



Office of the Secretary
Washington, DC 20250

May 30, 2024

LYNNE MCBRIDE
Executive Director
California Dairy Campaign
California Farmers Union
Sent via email: lmc44@comcast.net

Dear Lynne McBride:

Thank you for your letter of February 16, 2024, notifying the U.S. Department of Agriculture (USDA) of the current challenges faced by dairy farmers and requesting USDA's support through mechanisms such as purchases utilizing Section 32 and Commodity Credit Corporation funds.

USDA remains committed to supporting dairy farmers across a variety of programs and efforts. This includes through the Agricultural Marketing Service's (AMS) Dairy Business Innovation Initiatives that include tailored investments to diversify dairy product markets to reduce risk and develop higher value uses for dairy products; promotes business development that diversifies farmer income through processing and marketing innovation; and encourages the use of regional milk production. AMS will soon publish a request for applications for these centers in fiscal year 2024.

Specific to your request for purchases of dairy products, the AMS Commodity Procurement Program supports domestic nutrition programs and American agricultural producers through purchases of 100 percent American-grown and -produced foods for use by schools and institutions. AMS considers a variety of factors when determining which USDA foods to procure for domestic food assistance programs. These factors include, but are not limited to: recipient needs; current market conditions; existing market assistance measures; and the availability of funds to determine whether Section 32 and Commodity Credit Corporation purchases are warranted.

Taking into consideration the food supply chain conditions you noted, we are evaluating the request and have initiated an economic assessment of current market conditions affecting the dairy industry. We recognize the importance of dairy farmers to the economic health of our Nation and the need for high-quality, nutritious products for nutrition assistance programs.

The Farm Service Agency (FSA) worked diligently to publish the Dairy Margin Coverage amendment in the Federal Register before the end of February to ensure limited disruption to program benefits. The 2024 DMC Coverage Election Period for dairy operations to enroll in 2024 coverage began on February 28, 2024. Once enrolled, the coverage period was retroactive to January 1, 2024. For those with coverage, a payment was triggered for January 2024 and FSA

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worked to process payments the first week of March. To date, 2024 DMC has issued \$34.3 million in payments.

Your letter also mentioned the make allowance proposals included in the current Federal milk marketing order pricing formula rulemaking. Due to regulations at 7 CFR 900.16, USDA may not make any further comment prior to issuance of the recommended decision on this proposal as it would be considered an *ex parte* communication. Your letter and this response will be placed on the public record of the proceeding and posted on the *National Federal Milk Marketing Order Pricing Formula Hearing* website (<https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing>). Additional updates on associated actions will be posted at the same address.

Again, thank you for your letter. We appreciate your partnership in supporting dairy farmers and bringing healthy and high-quality American-produced foods to the USDA nutrition assistance programs. Please share this response letter with your cosigners.

Sincerely,

THOMAS J. VILSACK
Secretary