

Federal Milk Marketing Order

What is a Federal Milk Marketing Order?

- Establishes rules under which dairy processors purchase fresh milk from dairy farmers supplying a marketing area. Provisions of the order determine which handlers are regulated and whose milk is priced and in what way.

What is a marketing area?

- Specific geographic areas where handlers compete for fluid milk sales. These areas are defined by the Federal Order. It is not necessarily where dairy farmers serving the market are located

Legislative Authority

- The Agricultural Marketing Agreement Act of 1937, as amended, provides legal authority for Federal milk orders

Factors That Complicate Milk Marketing and Pricing:

- Milk is produced every day of the year. It is a highly perishable product that must either be sold promptly in liquid form or processed into manufactured products
- It is a bulky product and expensive to transport
- While fluid milk sales vary only slightly from month to month, there is a wide seasonal swing in milk production
- Fluid milk sales vary substantially from day to day within the week
- Every market needs a greater supply than the market's fluid demand due to the daily and seasonal variations in supply/demand

Federal Orders Do:

- Regulate handlers
- Classify milk according to use
- Announce minimum class prices monthly
- Distribute proceeds of sales in all uses equitably among producers through Uniform Price
- Enforce timely payments to producers and cooperatives
- Conduct impartial audits of handler records
- Verify weights and tests
- Provide market information

Federal Orders Do Not:

- Regulate:
 - From whom a plant may buy milk
 - To whom a plant shall sell milk
 - How much milk a plant shall buy or sell
 - At what price a plant may sell the milk
- Restrict milk production in any way
- Guarantee a fixed price level or subsidize producer payments
- Regulate individual producers, nor guarantee a market for their milk