

Congress of the United States

Washington, DC 20515

June 26, 2024

The Honorable Tom Vilsack
Secretary
U.S. Department of Agriculture
1400 Independence Avenue SW
Washington, D.C. 20250

Dear Secretary Vilsack,

Thank you for your department's significant work to undertake a much-needed modernization of the Federal Milk Marketing Order (FMMO) system. In this context, we are grateful for the department's recognition of the urgent need to address the deficiencies with the current Class I mover formula. As you move toward issuing a recommended decision on key issues this summer, we urge you to restore the previous "higher of" Class I mover in that decision.

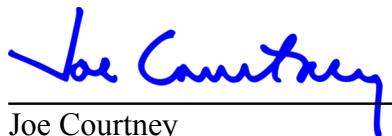
As you know, the "higher of" Class I mover was in place for nearly two decades prior to being modified in the last farm bill. Despite the best of intentions, the current mover formula has not performed as intended in multiple economic climates, costing dairy farmers nationwide over the past five years more than \$1.1 billion in Class I skim milk revenue that they would not have lost under the previous formula. This phenomenon has now played out numerous times, costing dairy producers more than \$750 million in Class I skim milk revenue from July through December 2020, followed by roughly \$250 million in 2022 and roughly \$140 million in 2023. Additional losses have piled up every month this year, underscoring the urgency of restoring the previous mover.

We believe that reinstating the "higher of" Class I mover closely aligns with the goals of the FMMO system, which are to promote orderly marketing conditions for milk while ensuring stable incomes for farmers and an adequate supply of fluid milk for all consumers. When USDA implemented the current FMMO structure in 2000, the department determined that the "higher of" Class I mover would best fulfill the system's overall objectives. Specifically, USDA believed that the "higher of" formula would enable orderly marketing by promoting the stable pooling and pricing of all milk. The department argued that the "higher of" would result in higher Class I (fluid) milk prices and thus support fluid milk manufacturers as they competed for a milk supply, fulfilling a key objective of the FMMO system that an adequate supply of milk be available for fluid uses. USDA also determined that the "higher of" formula would help reduce the volatility in milk pricing.

Given today's dairy market dynamics, the current Class I mover will continue as a detriment to dairy farmers relative to the previous mover, even with the \$0.74/cwt. adjustment factor. Accordingly, we urge the department to restore the "higher of" mover which served producers well for decades. We believe this structure will encourage the orderly marketing of milk and, based on monthly Consumer Price Index data in recent years, will not raise consumer prices. We

appreciate your consideration of our request and hope to work with you to ensure support for this change.

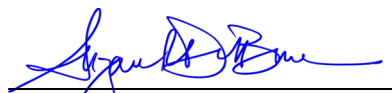
Sincerely,



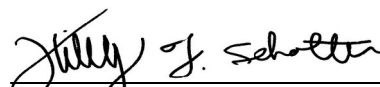
Joe Courtney
Member of Congress



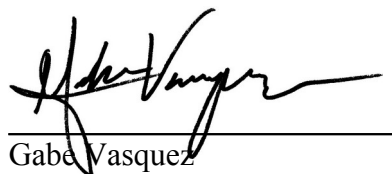
Elissa Slotkin
Member of Congress



Suzan K. DelBene
Member of Congress



Hillary J. Scholten
Member of Congress



Gabe Vasquez
Member of Congress