



February 14, 2024

The Honorable Thomas J. Vilsack Secretary,
U.S. Department of Agriculture
200A Whitten Building
1400 Independence Avenue, S.W.
Washington, D.C. 20250

Ms. Dana H. Coale
Deputy Administrator, Dairy Program
Agricultural Marketing Service
U.S. Department of Agriculture
1400 Independence Avenue, S.W.
Washington, D.C. 20250

RE: Request for Emergency Return to "Higher-of" Class I Mover

Dear Secretary Vilsack and Ms. Coale,

The Wisconsin, California and Texas Farm Bureaus, collectively representing more than 500,000 members and the top three milk-producing states in the country, extend our gratitude to the United States Department of Agriculture for their diligent efforts in reviewing and amending the Federal Milk Marketing Orders. However, dairy farmers find themselves constrained by current pricing regulations until the USDA publishes a final rule, gains approval from dairy farmers in a referendum and publishes the stipulations regarding timing and implementation in the Federal Register. Thus, we respectfully request emergency implementation of the previous "higher-of" Class 1 mover formula.

The 2018 Farm Bill introduced a provision that substituted the higher-of the advanced Class III or IV skim milk price formula with the simple average of advanced Class III and IV skim milk formulas plus 74 cents. This adjustment aimed to achieve a roughly equal long-term Class I milk price and was enacted at the behest of dairy processors and cooperatives to enhance risk management opportunities for beverage milk, albeit without a substantiated demonstration of necessity.

However, the "higher-of" Class I mover formula, which stemmed from a thorough FMMO hearing process and garnered approval via a dairy farmer referendum, was replaced by an act of Congress without a public hearing process. This departure resulted in unintended consequences, impeding our dairy farmers' ability to break even amidst volatile and challenging market conditions. Considering USDA's prior endorsement of the "higher-of" formula for the Class I mover, we believe it's sensible to revert to this previously vetted determination expeditiously.

Though we acknowledge USDA's commitment to a comprehensive hearing process for FMMO amendments, the process is currently only at step five of a twelve-step progression, suggesting changes

might not take effect until 2025. With nearly \$90 million in pool-related losses recorded in the past two months alone, each additional month under the current formula jeopardizes dairy farmers' livelihoods. An emergency decision could expedite implementation by six months or more, potentially rescuing countless farms from the brink of losing their herds.

While the current Class 1 mover policy was well-intentioned, disruptive market conditions during the recent pandemic laid bare and exacerbated an imbalance between Class III and Class IV prices, resulting in more than \$700 million in Class I revenue losses. Emergency implementation of the "higher-of" Class 1 mover formula will serve as a safeguard against ongoing losses stemming from misguided and antiquated policies that have left dairy farmers grappling to sustain their operations.

Thank you for considering our request and addressing the needs of dairy farmers across the country.

Sincerely,



Brad Olson
President, Wisconsin Farm Bureau



Shannon Douglass
President, California Farm Bureau



Russell W. Boening
President, Texas Farm Bureau