MAINTAINING THE INTEGRITY OF ORGANIC MILK

Showcasing Ethical Family Farm Producers
Exposing the Corporate Takeover - Factory Farm Production

BY MARK ALAN KASTEL

A RESEARCH PROJECT OF THE CORNUCOPIA INSTITUTE

PRESENTED TO
the USDA National Organic Standards Board
April 19, 2006, State College, Pennsylvania

CORNUCOPIA INSTITUTE

ACKNOWLEDGMENTS

The following staff members helped write, research, support, and edit this paper:

Mark A. Kastel, Senior Farm Policy Analyst
Will Fantle, Research Director
Joe Rising, Research Associate
Margaret Hannah, Board President, Scientific Editor
Adan Lara, Abstract Concepts, Design/web ratings, www.abstract-concepts.net
Jim Handrigan, Cover design/illustrations, www.handrigan.com
Tim Hill, Report layout/design, www.psycosm.com

The Cornucopia Institute wishes to thank:

The Jessie Smith Noyes Foundation
The Ben & Jerry's Foundation
The Steven J. Miller Foundation
The Wedge Cooperative
The Compton Foundation
And the hundreds of family-farm members of the Institute for their financial support.

The Cornucopia Institute

P.O. Box 126
Cornucopia, WI 54827
608-625-2042 voice
866-861-2214 fax
organic@cornucopia.org
www.cornucopia.org

The Cornucopia Institute is dedicated to the fight for economic justice for the family-scale farming community. Through research, advocacy and economic development our goal is to empower farmers both politically and through marketplace initiatives.

The Organic Integrity Project will act as a corporate and governmental watchdog assuring that no compromises to the credibility of organic farming methods and the food it produces are made in the pursuit of profit. We will actively resist regulatory rollbacks and the weakening of organic standards to protect and maintain consumer confidence in the organic food label.

CONTENTS

OVERVIEW

THE METEORIC GROWTH OF ORGANIC DAIRYING is one of the rare success stories found in agriculture today. The business has been built over the past two decades and nurtured by family farmers collaborating with consumers hungry for organic food. For those farmers involved in dairying, organics has been a true lifeline. Those able to make the difficult three-year transition to organics have been rewarded by top commodity prices at the farmgate and a living wage—something that stands in stark contrast to the intense price squeeze that has driven many of their conventional neighbors from the business. In addition, organic dairy farmers are enjoying explosive growth in demand for their products.

Consumers have been willing to pay premium prices in the market for certified organic dairy products, with the understanding that the food has been raised in a sustainable, environmentally sound manner and that they are helping support and keep family farmers on the land. Many consumers assume that humane animal husbandry practices are employed by organic farmers, and they may believe that organic food is more nutritious.

But this success story is now at risk; it is threatened by powerful economic interests that covet their share of the organic pie (now in excess of $15 billion in annual sales) and who are willing to twist, manipulate, and even ignore federal organic regulations in their rush to cash in. Some agribusiness giants are depending on consumers not knowing the difference between their product and those produced with ethics and integrity. Farmer and consumer activists have been unsuccessful in persuading the United States Department of Agriculture to get off the dime and enforce the organic regulations.

PULLING BACK THE VEIL: RATING AMERICA'S ORGANIC DAIRY BRANDS

This report aims to pull back the veil and allow consumers to easily identify those organic dairy products that have been produced with the best organic practices. By using the Web-based rating tool found on our Web page (www.cornucopia.org), you will be able to identify the brands and products found in your region and examine their ranking, score, and how well they meet key criteria covering organic management practices. At the time of this publication, the survey rates 68 different organic dairy brands and private-label products found across the country.

The good news we can report is that the vast majority of all name-brand organic dairy products are produced from milk from farms that follow accepted legal and ethical standards.

However, consumers should also recognize that an increasing amount of milk used in certain organic dairy products is coming from factory farms that are employing suspect practices that skirt organic regulations and negatively impact human nutrition and the health and well-being of livestock. Nearly 20% of the name-brands now available on grocery shelves scored a substandard rating. And a growing number of new factory farms—housing thousands of cows in confinement conditions—are in development because of strong organic commodity prices, growing consumer demand, a shortage of certified organic milk, and a reluctance by federal regulators to enforce the current organic rules.

COMPARING THE NATION'S ORGANIC MILK SUPPLIERS: TRUE INTEGRITY OR MARKETING HYPE?

It seems that all organic marketers recognize the romantic image that family-scale farms hold in the American psyche. When approaching the study, our intention was to separate marketing and public relations hype from the facts surrounding how companies are producing or procuring their raw milk supply.

Through our research, it quickly became clear that four typical models best describe raw milk procurement:

Farmstead dairies. The dairy products are manufactured right on the farm, in most cases exclusively from that particular farmstead's milk. In some cases, farmers buy milk from one or more of their neighbors. This production model produced the highest-rated brands. These dairies received these ratings not because they are small but because they excelled in several production areas.

Dedicated patrons or cooperatives. Some national labels have their own "captive patrons" producing milk and delivering it to dairy plants on an exclusive basis. Others are cooperatives, owned by the farmers themselves and supplied with milk from their own members.

Third-party purchase. Companies purchase 100% of their milk, not directly from farmers themselves, but from third parties, again, sometimes cooperatives.

Open market sourcing. For private-label, or store brands, milk is procured from third parties, with no source information on the product.

Identify your local dairy brands with the Organic Dairy Brand Scorecard at www.cornucopia.org

Some industry players have suggested that The Cornucopia Institute has an ulterior motive or a bias against certain companies involved in the organic dairy business. And they have charged that any public criticism of practices employed in the production of organic milk harms the organic label in the eyes of consumers.

Let us set the record straight. We strongly believe in the right of consumers and the public to know about the ethics and production practices involved in making the wide variety of organic dairy products. We fully understand the desire of those involved in the organic industry to present a positive view of their products. And we are as strong an advocate for organic food and agriculture as anyone.

But when practices are employed that shortchange or mislead the consumer, and harm the interests of the ethical family farmers who built this industry, we are going to speak out. We will identify what the problems are. We do this to inform, to protect, and to empower consumers and farmers, as well as to motivate all involved in the organic community to uphold the integrity and high standards of organic agriculture.

Margaret Hannah
Board President
The Cornucopia Institute

SURVEY PROTOCOL

THE CORNUCOPIA INSTITUTE, starting in early 2005, sent a 19-question survey (Appendix I), with an accompanying cover letter (Appendix II), to all readily identifiable organic dairy marketers in the United States. The Institute relied on a number of published organic food directories, wholesale catalogs, national retail store visits, and Internet search engines in compiling the distribution list. Every effort was made to be comprehensive.

The cover letter was intentionally strongly worded, both outlining the risk to the industry of corporate control/factory-farm production and the risk to marketers who did not want to expend the effort of completing and returning the survey. This letter incorporated feedback from the Institute's board of directors and policy advisory panel. It was their strong feeling that most large corporations would ignore the questionnaire—a common practice—unless they felt a highly compelling reason to participate. The letter was apparently effective, because the majority of brand-name marketers participated in a timely fashion, without the need for further follow-up.

A few marketers requested more background information on the Institute before feeling comfortable enough to release sensitive and proprietary material, including contact information for their largest dairy farmers. This information, which would be highly valuable to a competitor, was necessary for our verification purposes, and the Institute assured participants that it would not be released to anyone outside of the organization.

Every marketer that did not participate, other than private-label marketers, was contacted a minimum of one additional time by certified mail (return receipt requested) through the U.S. Postal Service. Private-label brands were later added to the study near the end of the data collection phase and, to minimize the time involved, were sent certified letters (return receipt requested) as their initial request. All dairies were afforded 30 to 60 days to respond.

We requested that each survey be signed by an owner or officer of the corporation or cooperative. Upon participant request, we also decided to allow e-mail from an officer's distribution address as confirmation of authenticity. This approach was taken to ensure that someone with the authority to make representations on behalf of the label was willing to stake his or her reputation on the answers to the survey. The return rate of surveys from name-brand marketers was an impressive 81%. However, private-label/store brands "responded" with a return rate of zero percent (0%).

Farmers listed as sources by the responding marketers were randomly contacted to verify that the policies and procedures represented by the marketers were actually implemented, and to ascertain what kind of relationship and oversight they had with these companies. Some USDA-accredited certifiers were also interviewed to verify their interpretation of the organic standards vis-à-vis the farms and labels they certified.

DATA REVIEW AND RANKING PROCEDURES

The 19 survey questions are consolidated into 12 criteria for scoring. Each of the 12 criteria was worth 100 points, for a total of 1200 points. No weighting of the questions was incorporated. The questions were developed to highlight whether brands conformed with the expectations that consumers widely hold concerning organic dairy production. Some questions were also keyed to the most important areas of organic dairy production: whether cattle had "access to pasture," as required in the regulations, and whether farms were raising their own calves as replacement animals or were bringing in conventional animals that might have been managed using prohibited materials (milk replacer/cow's blood, antibiotics, conventional feed containing potential pesticide contamination, genetically engineered feed, poultry manure, etc.).

Although we have discussed the pasture issue in-depth in another part of this document and consider it to be a primary determiner of whether a dairy is truly organic, we believe that the replacement animal controversy is also crucial in separating genuine organic farms from unsustainable industrial operations applying their standard management protocols.

Some of the larger farms sell off all of their calves at birth and buy conventional replacement heifers at approximately one year of age. This saves them the expense of feeding the calves organic feed for the full two years of their lives prior to their entering the milking line. This is a huge cost savings move for industrial-scale operators. In addition, it also avoids the higher-cost and more challenging management of caring for young calves without the "crutch" of antibiotics (dairy cattle are typically about two years old when they complete their first reproductive cycle and began their first lactation).

The routine use of conventional replacement animals places ethical, sustainable organic producers at a distinct competitive disadvantage.

And finally, as mentioned previously, because the cull rate (attrition or slaughter rate) of some industrial farms is so high, they cannot sustain themselves with their own cows' offspring and therefore must buy replacement animals. This is another defining issue, not only in unfairly lowering production costs on some of the larger farms, but also because it proves, conclusively, that these farms are not managing their animals for health and longevity, as called for in the organic regulations. Instead, higher production and higher economic return are gained at the expense of the animals' health and well-being.

This is not true organic production in the eyes of the consumer, in addition to its potential legal implications. It must be noted that in some rare and extraordinary instances well-managed family-scale farms might purchase heifers from off their farm. Sometimes aggressive culling is necessary to correct herd health problems, and sometimes, as in the case of bringing a son or daughter into the business, they might need to buy cattle to grow the operation. But the organic regulations are widely interpreted to require that these replacement animals should be certified and managed organically from the last third of gestation—or approximately 90 days depending on the specific breed of cattle.

PRIVATE-LABEL ORGANICS: AN OXYMORON?

Rating private-label brands has been problematic. Although the majority of name-brand organic dairy brands participated, none of the private-label marketers returned our survey. A few courteously replied, saying that it is the policy of their corporations not to reply to any questionnaires or surveys, but most ignored our request altogether.

So, the question remains: Is "private-label organic" an oxymoron? Many consumers choose organic food because they want to know the story behind what they are consuming—how their food is produced, how the animals are cared for, where it comes from. In short, does it represent their values? The very nature of private labels is the marketer's desire to offer a lower-cost product (without the cost of advertising or other promotional considerations) and maintain a certain level of anonymity, obtaining additional negotiating leverage with suppliers.

Although we were not privy to information from the private-label marketers themselves, we were able to ascertain, through a number of industry sources and governmental records (e.g., Interstate Milk Shipping plant numbers), who has been supplying much of the private-label milk. Private-label brands supplied by dairies that procure their raw milk from family farms of high integrity scored "two cows" (good). Private-label brands sourcing their milk from industrial-scale farms scored with "one cow."

Because the anonymity assures flexibility in purchasing, there is no way to know whether a "good" private-label brand today will still be manufactured with milk of the same integrity tomorrow. So consumers should be circumspect when purchasing private-label products if the issues in this report matter to them.

Many of the reputable suppliers of organic private-label milk have stated their desire to move out of that segment of the business due to the shortage of milk in the marketplace. Most of these suppliers have their own name-brand labels that presumably return more profit to their organizations, and potentially to the farmers.

We would encourage marketers of private-label dairy products, who have long-term relationships with their reputable milk suppliers, to consider noting on the carton who supplies their milk (possibly including the logo of the cooperative or other supplier). That way, consumers will know the answer to their question: Where is my milk coming from and how is it produced? Including the name of the dairy supplier on their private-label products would also assure a higher level of security for the farmers and organizations involved.

WEB-BASED DAIRY BRAND SCORECARD: A BRIEF EXPLANATION

By visiting **www.cornucopia.org** and clicking on the link for the dairy scorecard/rankings, interested readers can view a listing of the ratings of their favorite dairy brands. The following provides a brief breakdown of the general scoring categories:

Five-cow-rated dairy marketers. These "outstanding" farmstead dairies are the top-rated dairy brands in our study. The top seven farms in this category had perfect scores of 1200. Their intimate relationship with their cows and complete control over their milk and other dairy ingredients, not to mention that 100% of profits go back to the farm family, are what distinguish this group. Farms rated just under 1200 might have less than 100% control of their milk supply (they might buy from a few neighbors) or the products they manufacture might require other off-farm dairy products, like milk powder. However, they are still very much hands-on manufacturers in comparison to larger commercial entities, and a wonderful way for consumers to directly connect with their food.

Four-cow-rated dairy marketers are generally larger commercial manufacturers or marketers of dairy products. They tend to buy milk from many different farmers or wholesale from a milk supplier who manages the relationship with individual farmers. All the "excellent" brands in this category are highly respected and source their milk from family-scale farms.

Three-cow-rated dairy marketers. The two "very good" companies in this segment both deserve special recognition and encouragement. Ben & Jerry's found it impossible, as they desired, to find enough organic milk in Vermont to meet their needs. Committed to start offering organic ice cream, they currently buy milk on the open market. HP Hood markets milk under the Stonyfield name and buys all their milk from a wide number of sources of family-farm milk. The nature of their procurement practices give them much less control over the supervision of their farms. They are working hard to upgrade their direct control over their milk supply and, both these companies could potentially rise in future rankings..

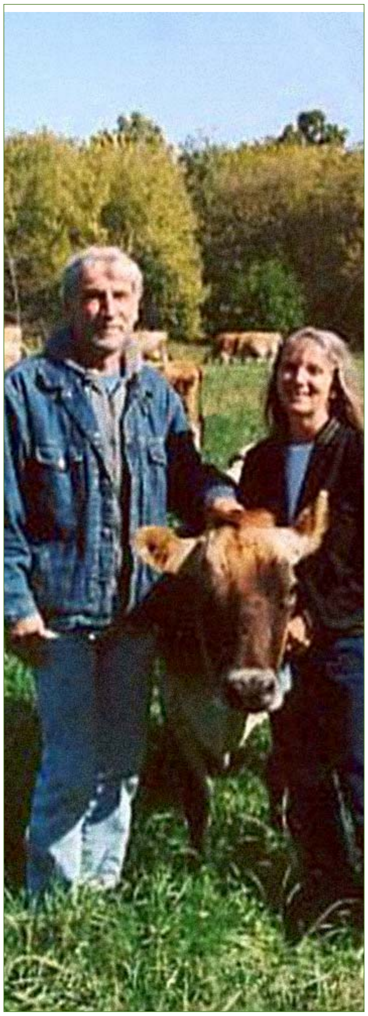
 

Two-cow-rated dairy marketers. These "good" private-label brands have what appear to be a questionable long-term commitment to organics. Note that this information is based on industry sources and governmental records. No private-label supplier participated in the study.

One-cow-rated dairy marketers (PRIVATE-LABEL). These are "substandard" with some or all factory-farm milk or milk from unknown sources. (However, even though rated lower, we consider this milk to be superior to conventional milk). Note that this information is based on industry sources and governmental records. No private-label supplier participated in the study.

One-cow-rated dairy marketers (BRAND-NAMES). These are also "substandard" and appear with a one cow ranking either because some or all of their milk come from factory farms and/or because they refused to be open with their customers as to where their milk comes from.

Clicking on the name of any dairy in our Web-based organic dairy brand scorecard at **www.cornucopia.org** will take you to its subsidiary page, where you can learn more about their products and their organic milk procurement practices.



AFTERWORD: GUIDANCE FOR CONSUMERS AND WHOLESALE BUYERS

IT IS UP TO THE ORGANIC CONSUMER to impress upon the marketers of organic dairy products, either through their patronage or their direct communication, what they expect in terms of the management of organic dairy cows. The entire organic industry was founded on a unique collaborative relationship between consumers and farmers. Consumers are willing to pay a premium for food that is produced using methods that protect the environment and respect livestock. They are willing to financially reward farmers and marketers who adopt ethical production methods and are willing to undertake the expense and effort of an independent, third-party certification process.

The good news contained in this report is that the vast majority of all name-brand organic dairy products are produced from milk from farms that follow accepted legal and ethical standards. But consumers should also recognize that milk is going into some organic dairy products from factory farms that are employing suspect practices that yield a competitive advantage to the factory-farm operator while potentially impacting human nutrition and the health and longevity of livestock.

Although there is no lack of reputable brands available in all regions of the country, there is, unfortunately, a shortage of organic milk. Marketers are unable to meet current demand even without taking into consideration consumers shifting their allegiance to brands based on the findings of this report.

The Cornucopia Institute encourages consumers to utilize a hierarchy when buying organic dairy products for their family.

Your patronage of the highly ranked brands in this survey will send a clear message to the organic heroes profiled that you appreciate their work and are willing to support it.

If your preferred brand is not available, a lower-ranked organic dairy product, even if it is produced on a factory farm, still offers greater value and protection than conventionally produced milk. If consumers are concerned with issues such as bovine spongiform encephalopathy (BSE/mad cow), genetically engineered bovine growth hormone (rBGH), and pesticide or drug residues, then even low-ranked organic milk offers some advantage.

As an alternative, you may consider a local farmstead, family business, or cooperatively produced, rBGH-free, conventional milk brand. If you find such a marketer in your area, we would encourage you to communicate with them and encourage that their farmers convert to organic production. Make sure they know you are willing to pay them a premium for local milk that is fresh and organic.

Organic food retailers can help consumers make these decisions by posting point-of-sale (POS) signage with information on the organic dairy brands they carry.

The organic industry is evolving so quickly that we will have undoubtedly missed a few of the newest entrants into the organic dairy business. We encourage any dairy marketer who has been inadvertently left out of this study to contact us immediately, and we will incorporate you into our ratings.

For consumers, that means that you might want to check our Web site periodically. Some of the familiar brand rankings might change up or down pursuant to changes in their production methods. The ratings will be updated on an ongoing basis. We know that some dairies are working hard with their farmers to upgrade their practices and provide tighter oversight. We applaud their efforts and expect that their hard work will result in an improved rating. We hope this will be rewarded in the marketplace.

APPENDIX 1: THE CORNUCOPIA INSTITUTE ORGANIC DAIRY PRODUCTION SURVEY

You can scan this document or obtain an electronic version by contacting The Cornucopia Institute at organic@cornucopia.org. You are encouraged to manipulate the spacing on this document as needed.

1. **Ownership Structure**: Please describe the ownership structure of your organization and disclose, as per SEC filing requirements, any major shareholders with stakes exceeding 5%.

2. **Milk Supply**: Please describe, with specifics, where you obtain your milk supply, or finished product if you contract for production. If your supply comes from different sources (company-owned farms, captive patrons, cooperative suppliers, open-market milk) please specify percentages and pounds of milk from each source for 2003 and 2004).

Please note; if you contract for 100% of your milk supply or finished packaged products (private label) please feel free to skip to the end of this document if you are unable to answer any of the questions below.

3. **Size of Farms**: Please provide the number of farms supplying milk in each size category (0–49, 50–99, 100–199, 200–499, 500–999, 1000–4999, 5000+ cows).

4. **Large Farms**: Please supply full contact information, number of cows, pounds of milk produced, and certifier for your five largest farms. (*Note*: contact information will be treated as proprietary and not shared with the public or any outside entity.)

5. **Certification**; Farms: Please describe the organic certification process on the farms that supply your milk (if you have more than one certification agency certifying farms, please specify/explain).

6. **Certification; Products/Processing**: Please describe what certifier(s) certify your products/processing. If there is more than one certifier please describe which products are certified by which organizations.

7. **Pasture**: Please describe any written requirements (supply sample), in addition to what is required by the USDA that your organization has regarding pasture (how many cows per acre; type of forage available on pasture, days on pasture, etc.). Please delineate how enforcement of your standards is overseen.

8. **Pasture — Large Farms**: For your five largest farms, please specify the acreage of pasture available for each operation, days on pasture and how many times per day the cows are milked.

9. **Pasture — Exemptions**: During the lactation cycle, when do you allow cows to be confined and why?

10. **Replacement Heifers**: Please supply the number of replacement cattle (heifers and cows) purchased for the last two years on your five largest farms and how many cows were sent to slaughter.

11. **Commercial Heifers**: Does your organization allow the procurement of cattle from conventional farms if they are managed organically one year prior to milking?

12. **Antibiotic Use**: Does your organization allow antibiotic and other pharmaceutical treatments of calves, young stock, or cows, on the farms, as long as they are managed organically for one year before being brought into organic production?

13. **Hormone Treatments**: Other then production enhancing hormones (BGH/BST) are any therapeutic hormones used on the farms supplying your milk or on your heifers if someone else raises them? Please specify.

14. **What kind of feed do you provide for your cows, in addition to pasture?**

15. **Farm Support**: Do representatives of your company visit each farm or do you exclusively depend on the independent third-party certification process or some other third party? If your personnel visit the farms, how many times per year? What do they check for? If you produce a farmer newsletter or other training material please supply samples (to be held in confidence).

16. **Milk Quality**: What company standards do you maintain, if any, in addition to applicable state law, pursuant to bacteria and somatic cell count in raw milk.?

17. **Procurement of Ingredients/Components**: Does your operation buy dairy products?

    Yes (go to 17a)
    No

17a **Please indicate which of the following dairy products your operation purchases and from whom?**

    powder
    whey concentrate
    milk protein concentrate
    cheese
    butterfat
    buttermilk
    other component (please specify)

18. **Farmgate Pricing**: For farm milk you directly procure, please describe any variation of pricing, regionally or by farm size, including premiums and any related costs, such as trucking. Note: Specific pricing will be held in confidence.

19. Marketing area: Please let us know where your products are available at retail.

Note: Please specify what documents you can make available, or what other methodology can be used, to verify the information you are supply for each question. Background documents used to verify answers will be held in strict confidence.

If you are a publicly traded corporation or a cooperative, please supply your most recent annual report. If a new individual or corporation has acquired over 50% equity in your organization during the past 24 months, please supply the most recent annual reports from both organizations.

Corporate name:______________________________

Name:__________________ Title:____________ Date:__________

Signature:______________________________

Please return to: The Cornucopia Institute, P.O. Box 126, Cornucopia, Wisconsin 54827 (608) 625-2042

APPENDIX 2: DAIRY SURVEY COVER LETTER

CORNUCOPIA
INSTITUTE

May 31, 2005

Sue Huber
Sibby Farms, Inc.
S2987 Sebion
Westby, Wisconsin 54667

Dear Sue,

It's the small to medium size organic farms and motivated consumers who built the burgeoning organic food industry. The farmers were true risk takers, rejecting convention and plowing ahead with a production system based on ecological wisdom. Consumers, hungry for food produced in this fashion, supported and encouraged the conversion.

A key element in the rise of the organic movement has been the explosive growth of organic dairying, with a national distribution and marketing system in place, and easily identifiable and acceptable consumer products. For the farmer, unlike conventional dairy, this infrastructure was built, and its growth fueled, by steady and sustainable farm-gate milk prices. However, this system is about to break.

While family-scale organic farmers and consumers have been focused on developing and implementing organic standards and the battle for a "certified organic label," another group has been watching and measuring how to grab their share of the pie. The factory-farming takeover of organic dairying is at hand. Consider:

➡ Organic factory dairies with 3000- to 6000-head operations have started or are being brought on-line in Colorado, California, Idaho, and Texas.

➡ These confinement dairies employ dry lots to meet pasture requirements—a clear violation of the spirit and intent of the organic pasture rule. The pasture rule is under formal review by the National Organic Program following the filing of several formal complaints concerning pasture practices at these factory dairies.

➡ Because these farms violate the underlying precepts of the organic law—fostering a healthy environment for livestock—they can be maintained only through unsustainable culling rates. A number of these operations have exploited loopholes to bring in non-organic replacement cattle.

➡ These factory dairies are contracting and/or working with some of the largest players in the milk processing/distribution biz to take their product to market, including Dean/Horizon and Wal-Mart.

➡ Besides the commonly recognized brands like Horizon, factory farm milk is poised to displace all of the organic milk for the growing number of retailers producing their own private-labeled products.

P.O. Box 126 Cornucopia, Wisconsin 54827 608-625-2042 866-861-2214 FAX www.cornucopia.org

The industrialization of organics, and vertical integration, will do to smaller farmers what has happened to their conventional neighbors: squeeze profits and reduce marketing control, leverage, and power. And, most likely, it will put many of them out of business.

Fasten your seat belt folks, we're about to enter the ruthless realm of mainstream agricultural economics, where supply and demand alone dictates price. Forget about the virtues that have built the organic community—social justice, fairness, ecological sustainability and the true meaning of "organic."

…As you may know, even though there is one set of federal organic standards adopted by the USDA, different certifying agencies and dairy marketing organizations have interpreted certain aspects of these rules very differently.

Attached, you will find a series of survey questions. Our intent is to compile the responses from your firm and others involved with the marketing of organic dairy products into an objective resource and guide for consumers and wholesalers. As discussion grows in the organic community about different organic dairy production practices, we think this guide will help discerning consumers and wholesale buyers make better and informed judgments about comparative on-farm production practices. We intend to widely share and publicize the survey's results.

The Cornucopia Institute is an independent, not-for-profit policy research group based in America's Dairyland, Wisconsin. If you have any questions about the Institute or this project, please do not hesitate to contact us. We are hoping to have full participation by all brand-name marketers of organic dairy products in this survey. We have responses from about 80% of marketers to date and want to add your firm to this list.

Please let us know what we can do to help you execute this survey in a timely manner. Your responses will benefit the outcome of this project and the fuller understanding of organic dairying. Any firm(s) not participating will be indicated in the survey results, and that will likely taint the credibility of the organization(s).

To ensure their accuracy, we are requesting that the responses be signed and dated by the chief executive officer, company president, or owner.

Again, if you have any questions or need additional background information, please contact us. Thank you for your participation in this important project.

Sincerely yours,

Mark A. Kastel
Senior Farm Policy Analyst

APPENDIX 3: DAIRY BUYER'S GUIDE. ASSUMPTIONS/BASIS FOR RATINGS

Points	Production Aspect

1. Market Area

2. Ownership Structure

100	Farmstead dairy (owned and operated by resident farm family)
90	Farmer-owned cooperative
80	Family-owned business with close ties/partnership with farmers
70	Corporate/investor owned with deep roots/ties with farmers
65	Stonyfield: unique governance policy with Hirshberg family
60	Investor-owned corporation
50	Investor-owned corporation with questionable track record
25	Any ownership with history as a "bad actor"
0	No answer

3. Milk Supply

100	Farmstead dairy
95	Farmstead dairy, buys additional milk from neighbors
90	Cooperative/small corporation/multiple farms (from own patrons)
85	50% or more from own patrons plus a highly rated supplier
70	Purchases some outside milk from highly rated suppliers
60	Purchases subcontracted out without direct control
50	Purchases some percentage of milk from "open market"
0–30	Purchases some percentage of milk from confinement dairies (points depend on percentage)
0	No answer

4. Disclosure/Farm Contact Information for Verification

100	Full disclosure
0–90	Partial disclosure (points depend on number of questions fully answered)

5/6. Farm Certifier

Ratings (0–100) for certifiers are based on the history and integrity of the certifying organization and its history of approving certification of farms that are suspected of creating/exploiting loopholes in the current regulations.

CCOF	California Certified Organic Farmers
COFA	California Organic Farmers Association
GOA	Global Organic Alliance
ICO	Indiana Certified Organic
IDALS	Iowa Dept of Agriculture and Land Stewardship
Integrity	Integrity Certified International
MOSA	Midwest Organic Service Association

NOFA-VT	Northeast Organic Farming Association–Vermont
OC	One Cert
OEFFA	Ohio Ecological Food and Farm Association
OTCO	Oregon Tilth
PCO	Pennsylvania Certified Organic
QAI	Quality Assurance International
Stellar	Stellar Certification Services (Demeter)
VOF	Vermont Organic Farmers

7. Pasture Provided

Rating 0–100 is based on the following criteria:

Policies requiring pasture in addition to USDA regulations

Enforcement/oversight

Amount of acreage available per cow on the firm's largest farms

Average days cows are on pasture per year

Permissible exemptions

8. Cull rate

Rating is based on the health and longevity of a farm's cattle, taking into account the farm's slaughter rate/cull rate.

100	Annual cull rate under 10%
90	Annual cull rate under 30%
50	Limited information supplied

9. Management History of Replacement Animals (Calves and Heifers)

100	Closed herd (no purchases of outside animals)
95	Organic cows purchased for growth only—not replacement
90	All replacement animals managed organically from last third of gestation
75	Organic cows purchased based on commercial availability
50	Conventional animals purchased
10	Calves sold at birth, conventional cattle bought for replacements
5	Calves shifted off to contractors who raise them with conventional feed/drugs for first year of life, then shift them back to organic production
0	No answer

10. Antibiotic Use on Young Cattle

100	All antibiotic use prohibited
75	Not regulated by firm (default to USDA standards)
50	Antibiotic use allowed during first year of life
25	Commercial replacement cattle purchased (antibiotic use unknown)
5	Calves are sold, to take advantage of loophole, and managed conventionally for first year of life
0	No answer

11. Hormone Usage

It should be noted that hormones for increasing milk production (genetically engineered bovine growth hormone—rBGH or rBST—are prohibited in organic dairy production. Some farms choose to use therapeutic hormones during reproduction (oxytocin).

100	No hormones used on farm
50	Hormones used therapeutically
0	No answer

12. Farm Support/Oversight/Supervision

Characteristically, farmstead producers are with their cows every day and personally supervise the production of the dairy products. In the words of one such farmer, "We live here." Some organizations have a dedicated field staff, or the owner visits with the organic farmers regularly.

100	Farmstead dairies (owner farms/lives on-site)
90	Cooperative/corporation that sets standards and has a staff that visits farms regularly
75	Depends on third party for supervision
5	No direct supervision/no personal relationship with farm
0	No answer

13. Procurement of Outside Ingredients

100	100% of dairy products come from within the organization (full control)
90	Outside purchases are from other highly rated dairy organizations
50	Dairy ingredients purchased from a number of different vendors, with less direct control
25	Purchases from anonymous suppliers ("open market")
0–25	Purchases ingredients from confinement factory farms (points depend on percentage) or imports
0	No answer

PROMOTING ECONOMIC JUSTICE FOR FAMILY-SCALE FARMING.

CORNUCOPIA INSTITUTE