19**

- Any facility, other than a milk plant, where fluid milk products and fluid cream products are disposed of, or producer milk is diverted.
  - Use of such receipts as ingredients in food products
  - Has no other disposition of fluid milk products other than those received in consumer-type packages (1 gallon or less)
  - Producer milk diverted to CFP establishments is subject to the same provisions relating to diversions to a plant

# Federal Order Terms and Definitions

## **Producer – §1051.12**

- Any person who produces milk approved by a duly constituted regulatory agency for fluid consumption as Grade A milk, and
  - Milk is received by a pool plant, or
  - Milk is received by a Cooperative agency

# Federal Order Terms and Definitions

## **Producer (continued)**

- A producer shall not include:
  - A producer-handler
  - A dairy farmers whose milk was received at an exempt plant
  - A dairy farmer whose milk is received by diversion at a pool plant from a handler regulated under another Federal order
  - A dairy farmer whose milk is reported as diverted to a plant fully regulated under another Federal order

# Federal Order Terms and Definitions

## Transfer

- The transfer of milk products from one plant that is physically received by another plant
  - Transfer will be determined by date at which the transfer of milk product is physically received by the receiving handler

# Federal Order Terms and Definitions

## **Diversion**

- A diversion is a delivery of milk from a farm to a plant; it is not a plant-to-plant movement

# Federal Order Terms and Definitions

## **Used to Produce (UTP)**

- Manufactured products
- Determination of milk content going into a product produced from a process resulting in significant changes to the fluid milk
  - Ex: cheese, ice cream, cottage cheese .....