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February 19, 2016

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

Dear Secretary Vilsack,

The dairy farm families of Agri-Mark Dairy Cooperative 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) pools. We 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. 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 economic signals generated in 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 from the pool would have reduced the FMMO pool value by \$118 million 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. For our Northeastern dairy farmers, the loss of pool revenue if OTA's proposal were adopted is equivalent to \$21 million per year and would reduce the income of an average family dairy farm by more than \$1,500 per year. With milk prices falling by nearly 50 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. The notion that OTA speaks on behalf of dairy farm families as it pertains to the benefits provided by the FMMO program is disingenuous.

(over please)



Owned by the farm families of Agri-Mark who provide their farm fresh milk to their award-winning brands.

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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 the Northeast, including our elected officials, and we request that the Department reject the proposal.

Sincerely yours,

A handwritten signature in black ink that reads "Robert D. Wellington". The signature is written in a cursive style with a large initial 'R' and a long horizontal stroke at the end.

Robert D. Wellington
Senior V.P. of Economics
Communications & Legislative Affairs

CC: Dana Coale, Deputy Administrator USDA
Erik Rasmussen, Market Administrator, Northeast Federal Order
James Mulhern, National Milk Producers Federation
Jamie Castaneda, National Milk Producers Federation
Bob Gray – Northeast Dairy Farmers Cooperative