



## Pricing Formula Amendments to the 11 FMMOs: Final Decision Overview and FAQ

On November 12, 2024, the U.S. Department of Agriculture (USDA) issued a final decision proposing amendments to the uniform pricing formulas in all 11 Federal milk marketing orders (FMMOs). The final decision follows USDA’s recommended decision (issued July 1, 2024) and subsequent 60-day comment period.

The final decision resulted from a 49-day public hearing, held at the dairy industry’s request from August 23, 2023, to January 30, 2024, in Carmel, Indiana. During the hearing USDA heard testimony and received evidence on 21 proposals in five categories: milk composition factors, surveyed commodity products, Class III and Class IV formula factors, the base Class I skim milk price (Class I Mover), and Class I and Class II differentials.

### Final decision Amendments:

The final decision puts forth a package of amendments to update formulas and factors based on the proceeding’s evidentiary record and public comments. More specifically, the final decision recommends the following:

**1) Milk Composition Factors:** These factors represent the true protein, other solids, and nonfat solids, contained in skim milk. The factors will be updated as follows:

Component	Current	Final Rule Proposed
Protein	3.1%	3.3%
Other Solids	5.9%	6.0%
Nonfat Solids	9.0%	9.3%

**2) Surveyed Commodity Products:** Remove 500-pound barrel cheddar cheese prices from the Dairy Product Mandatory Reporting Program survey and rely solely on the 40-pound block cheddar cheese price to determine the monthly average cheese price used in the formulas.

**3) Class III and Class IV Formula Factors:** This category covers two factors. The first, manufacturing (make) allowances, which represent the cost of converting raw milk into the four manufactured dairy products surveyed

by USDA (cheese, butter, nonfat dry milk (NFDM), and dry whey). The second, butterfat recovery, represents the amount of butterfat captured during cheesemaking.

The Class III and Class IV formula factors will be updated as follows:

Factor	Current	Final Rule Proposed
Cheese Make	\$0.2003	\$0.2519
Butter Make	\$0.1715	\$0.2272
NFDM Make	\$0.1678	\$0.2393
Dry Whey Make	\$0.1991	\$0.2668
Butterfat Recovery	90%	91%

**4) Base Class I Skim Milk Price (Class I Mover):** The final decision contains a base Class I skim milk price that is the higher of the advanced Class III or Class IV skim milk prices for the month. Further, the decision includes a rolling monthly Class I Extended Shelf Life (ESL) adjustment to provide for more orderly marketing of ESL products as they use a specific processing technology that is different from other Class I products

**5) Class I differentials:** The final decision updates the Class I differential values to reflect the increased cost of servicing the Class I market. The county-specific differential levels can be found in the final decision and on the hearing website.

## Frequently Asked Questions

**Q: What changed from the recommended decision to the final decision?**

A: Based on comments received on the recommended decision, AMS determined that following changes were necessary for the final decision:

1. Inclusion of a \$0.0015 marketing cost factor in all make allowances;
2. Modification to the methodology used to determine the nonfat dry milk make allowance;
3. Limited changes to certain, county-specific Class I differentials; and
4. Reduction in the delayed implementation of the revised composition factors from 12 months to 6 months.

**Q: Will I be able to comment on the final decision?**

A: No, the public comment process only occurs with the recommended decision. Parties had 60 days from publication of the recommended decision in the Federal Register, until September 13, 2024, to submit comments. All public comments received by the comment deadline were reviewed and considered by USDA in preparation of the final decision.

**Q: How do I know my comments on the recommended decision were received?**

A: AMS received a total of 128 comments on the recommended decision. All comments submitted were automatically sent to the FMMO rulemaking team for review. Comments can be viewed at

www.regulations.gov or in the Office of the Hearing Clerk during regular business hours (1400 Independence Ave., SW, Room 1031, Washington, DC 20250).

**Q: What are the next steps?**

A: Eligible producers will have the opportunity to show their support for or opposition to the FMMOs as proposed to be amended in the final decision via a producer vote (referendum) administered and overseen by AMS.

Prior to the referendum, AMS will hold webinars to educate stakeholders on the final decision and voting process. Webinars will be held via Zoom on:

- November 19 at 11 a.m. EST
- November 21 at 3 p.m. EST
- November 25 at 11 a.m. EST.

The Zoom link will be provided on the AMS hearing website (<https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing>) prior to each session. All sessions will provide the same information. A webinar explaining the producer referendum process is also available on the AMS hearing website.

**Q: What happens after the producers vote?**

A: Separate producer referenda will be conducted in each FMMO. If at least two-thirds of the producers voting or two-thirds of the milk volume represented in the vote approve of the FMMO as proposed to be amended, AMS would issue a final rule to implement the changes. A final rule would be expected to publish in the Federal Register in early 2025 and would include implementation timelines. If the approval threshold is not met, USDA would proceed to terminate the respective FMMO(s).

**Q: How can I access copies of the hearing record and associated documents?**

A: The hearing record and associated documents are posted on the hearing website. Copies of documents may also be obtained from the Office of the Hearing Clerk at the following address: Office of the Hearing Clerk, U.S. Department of Agriculture, 1400 Independence Ave., SW, Stop 9203, Room 1031, Washington, DC 20250.

**Q: Who can I contact with questions?**

A: Questions can be directed to the FMMO Rulemaking Team, via email: [FMMOhearing@usda.gov](mailto:FMMOhearing@usda.gov) or phone: 202-720-4392.