

AREAS OF AGREEMENT BETWEEN NMPF AND IDFA RELATING TO MAKE ALLOWANCES

1. NMPF AND IDFA BOTH AGREE THAT “INADEQUATE MAKE ALLOWANCES CHALLENGE MANUFACTURING OPERATIONS’ ABILITIES TO PAY MINIMUM ANNOUNCED MILK PRICES AND STILL OPERATE THEIR FACILITIES AT REASONABLE RATES OF RETURN. THIS DISCOURAGES THE PLANT INVESTMENT NEEDED TO PROVIDE MARKET DEMAND ON A DAILY, SEASONAL AND ANNUAL BASIS.” [QUOTING BOTH NMPF MAY 1, 2023 PETITION AT P. 8 AND VITALIANO TESTIMONY (NMPF EXH 12] AT P. 6]

2. NMPF AND IDFA BOTH AGREE THAT THE CURRENT MAKE ALLOWANCES ARE TOO LOW AND SHOULD BE INCREASED.

3. NMPF AND IDFA BOTH AGREE THAT IF USDA ISSUES ITS FINAL DECISION IN OR AROUND OCTOBER 2024, INCREASED MAKE ALLOWANCES SHOULD COME INTO EFFECT ON JANUARY 1, 2025.

4. NMPF PROPOSAL 7 AND IDFA PROPOSAL 9 ARE FAIRLY CLOSE AS TO THE MAKE ALLOWANCES THAT SHOULD COME INTO EFFECT ON JANUARY 1, 2025:

	CHEESE	BUTTER	NFDM	WHEY
NMPF	24.00	21.00	21.00	23.00
IDFA	24.22	22.51	21.98	25.82
% VARIANCE	0.9%	2.4%	4.7%	12.2%

5. NMPF AND IDFA BOTH AGREE THAT THE MAKE ALLOWANCE INCREASES THEY ARE PROPOSING TO COME INTO EFFECT JANUARY 1, 2025 ARE LESS THAN THE ACTUAL AVERAGE COSTS OF PRODUCTION. [NMPF MAY 1, 2023 PETITION AT P. 5, AND VITALIANO TESTIMONY (NMPF EXH 12 AT P. 4) BOTH STATING THAT NMPF “DOES NOT CONTEND THAT [NMPF’S PROPOSED] INCREASES FULLY CORRECT FOR THE INCREASES IN BUTTER, NONFAT DRY MILK, CHEDDAR CHEESE AND DRY WHEY MANUFACTURING COSTS EXPERIENCED BY MANUFACTURERS SINCE 2008, WHEN THE CURRENT MAKE ALLOWANCES WERE IMPLEMENTED.”

6. NMPF AND IDFA BOTH AGREE THAT USDA SHOULD BE GIVEN THE LEGAL AUTHORITY AND FUNDING IN ORDER TO CONDUCT MANDATORY, AUDITED SURVEYS OF COSTS OF MANUFACTURE, AND TO USE THE RESULTS OF THOSE SURVEYS TO SET MAKE ALLOWANCES.

7. NMPF AND IDFA BOTH AGREE THAT USDA CURRENTLY LACKS THAT LEGAL AUTHORITY.

8. NMPF AND IDFA ARE BOTH ENGAGED IN EFFORTS TO GET LANGUAGE ADDED TO THE PROPOSED FARM BILL THAT WOULD PROVIDE USDA THAT LEGAL AUTHORITY.

9. NMPF AND IDFA DO NOT KNOW WHETHER THAT LANGUAGE WILL IN FACT BE ADDED TO THE FARM BILL, OR EVER ENACTED.