Select Milk Producers, Inc.

Testimony of Chris Allen

In Support of Proposal 11

1. Introduction

My name is Chris Allen. I am the Senior Director for Industry Relations and Analytics at Select Milk Producers, Inc. I hold a Bachelor's and Master's degree in Economics from The University of Texas at Arlington. I have worked in the dairy industry since 2008. Among my responsibilities are market analysis and economic policy. In conjunction with Select's staff, I have analyzed and developed the three proposals submitted by Select and noticed for consideration at this hearing. My testimony today addresses Proposal 11 related to product yields and farm-to-plant shrink.

2. Overview of the Proposal

The current yield factors incorporate a farm-to-plant loss of 0.25% of all milk solids and an additional 0.015 pounds of butterfat per hundredweight on all milk. These losses are incorporated through reductions in the yield factors for each surveyed commodity.[1] In combination, these two assumptions presume that 0.68% of milk solids are lost between the farm and the plant. Select's data from its milk shipments and milk receipts at its processing plants establish that these factors are incorrect.

[1] Milk in the Northeast and other Marketing Areas, 67 Fed. Reg. 67906, 67917 (November 7, 2002) (referred to throughout as the "2002 Final Decision")

Select's Proposal 11 removes the adjustment for farm-to-plant milk losses, resulting in changes to the yield factors for butter, the protein value in cheese, and the butterfat value in cheese. Adoption of Proposal 11 would not change the yields for nonfat dry milk or whey.

If adopted, Proposal 11 would change the yield for butter to 1.22, the yield reflecting the protein value in cheese to 1.386, and the yield reflecting the butterfat value in cheese to 1.582.

3. Philosophy and Rationale

Select's Proposal 11, and in fact, all of Select's proposals and its evaluation of the other proposals under consideration at this hearing are governed by one overriding principle. The formulas establishing the minimum prices paid to producers should reflect the current economic realities of processing, transporting, processing, and marketing milk and dairy products. All aspects of the formulas should be reviewed rather than limiting consideration to a small subset of factors. Achievable efficiencies should be promoted rather than discouraged.

As I explain in greater detail later in my testimony, we expect that the adoption of Proposal 11 will increase the Class III and Class IV prices, thereby increasing Class I and Class II prices in turn. I want to point out that increased minimum prices are the result of, and not the impetus for, offering Proposal 11—or Proposals 10 and 12. All three proposals aim to ensure that the formulas reflect market conditions and achievable efficiencies. As representatives of Dairy Programs have occasionally said, the role of federal orders is not to enhance producer income. Rather, the end product pricing system is intended to construct a series of formulas that allow USDA to ascertain the value of producer milk used to manufacture defined commodities, taking into account the costs to convert milk into finished products and the yields of the products produced.

I would add that while Select's proposals would increase producer income, the same proposals would increase the cost of milk to Select's processing facilities. That is part of the deal,

so to speak. Every proposed change to the product formulas will have an impact. Make allowance increases will decrease minimum prices. But if make costs have increased, those factors should be adjusted. USDA's decision to hold a hearing on make allowances is prudent. Utilizing manufacturing cost factors set in 2008 based on even older data calls into question the validity and accuracy of those formula elements. In the same vein, the yield factors in the formulas incorporate assumptions regarding farm-to-plant shrink that are at least as stale as the underpinnings for manufacturing costs. It is time for them to be made current, and we thank USDA for noticing Proposal 11 to address these assumptions.

Precision and accuracy are paramount. Producers and handlers deserve to know that the calculation of the minimum class and component prices utilized the best available data and inherent assumptions for each of the three principal formula elements—commodity prices, manufacturing allowances, and yields

To accomplish that goal, it is incumbent on USDA to adopt those changes that most closely tie the price discovery mechanisms to the actual conditions of the market for commodities and the processes used to convert raw milk into those commodities.

4. Discussion of Past USDA Decisions

USDA's decision to reduce yields came after its recommended decision on the Class III and IV formulas, which reasoned that, "inflating costs of production or reducing yield factors to reflect shrinkage would not properly reflect the value of producers' milk used in manufactured products."[2]

[2] 2002 Final Decision, 67 Fed. Reg. at 67917.

The 2002 Final Decision reversed course, reducing the product yields and reasoning that, "The loss allowances in the Class III and IV formulas are **intended to reflect actual losses that are beyond the processing handler's ability to control."**[3] The 2002 Final Decision further stated that, "Comments received on the recommended decision indicated that milk solid losses between the farm and the receiving plant are real, **unavoidable, and common**."[4] In further explanation, USDA then wrote:

> It is **necessary** to include such an adjustment in using end-product pricing formulas for determining component prices. Since the handlers receiving milk from producers pay the producers on the basis of farm weights and tests, handlers do not receive all of the milk components due to farm-to-plant losses. An adjustment to the price formulas to account for the difference in milk components paid for versus components actually received is appropriate.[5]

When USDA considered a proposal to eliminate farm-to-plant shrink in 2007, it found that, "Record evidence supports concluding that farm-to-plant shrinkage remains a reality for manufacturers. …While DPNM argued that its members' farm-to-plant shrinkage is well below the 0.25 percent contained in the Class III and Class IV product-price formulas, no evidence was offered for examination as an alternative other than its elimination."[6]

Our testimony at this hearing will provide evidence sufficient for USDA to establish that plant losses are within the ability of producers, cooperatives, and handlers to control and that the majority of milk shipments realize little to no losses. Accordingly, USDA's previous conclusions

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[3] 2002 Final Decision, 67 Fed. Reg. at 67917 (emphasis added).

[4] 2002 Final Decision, 67 Fed. Reg. at 67917 (emphasis added).

[5] 2002 Final Decision, 67 Fed. Reg. at 67918 (emphasis added).

[6] Milk in the Northeast and Other Marketing Areas, 73 Fed. Reg. 35306, 35327, June 20, 2008 (referred to throughout as "2008 Tentative Partial Final Decision").

that farm-to-plant losses are unavoidable and common should be reconsidered and that an adjustment to yields for farm-to-plant losses is not "necessary."

5. Calculation of Factors

A. Butterfat Yield Factor:

Adjusting the yield factor for butterfat to remove farm-to-plant shrink increases the applicable factor from 1.211 to 1.22. The 2002 Final Decision sets forth the calculation of the butterfat yield factor:

> The loss allowance for butterfat will be reflected by adjusting the 0.82 divisor in the butterfat price formula. Testimony and comments indicate that farm-to-plant losses on all milk solids is 0.25 percent (0.0025) with butterfat incurring an additional loss of 0.015 per 100 pounds of milk. The butterfat price formula is determined as follows:
>
> For every pound of butterfat, 0.0025 pounds is lost in the farm-to-plant transfer (1.000-0.0025 = 0.9975).
>
> In addition, for every pound of butterfat, there is an additional 0.0150 farm-to-plant loss on butterfat solids (0.9975-0.0150 = 0.9825 pounds of butterfat).[7]
>
> Dividing 0.9825 by 0.82 results in a butterfat factor of 1.20 (0.9825/0.82 = 1.20).[8]

The foregoing comments explain how USDA incorporated the farm-to-plant shrink adjustment into the butterfat yield. Accordingly, to remove the farm-to-plant shrink adjustment, the factor is determined by restoring the pound of butterfat to 1.00. Dividing 1.00 by the 0.82 divisor in the butterfat price formula results in a yield of 1.2195, which rounded to two decimal places is 1.22.

The regulatory text change to the butterfat yield would be as follows:

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[7] In the 2008 Tentative Partial Decision, USDA found that this particular arithmetic was incorrect and corrected the yield to 1.211.

[8] 2002 Final Decision, 67 Fed. Reg. at 67,920.

> 7 C.F.R. § 1000.50(l): Butterfat price. The butterfat price per pound, rounded to the nearest one-hundredth cent, shall be the U.S. average NASS AA Butter survey price reported by the Department for the month, less 17.15 cents, with the result multiplied by ~~1.211~~ **1.22**.

B. Cheese-Protein Yield Factor:

Adjusting the yield factor for the value of protein in cheese to remove farm-to-plant shrink increases the applicable factor from 1.383 to 1.386. The 2002 Final Decision sets forth the calculation of the protein value:

> Cheddar cheese pounds attributable to protein = ((0.8220 x 2.9915) - 0.01) x 1.09 / (1 - 0.38) = 4.1473 pounds of cheddar cheese
>
> Cheddar cheese pounds lost due to the 0.25 percent solids loss on protein solids = 4.1473 pounds of cheese from protein x (1 - 0.0025) for farm-to-plant loss = 4.1473 x 0.9975 = 4.1369 pounds of cheese from farm protein
>
> Cheddar cheese yield contribution per pound of protein at farm = 4.1369 pounds of cheddar / 2.9915 pounds of protein at farm = 1.383[9]

The foregoing comments explain how USDA incorporated the farm-to-plant shrink adjustment into the protein component of the cheese yield. Accordingly, to remove the farm-to-plant shrink adjustment, the factor is determined by restoring the pounds of cheese attributable to protein to 4.173. Dividing 4.173 by the 2.9915 pounds of protein at the farm results in a yield of 1.3864, which rounded to three decimal places is 1.386.

The regulatory text change to the protein cheese yield would be as follows:

> 7 C.F.R. § 1000.50(n)(2): (2) Subtract 20.03 cents from the price computed pursuant to paragraph (n)(1) of this section and multiply the result by ~~1.383~~ **1.386**;

C. Cheese-Butterfat Yield Factor:

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[9] 2002 Final Decision, 67 Fed. Reg. at 67,929.

Adjusting the yield factor for the value of butterfat in cheese to remove farm-to-plant shrink increases the applicable factor from 1.572 to 1.582. The 2002 Final Decision sets forth the calculation of the butterfat value in cheese:

> Cheddar cheese pounds attributable to butterfat = ((0.9 x 3.5) x 1.09 / (1 - 0.38) = 5.5379 pounds of cheddar cheese
>
> Cheddar cheese pounds lost due to the 0.015 farm-to-plant butterfat loss = ((0.9 x 3.5) x 1.09 / (1 - 0.38) = 0.0237 pounds of cheddar cheese, 5.5379 - 0.0237 = 5.5142 of cheese after farm-to-plant loss.
>
> Cheddar cheese pounds lost due to the 0.25 percent solids loss on fat solids = 5.5142 pounds of cheese from butterfat x (1 - 0.0025), 5.5142 x 0.9975 = 5.5004 pounds of cheese from farm butterfat
>
> Cheddar cheese yield contribution per pound of fat at farm = 5.5004 pounds of cheddar / 3.5 pounds of fat at farm = 1.572

The foregoing comments explain how USDA incorporated the farm-to-plant shrink adjustment into the butterfat component of the cheese yield. Accordingly, to remove the farm-to-plant shrink adjustment, the factor is determined by restoring the pounds of cheese attributable to butterfat to 5.5379. Dividing 5.5379 by the 3.5 pounds of fat at the farm results in a yield of 1.5823, which rounded to three decimal places is 1.582.

The regulatory text change to the protein cheese yield would be as follows:

> 7 C.F.R. § 1000.50(n)(3)(i): Subtract 20.03 cents from the price computed pursuant to paragraph (n)(1) of this section and multiply the result by ~~1.572~~ **1.582**;

I will now briefly describe how the removal of the farm-to-plant shrink adjustments affects nonfat dry milk and dry whey yields. Note that due to rounding, we are proposing no changes to the regulatory text.

D. Nonfat Dry Milk Yield Factor:

The 2002 Final Decision sets forth the calculation of the nonfat dry milk yield factor:

> For every pound of nonfat milk solids (nfms), 0.0025 pounds is lost in the farm-to-plant transfer.
>
> One pound of nfms minus the farm-to-plant loss of 0.0025 equals 0.9975 pounds of nfms at the plant.
>
> For every pound of nfms, 0.0479 pounds of these solids end up in dry buttermilk powder.[10]
>
> 0.9975 pounds of nfms minus the 0.0479 pounds of solids in dry buttermilk equals 0.9496 pounds of nfms in the form of nonfat dry milk.
>
> Since each pound of nonfat dry milk contains 96.2 percent nfms (3.8 percent moisture) then, 0.9496/0.962 = 0.9871 (rounded to 0.99)

To remove the farm-to-plant shrink adjustment, the factor is determined by restoring the pound of nonfat solids to 1.00 and then adjusting for buttermilk solids. The result is 0.9521. That result is divided by 0.962 to adjust for moisture, resulting in a yield of 0.9897, which rounded to two decimal places is 0.99.

E. Dry Whey Yield Factor:

The 2002 Final Decision sets forth the calculation of the dry whey yield factor:

> As explained earlier in this decision, an adjustment factor for farm-to-plant losses on all milk solids is 0.0025. Application of this loss adjustment to the other solids price computation formula is as follows:
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> One pound of dry whey minus 0.0025 farm-to-plant solids loss equals 0.9975 pounds of dry whey.
>
> Since each pound of dry whey contains 96.8 percent milk solids, 0.9975 is divided by 0.968 to equal a dry whey factor of 1.03.

[10] This discussion ignores Select's Proposal 12, which would restore the pounds of buttermilk powder in nonfat solids to the price formula.

To remove the farm-to-plant shrink adjustment, the factor is determined by restoring the pound of other solids to 1.00. Dividing 1.00 by the 0.968 divisor in the dry whey price formula results in a yield of 1.0331, which rounded to two decimal places is 1.03.

In the 2007 hearing on formula components, Select, in conjunction with Dairy Producers of New Mexico and others, proposed eliminating farm-to-plant shrink. That proposal was part of a suite of formula modifications that were "considered jointly as coordinated adjustments to the various yield factors."[11] To be clear, in this hearing, Select proposes the adoption of each of Proposals 10, 11, and 12. But each proposal stands alone. Based on the record evidence, USDA could adopt one, two, or all three of Select's proposals.

6. Justification for the Adoption of Proposal 11

In the 2007 hearing, USDA concluded that the weight of evidence was insufficient to support the elimination of farm-to-plant shrink. In this proceeding, Select provides data and evidence from both its cooperative operations (shipments from member farms to milk buyers) and from its processing operations (shipments received by Select's plants from both. Select farms and other producers), which support the removal of the shrink yield adjustments. We also provide data from USDA sources and additional rationale to supplement the date submitted. Collectively, this body of evidence amply supports Proposal 11.

A. Select Farm Shipment Data

Select's membership consists of 115 dairy farms in Indiana, Michigan, Ohio, New Mexico, Oklahoma, and Texas. Collectively, our members produce approximately 9.6 billion pounds of milk each year. This translates to 192,000 loads of milk per year (based upon a standard 50,000-

[11] 2008 Tentative Final Decision, 73 Fed. Reg. at 35,314.

pound load). Because many loads of milk are shipped using supertankers which carry greater volumes, the actual number of loads of milk marketed by Select each year is about 170,000.

Select will present testimony from its Senior Accounting Manager, Harmoni Campbell, to provide greater detail on Select's management and accounting of milk shipments, including the use of farm weights and reconciliations against plant weights. Her testimony, which analyzed hundreds of thousands of data points for milk shipped by Select over the last year, will demonstrate that (1) in the aggregate, farm weights and plant weights align nearly perfectly (a difference of less than 0.1%) and (2) where discrepancies occur between farm weights and plant weights, the variance is of the nature that the issue is not shrinkage, but a different issue that can be and actually is addressable between the cooperative and the handler.

B. Select Plant Receipt Data

In the 2007 hearing on price formulas, Select found itself in a position all too common to cooperatives and producers. It lacked data on plant operations to place in the evidentiary record. At the time, Select owned a small plant in Dexter, New Mexico, used for the filtration of milk. It owned no significant processing plants of its own. As a result, Select possessed limited data that it could provide to USDA regarding plant receipts.

In 2012, Continental Dairy Products, Inc., a cooperative that merged with Select in 2014, opened a state-of-the-art powder plant in Coopersville, Michigan. That plant, Continental Dairy Facilities, LLC ("CDF"), now produces a full complement of dairy powders, as well as butter and cream. In 2019, Select commissioned a sister plant in Littlefield, Texas, to serve our producers in the Southwest. That plant, Continental Dairy Facilities Southwest, LLC ("CDF Southwest"), produces a similar suite of products as CDF.

Select will present testimony from the Director of Sales and Marketing for CDF and CDF Southwest, Cheslie Stehouwer, to provide detail and data on plant receipts. Her testimony will offer insight into the other side of the farm-to-plant shrink equation. Because CDF and CDF Southwest receive milk from both Select members and other producers and cooperatives, this testimony will be important for demonstrating that controlling farm-to-plant shrink is not uniquely achievable by Select's members, large farms, or dairies in the Southwest. Her data will show that the shrink between farm and plant at Select's plans ranges from 0.10% to 0.15%.

C. Efficiency and Whole Farm Loads

A cornerstone of Select's philosophy with respect to federal milk marketing orders is that they should discourage inefficiency and encourage efficiency in the production, collection, transportation, and marketing of milk. This guiding principle informs our views on the use of end-product pricing and the policy decisions that USDA must make when it considers changes to the price formulas. The issue of farm-to-plant shrink is no different.

The more farms included on a milk route, the greater the chance for discrepancies between farm weights and plant weights to differ. That is simply a truism. Each time a milk truck stops to pick up milk, there is potential spillage, loss within piping, and even errors in measurement. All of Select's members are of sufficient size to ship a full tanker load of milk at each pickup. As a result, Select is not subject to the risk of additional losses that can occur on routes with multiple stops.

I want to explain for the record the difference in operations for a full-load milk pickup and a multiple-stop pickup to highlight both efficiencies and areas where losses might occur. Every milk pickup involves using a hose to transfer milk into the truck tank. Some milk is regularly left in the hose once the transfer is completed. With a multi-stop pickup, a hose is used at each farm, and the loss accumulates with each separate pickup. With a full-load pickup, only a single hose is

used, and the residual milk is limited to what is left in this hose. Additionally, full-load pickups can range from about 40,000 to over 100,000 pounds or more in total milk transported to a plant. The vast majority of multi-stop pickups occur with 50,000 pounds or less of total milk collected and delivered to a plant. In the case of a 100,000-pound load of milk, this is the equivalent of shipping two 50,000-pound tankers with the hose transfer occurring once, not twice.

The vast majority of milk produced in the United States is produced on farms with sufficient cows to produce a full tanker load at each pickup. USDA's Milk Production Report suggests that the national average per cow production is approximately 67 pounds per day.[12] Milk must be picked up on-farm not less frequently than every 48 hours. Assuming every-other-day pickups, a farm milking 375 or more cows will fill a full 50,000-pound tanker.

The USDA Publication, Consolidation in U.S. Dairy Farming, analyzed U.S. dairy farms across multiple measures. It concluded that in 2016, seven years ago, dairy farms with more than 200 cows accounted for 80.3% of all U.S. milk production. Farms with more than 500 cows accounted for 68.4% of all milk production.[13] It is reasonable to assume that half of the volume produced by farms milking between 200 and 499 cows comes from farms with more than 375 cows. So, in 2016 three-quarters of all U.S. milk production was produced from farms that could fill a tanker. By comparison, in 2000, farms that could fill a full tanker accounted for less than half of U.S. production.[14] While ERS has not yet released its findings from the most recent Census of

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[12] Milk Production, June 20, 2023 release. Sourced online at https://usda.library.cornell.edu/concern/publications/h989r321c?locale=en

[13] James M. MacDonald, Jonathan Law, and Roberto Mosheim. *Consolidation in U.S. Dairy Farming*, ERR-274, July 2020, p.13. Sourced online at https://www.ers.usda.gov/webdocs/publications/98901/err-274.pdf

[14] *Consolidation in U.S. Dairy Farming*, p.14.

Agriculture, given the continued consolidation of dairy farms, the percentage of farms able to fill a full tanker is undoubtedly higher in 2023.[15]

Since 2016, the consolidation of dairy farms has only continued, if not accelerated. In 2016, the number of licensed U.S. dairy farms was 41,819. For 2022, that number was 27,932.[16] It is, therefore, reasonable to assume that the volume of milk from these farms is now well above 80%. And so, recognizing that shrinkage is most prevalent on shipments containing multiple farms but that such loads are a small and declining minority of all milk shipments, USDA must ask itself whether its policy decision on yields will recognize the changes in the production and transportation of milk that have occurred since it concluded in 2002 that farm-to-plant losses were common, unavoidable, and uncontrollable.

D. Available Technologies

Although farm-to-plant shrinkage is most easily controllable when producers ship full loads, that does not mean that farms with fewer than 375 cows necessarily have losses as high as assumed by the current yield factors. The data to be presented from CDF includes milk shipments from farms in multiple pickup routes. As that testimony will show, differences between the farm and plant weights from full-load shipments and multiple farm shipments are not significant. In addition, good practices and the use of available technologies can mitigate actual shrink.

As is consistent with Select's philosophy of promoting efficiencies within the entire milk marketing system, increases in minimum prices resulting from the elimination of farm-to-plant

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[15] *See*, Exhibit 28, Licensed Dairy Herds (reporting 41,819 licensed dairy farms in 2016 and 27,932 licensed dairy farms in 2022).

[16] Milk Production, February 22, 2023 release. Sourced online at https://usda.library.cornell.edu/concern/publications/h989r321c?locale=en.

shrink should be used by producers and cooperatives, in part to improve their on-farm technologies and practices to achieve the lowest practicable shrink. Handlers, producers, and cooperatives should be working collaboratively to identify and mitigate areas of excessive shrink with the goal of achieving actual shrink that is negligible.

Even those farms without the ability to fill a full tanker can adopt the use of farm scales, flow measurement, and other technologies to eliminate much of the imprecision and inaccuracies that can result from the utilization of dipsticks and similar tools. Could some of these improvements come with a cost to the producer? Certainly, but based on the anticipated price impacts of adopting Proposal 11, the incremental income to a farm with 170 cows (approximately half the size of an average licensed dairy herd) would exceed $3,000.00 per year, which based on the useful life of such improvements, still is a net improvement to the producers' bottom line.

7. Analysis of Impacts

The adoption of Proposal 11 would result in increases to the announced component prices for butterfat and protein. Based on my analysis of the changes, using five and ten-year averages of commodity prices through April 2023, I computed the following component and Class price impacts:

Five Year Average

	Current	Proposal 11 (Farm-to-Plant Shrink)	Difference
Butterfat Price	$2.3960	$2.4138	$0.0178
Protein Price	$2.6961	$2.7024	$0.0063
Class III Price	$17.98	$18.06	$0.0811
Class IV Price	$17.26	$17.32	$0.0623

Ten Year Average

	Current	Proposal 11 (Farm-to-Plant Shrink)	Difference
Butterfat Price	$2.3475	$2.3650	$0.0174
Protein Price	$2.6505	$2.6566	$0.0062
Class III Price	$17.68	$17.75	$0.0796
Class IV Price	$16.92	$16.98	$0.0611

The precise impacts on the statistical uniform or blend price will vary by order and could be further impacted by any adjustments USDA elects to make to the Class I mover. But because the Class III and Class IV impacts under the five-year and ten-year analyses are about seven cents, it is reasonable to project that the overall impact of the full adoption of Proposal 11 would be seven cents.

8. Regulatory Language

The adoption of Proposal 11 would require the following amendment to 7 C.F.R. Part 1000. Deletions are noted with strikethrough ext. Additions are boldfaced and underlined.

> 7 C.F.R. § 1000.50(l): Butterfat price. The butterfat price per pound, rounded to the nearest one-hundredth cent, shall be the U.S. average NASS AA Butter survey price reported by the Department for the month, less 17.15 cents, with the result multiplied by 1.211 **1.22**.

> 7 C.F.R. § 1000.50(n)(2): (2) Subtract 20.03 cents from the price computed pursuant to paragraph (n)(1) of this section and multiply the result by 1.383 **1.386**;
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> 7 C.F.R. § 1000.50(n)(3)(i): Subtract 20.03 cents from the price computed pursuant to paragraph (n)(1) of this section and multiply the result by 1.572 **1.582**; and

Select believes that the data and evidence it has and will present provide USDA with ample justification to eliminate shrink from the yield factors. If, however, USDA finds that it is appropriate to reduce the impact of shrink rather than fully adopt Proposal 11 as drafted, Select would defer to USDA's reasoned discretion based on the record evidence.

9. Conclusion

The current yield factors in Class III and Class IV formulas are lower than they would be otherwise due to USDA's policy decision to incorporate a reduction factor for farm-to-plant shrink. That policy decision was premised on the belief that such losses were beyond the handler's ability to control, unavoidable, and common. Select believes otherwise. Producers, cooperatives, and handlers do have the ability to address and stem losses in the transportation of milk from the farm to the plant.

In addition to the measures I have discussed, actual data on farm shipments and plant receipts to be presented by Select's other witnesses will establish that the net differences in farm weights and plant weights are far less than assumed by the current formulas. In fact, Select's data will demonstrate that those differences are less than 0.2% of all solids and that butterfat losses. To the extent they occur, do not occur at a rate greater than overall solids losses. It is time to remove this factor from the yield formulas and compensate producers for the full value of the milk they ship to handlers.

Official Notice Request:

Pursuant to 7. C.F.R. § 15.121 Select asks that official notice be taken of the following official decisions and published scientific or economic statistical data issued by USDA which were referenced in or utilized in the preparation of this testimony:

Milk in the Northeast and other Marketing Areas, 67 Fed. Reg. 67906 (November 7, 2002) (referred to throughout as the "2002 Final Decision")

Milk in the Northeast and Other Marketing Areas, 73 Fed. Reg. 35306 (June 20, 2008) (referred to throughout as "2008 Tentative Partial Final Decision")

Milk Production, February 22, 2023 release. Sourced online at https://usda.library.cornell.edu/concern/publications/h989r321c?locale=en

Milk Production, June 20, 2023 release. Sourced online at https://usda.library.cornell.edu/concern/publications/h989r321c?locale=en

James M. MacDonald, Jonathan Law, and Roberto Mosheim. *Consolidation in U.S. Dairy Farming*, ERR-274, July 2020, p.13. Sourced online at https://www.ers.usda.gov/webdocs/publications/98901/err-274.pdf