



National Milk Producers Federation

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Agri-Mark, Inc.
Associated Milk Producers Inc.
Bongards' Creameries
Burnett Dairy Cooperative
California Dairies, Inc.
Cayuga Marketing Cooperative Milk Producers Association
Dairy Farmers of America, Inc.
Ellsworth Cooperative Creamery
FarmFirst Dairy Cooperative
First District Association
Foremost Farms USA
Land O' Lakes, Inc.
Lone Star Milk Producers
Maryland & Virginia Milk Producers Cooperative Association
Michigan Milk Producers Association
Mount Joy Farmers Cooperative Association
Northwest Dairy Association
Oneida-Madison Milk Producers Cooperative Association
Prairie Farms Dairy, Inc.
Scioto Cooperative Milk Producers' Association
Southeast Milk, Inc.
Tillamook County Creamery Association
United Dairymen of Arizona
Upstate Niagara Cooperative, Inc.

March 29, 2023

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

Dear Administrator Summers:

I am writing to express our opposition to the proposal submitted by proprietary dairy processors, represented by the International Dairy Foods Association and the Wisconsin Cheese Makers Association, for a narrowly focused Federal Milk Marketing Order hearing to address changes to manufacturing allowances in the FMMO pricing formulas.

It would be economically harmful to the nation's dairy producers to address this single issue in isolation without consideration of a number of other provisions of the current FMMO program in need of review and update. An increase in manufacturing, or make, allowances has the impact of reducing farm milk prices. While we believe make allowances are a necessary component of the federal milk pricing formulas and are in need of some adjustment, it is critically important to do so in a balanced, measured approach that modernizes the FMMO program by also addressing a number of other outdated pricing factors in the program. The proposal from IDFA and WCMA is neither measured nor balanced.

As you know, in response to Secretary Vilsack's request for consensus within the U.S. dairy producer community on potential changes to FMMOs, NMPF has worked extensively over the past year-plus to conduct a comprehensive examination of the FMMO program aimed at updating and modernizing this important dairy-producer focused program that has remained largely unchanged since the last major FMMO program updates were implemented in 2000. Heeding the Secretary's request, while we were prepared two years ago to submit a narrowly tailored proposal to modify the Class I mover in light of the asymmetric risk borne by farmers under the current formula, we instead decided to pursue broader consensus on a more comprehensive proposal.

After more than 150 meetings of our dairy farmer members, co-op technical experts, and extensive outreach and consultation with national organizations, including the American Farm Bureau Federation, along with state and regional dairy associations, our NMPF Board of Directors earlier this month gave unanimous approval to a

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comprehensive proposal to modernize the FMMO program. We are heartened by the strong support among dairy farmers from coast to coast for this proposal and we look forward to submitting our petition to USDA in April for a comprehensive national federal order hearing to modernize FMMOs.

It is this comprehensive, thoughtful, measured, farmer-centric approach to modernizing the program that USDA should consider as the basis for a national federal order hearing, not an ambiguous plan that proposes make allowance increases but that contains no specific proposal on what those adjustments should be. To the extent that any details have been provided, the IDFA proposal cites potential make allowance adjustments that could reduce the U.S. average all-milk price by \$1.42 per hundredweight. Milk price reductions of this magnitude, especially if not offset by other FMMO program updates, would be devastating to many dairy farmers across the country.

Beyond this limited information provided in the IDFA petition, the groups indicate they intend to provide more cost data at a later date. Indeed, the WCMA/IDFA proposal seeks to replicate the same failed process USDA went through in utilizing a voluntary survey to gather manufacturing cost information. It took approximately four years for the voluntary survey to be conducted and the reported results raised many questions that rendered the voluntary survey largely useless.

Because of the inherent limitations of this voluntary data-gathering approach, we intend to seek legislation in the 2023 Farm Bill that would grant USDA mandatory authority to gather and audit manufacturing cost data from dairy processing plants and to report that information on a regular basis. As Congress moves further into its Farm Bill deliberations, we will request USDA's support of this legislative approach because having such accurate data would enable the industry to better consider needed make allowance adjustments in the future.

In the interim, unlike the vague, to be determined later, approach embodied in the proprietary processors' proposal, our comprehensive national FMMO hearing request to be submitted to the Department in April will include specific make allowance adjustment numbers for the four products contained in the Class III/IV pricing formulas – cheese, dry whey, butter and nonfat dry milk – as well as other urgently needed order-modernization proposals.

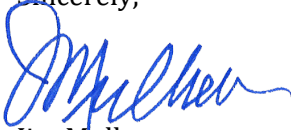
As a producer-focused program designed to assure consumers an adequate supply of fluid milk and to promote orderly marketing conditions for farmers the FMMO program is critically important to dairy farmers and farmer cooperatives. Dairy farmers are the ones who vote on any proposed changes to the program, and our year-long consensus development effort in the producer community has demonstrated a strong interest in a comprehensive and balanced approach to modernizing the program, not a focus on a single aspect of the program – let alone one that would solely reduce dairy farmer milk prices. The majority of our farmers are members of cooperatives who own dairy processing plants and therefore have a vested interest in setting the make allowance at the right level – they look at this from both the producer and

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processor perspective. That balanced perspective, one that runs through all the issues in our proposal, is what is needed to modernize this important program.

For these reasons, I encourage you not to grant a national FMMO hearing on the single issue of adjusting manufacturing allowances.

Sincerely,



Jim Mulhern,
President & Chief Executive Officer

cc: Dana H. Coale, Deputy Administrator, Dairy Programs, AMS/USDA