



**WISCONSIN
CHEESE MAKERS
ASSOCIATION**

EST. 1891

April 14, 2023

Mr. Bruce Summers
Administrator
Agricultural Marketing Service
U.S. Department of Agriculture
1400 Independence Avenue, S.W.
Washington, D.C. 20250

Dear Administrator Summers:

I write responding to communications, e.g., the March 29, 2023 letter to you from National Milk Producers Federation (NMPF), commenting on proposals separately submitted by the Wisconsin Cheese Makers Association (“WCMA”) and the International Dairy Foods Association (“IDFA”) on March 28, 2023, requesting that USDA hold hearings to update the manufacturing allowances in the FMMO pricing formulas. Given that NMPF and other letters purport to identify alleged deficiencies in the proposals, this letter also serves to supplement WCMA’s submission.

Before submitting its petition, WCMA engaged in extensive and lengthy discussions with producers and processors in the dairy industry. At no time did WCMA attempt to exclude anyone and in fact, WCMA sought potential consensus. WCMA’s membership includes both producer-owned and proprietary manufacturers of cheese, butter and whey. There is general agreement within industry that USDA needs to update make allowances as has been done in the past.

At no time has WCMA suggested that its proposal should be considered exclusively or in isolation. Assuming that USDA preliminarily concludes that a hearing may be warranted (as we trust it will, given its past decisions to hold hearings to update make allowances to reflect more current manufacturing cost information), WCMA understands that USDA will, as it always has in the past, solicit additional proposals for consideration. NMPF for instance in its letter states that it intends to submit its own proposals in April – as is its right, and USDA will assess whether each such proposal meets USDA’s criteria for inclusion in an order hearing, and how best to structure the consideration of various proposals.

NMPF also points out that the WCMA proposal does not set forth specific proposed new manufacturing allowances. But this is the precise approach taken both in 2005 and 2006 when Agri-Mark, a member of NMPF, made its successful requests for hearings held in 2006 and 2007. WCMA should not be held to a different standard. WCMA’s petition points to recent studies and work done by Dr. Mark Stephenson (both the study commissioned by USDA and an ongoing study) and Dr. Bill Schiek. These kinds of studies and analysis were relied upon by USDA in the past.

Here, WCMA also supplements its earlier submission, which did cover the requirements of 7 C.F.R. § 900.22 except paragraph (g) (pre-hearing information session). While WCMA does not believe that a pre-hearing information session is necessary, we do not object if USDA concludes otherwise. WCMA notes that its petition request presents no new policy issues given USDA’s past decisions setting make allowances. WCMA describes throughout its petition the impacts on manufacturers of Class III and IV products of outdated make allowances used in the Class price formulas, especially given the fact that those allowances are applied to USDA surveyed prices of products sold. These impacts are

felt by dairy farmers who own plant investments, and by dairy farmers selling their milk to manufacturing plants unable to return the Class prices to them. WCMA in particular describes in detail impacts on its many small businesses, including, but not limited to, the discussion on page 6 of the WCMA petition.

Adopting the proposal would properly align costs built into the manufacturing class price formulas, decreasing costs to handlers and producers (whether they have plant investments or sell to manufacturing plants), and would either reduce prices to consumers or be cost neutral. USDA's programs, the Secretary and the market administrators would not incur costs, beyond the hearing.

We stand ready to answer any questions and work productively with USDA on this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "John Umhoefer". The signature is fluid and cursive, with the first name "John" and last name "Umhoefer" clearly distinguishable.

John Umhoefer
Executive Director
Wisconsin Cheese Makers Association

cc: Dana Coale, Administrator, Dairy Programs, AMS/USDA
Erin Taylor, Director, Order Formulation and Enforcement Division, AMS/USDA