

Southwestern Cooperative Marketing Agency

Via email
Dana.coale@usda.gov

Ms. Dana Coale,
Deputy Administrator
USDA

April 27, 2020

Dear Ms. Coale,

RE: Freeze the Class I Price Mover in All Federal Milk Orders

In the wake of the unprecedented decrease in dairy commodity prices due to the COVID 19 crisis we, the members of Southwestern Cooperative Marketing Agency hereby request that the USDA **set a minimum Class I Price Mover for all Federal Milk Orders at \$15.00 per CWT** in an effort to help maintain milk prices necessary to save our dairy farmers. We ask that the USDA make this change expeditiously and consider these needed changes as an *emergency provision* needed to maintain orderly marketing and to assure that an adequate supply of milk remains available.

The Class I Price Mover is based on a combination of Class III and Class IV prices, plus \$.74. The Class III and Class IV prices are calculated by using the surveyed commodity prices for butter, cheese, skim milk powder, and whey. When this system was established, nobody thought we would ever be in a situation where all commodity prices would collapse at the same time to the levels we are seeing today. Due to this unprecedented collapse of the commodity prices, we believe the Market Administrators must set a minimum level for the Class I Price Mover.

We feel the Federal Order system has some “emergency action” leeway that would allow for Market Administrators to take dramatic actions to assure the objectives of the Federal Order System are met. The COVID 19 crisis certainly constitutes an “emergency” causing us to consider the actions proposed above.

Thank you for your consideration.

Sincerely,

The members of the Southwestern Cooperative Marketing Agency:

Dairy Farmers of America, Inc.
Lone Star Milk Producers, Inc.
Select Milk Producers, Inc.