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June 13, 2023

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

Dear Administrator Summers:

In advance of the June 16<sup>th</sup> pre-hearing information session, I write in strong support of the National Milk Producers Federation's (NMPF) petition for a national Federal Order hearing.

Since 1929, NCFC has been the voice of America's farmer cooperatives. Our members are regional and national farmer cooperatives, which are in turn comprised of nearly 3,000 local farmer cooperatives across the country. NCFC members also include 26 state and regional councils of cooperatives.

Farmer-owned cooperatives handle, process, and market almost every type of agricultural commodity; furnish farm supplies; and provide credit and related financial services, including export financing. Farmer cooperatives also provide over 250,000 jobs, with a total payroll of more than \$8 billion, and contribute significantly to the economic well-being of rural America.

The U.S. milk marketing order system has served dairy farmers since the 1930s by providing orderly milk marketing and price transparency, but it has not seen significant changes in over two decades. Dairy farmers and their cooperatives face considerable income volatility, making it extremely challenging to plan and make informed business decisions. The dynamic nature of the dairy market in the 21st century has led to a need for modernizing the program in a way that promotes a stable, orderly supply of milk across the country.

After months of in-depth analysis and examination of numerous Federal Milk Marketing Order (FMMO) issues by a dedicated team of technical experts from dairy cooperatives across the country, a comprehensive set of policy recommendations has been approved by the NMPF Board of Directors. NMPF has petitioned USDA for a national Federal Order hearing that includes all the approved modernization recommendations.

NCFC strongly supports this suite of recommendations and urges USDA to move forward with a national Federal Order hearing on several critical elements of the Federal Milk Marketing Order (FMMO) system, including:

- Updating the make allowance;
- The discontinuation of the use of barrel cheese in the protein component price formula;
- Returning to the “higher-of” Class I mover;
- Updating the milk component factors for protein, other solids, and nonfat solids in the Class III and Class IV skim milk price formulas; and
- Updating the Class I differential pricing surface throughout the United States.

Absent implementation of NMPF’s recommended changes, the current milk marketing order system will continue to be plagued by a lack of flexibility, hindering innovation, and inhibiting the dairy industry's ability to adapt to changing consumer preferences. With this package of improvements, we can foster an environment that encourages diversification and product innovation, allowing dairy farmers to meet the evolving demands of consumers and remain competitive in a rapidly changing market.

In conclusion, modernization of the U.S. milk marketing order system is not only necessary but also imperative for the future of our dairy industry. By implementing a more transparent, flexible, and equitable framework, we can foster a thriving and resilient dairy sector that benefits farmers, their cooperatives, and consumers alike. I urge you to support and champion these improvements to ensure a brighter and more sustainable future for American dairy farmers.

Thank you for your attention to this important matter. I trust that you will give due consideration to NMPF’s recommendations and work towards implementing these meaningful improvements that will shape the future of our dairy industry positively.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. F. Conner', written in a cursive style.

Charles F. Conner  
President & CEO