



Proposed Pricing Formula Amendments to All 11 FMMOs: Recommended Decision Overview

Recommended Decision Amendments and Comment Period:

On July 1, 2024, the U.S. Department of Agriculture (USDA) issued a Recommended Decision proposing to amend the uniform pricing formulas applicable in all 11 Federal milk marketing orders (FMMOs). The Recommended Decision followed a 49-day national hearing, held at the dairy industry's request, to amend the uniform pricing formulas.

The hearing was held from August 23, 2023, to January 30, 2024, in Carmel, Indiana, where USDA heard testimony and received evidence on 21 proposals in five categories: milk composition factors, surveyed commodity products, Class III and Class IV formula factors, the base Class I skim milk price, and Class I and Class II differentials. The Recommended Decision puts forth a package of amendments to update formulas and factors based on the evidentiary record of the proceeding. More specifically, the Decision recommends the following:

1) Milk Composition Factors: These factors represent the true protein, other solids, and nonfat solids, contained in skim milk. The factors are proposed to be updated as follows:

Component	Current	Proposed
Protein	3.1%	3.3%
Other Solids	5.9%	6.0%
Nonfat Solids	9.0%	9.3%

2) Surveyed Commodity Products: Remove 500-pound barrel cheddar cheese prices from the Dairy Product Mandatory Reporting Program survey and rely solely on the 40-pound block cheddar cheese price to determine the monthly average cheese price used in the formulas.

3) Class III and Class IV Formula Factors: This category covers two factors. The first, manufacturing (make) allowances represent the cost of converting raw milk into the four manufactured dairy products surveyed by USDA (cheese, butter, nonfat dry milk, and dry whey). The second, butterfat recovery represents the amount of butterfat captured during cheesemaking.

The Class III and Class IV Formula Factors are proposed to be updated as follows:

Factor	Current	Proposed
Cheese Make	\$0.2003	\$0.2504
Butter Make	\$0.1715	\$0.2257
NFDM Make	\$0.1678	\$0.2268
Dry Whey Make	\$0.1991	\$0.2653
Butterfat Recovery	90%	91%

4) Base Class I Skim Milk Price: The Recommended Decision proposes the base Class I skim milk price to be the higher of the advanced Class III or Class IV skim milk prices for the month. Further, the decision recommends a rolling monthly Class I ESL adjustment to provide for better price equity for ESL products whose marketing characteristics are distinct from other Class I products.

5) Class I differentials: Update the Class I differential values to reflect the increased cost of servicing the Class I market. The proposed county-specific differential levels can be found in the Recommended Decision and on the Hearing website.

Frequently Asked Questions:

Q: How and when do I submit a comment on the Recommended Decision?

A: Public comments on the recommended proposals will be accepted for 60 calendar days after the decision is published in the Federal Register. Comments should be submitted at the Federal eRulemaking portal: <http://www.regulations.gov> or the Office of the Hearing Clerk, U.S. Department of Agriculture, 1400 Independence Ave., SW, Stop 9203, Room 1031, Washington, DC 20250-9203; Fax: (844) 325-6940.

After the comment deadline, all comments will be made available for public inspection at: <http://www.regulations.gov>. Comments will also be made available for public inspection in the Office of the Hearing Clerk.

Q: Who can I contact with questions?

A: Pursuant to 7 CFR 900.16, USDA employees are prohibited from discussing the merits of this Recommended Decision with interested parties on an *ex parte* basis until a Final Decision is issued. A copy of the Decision can be found on the hearing website listed below. Comments can be filed during the public comment period at www.regulations.gov or the Office of the Hearing Clerk. Procedural questions can be submitted any time to FMMOhearing@usda.gov.

Q: What are the next steps?

A: All public comments received by the comment deadline, 60 calendar days after publication in the Federal Register, will be reviewed and considered by USDA. Following the comment deadline, USDA will then have 60 calendar days to issue a Final Decision addressing the public comments received.

Q: How can I access copies of the hearing record and associated documents?

A: The hearing record and associated documents are posted on the Hearing website at: <https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing>.