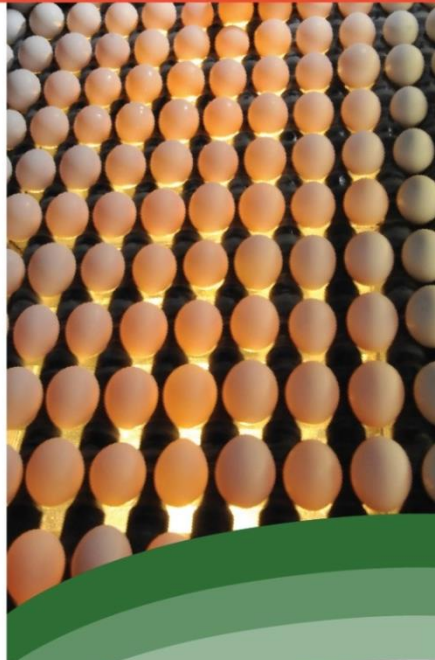




United States Department of Agriculture

# Agricultural Marketing Service

Creating Opportunities for American Farmers and Businesses





# **Agricultural Marketing Service**

*Creating Opportunities for American Farmers and Businesses*

## **Handler Training Module 8: Miscellaneous Topics**

Educational materials  
prepared by USDA AMS Staff

# Handler Training: Miscellaneous Topics

## Content:

- Producer-Handler
- Forward Contract
- Intro to MA Staff/Departments
- Laboratory
- Auditing
- Navigating the Website

# Producer-Handler

- Operates a dairy farm
- AND operates a distributing plant
- ... with routes into the marketing area
  - Total routes and packaged transfers are under 3 million pounds per month
- AND has been designated as a producer-handler by the Market Administrator

# Producer Handler

## Five Requirements for Designation

1. Care and management of dairy animals under producer-handler's own enterprise and sole risk.
2. Plant operation under producer-handler's own enterprise and sole risk.
3. Does not receive other source milk (with exceptions).
4. Does not have association with other handler's operation.
5. Is not subject to State marketwide pooling or marketed as Class I to non-pool distributing plant(s).

# Producer-Handler

## Other Source Exception:

- The producer-handler may receive at its plant up to 150,000 lbs per month of fluid milk products from fully regulated plants and handlers under any Federal order

# Producer-Handler

- Exempt from pool
  - No payments into the pool
  - Not subject to minimum pricing
  - No lab testing
- Required to submit report to MA each month
- Subject to audit

# Producer-Handler

- Designation:
  - Review §1051.10 Producer-handler
  - Discuss designation process with the Market Administrator via the Pool Supervisor



# Forward Contract

- The Dairy Forward Pricing Program (DFPP) allows independent producers to voluntarily enter into forward price contracts with handlers for milk.

# Forward Contract

- Class II, III, and IV milk pooled on the order is exempt from minimum Federal order blend price provisions.
- Handlers must continue to account to the pool at minimum class prices for contract milk.
- Handlers are subject to all other market order provisions, including payment dates.

# Forward Contract

## New Contracts

- Entered into until September 30, 2018
- May not extend beyond September 30, 2021
- Must be signed prior to the beginning of the month & returned to market administrator by 15<sup>th</sup>
- Must include a disclosure statement, signed on same date as contract

See *Federal Register* from March 21, 2014 for details (79 FR15633)

# Intro to MA Staff & Departments

- Pool
- Economics & Market Information
- Audit
- Admin
- IT
- Laboratory

# Laboratory

- Federal Order marketing orders have their own laboratories
- Non-coop milk needs to be tested by the lab
- Lab establishes tests or verifies tests to ensure proper payment
  - Butterfat
  - True Protein
  - Other Solids

# Laboratory

- Milk Sample Control Sets
- The lab will provide milk sample control sets that will be delivered to all payment labs in California for equipment calibrations.
- The payment labs will send results to the plants.

# Laboratory

- Milk will be tested using Association of Official Analytical Chemists' (AOAC) Methods.
  - Butterfat - tested via ether extraction
  - True Protein - tested via the Kjeldahl method
  - Total Solids - tested via forced air oven
- IR machines are utilized for payment and verification purposes which are calibrated to those reference methods.

# Auditing

Who is subject to audit?

- All pool handlers
- All nonpool handlers receiving pool source milk
- All partially regulated handlers
- All producer-handlers
- All exempt plant handlers



# Auditing

- Still several months away from audit
- Auditors will contact you to schedule audit
  - Mutually agreeable time & duration
  - Records that will be needed
- Auditors can help with:
  - Reporting questions
  - Classification questions
  - Pricing questions

# Navigating the Website

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**Federal Milk Marketing Order 51**  
 Cary Hunter - Acting Market Administrator

**USDA** United States Department of Agriculture  
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- [Cleveland Office - Federal Orders 33](#)
- [Dallas Office - Federal Order 126](#)
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