



National Federal Milk Marketing Order Referendum Overview

Why is USDA holding a Referendum?

The U.S. Department of Agriculture's (USDA) Agricultural Marketing Service administers the Federal Milk Marketing Order (FMMO) program authorized by the Agricultural Marketing Agreement Act of 1937.

From August 23, 2023, to January 30, 2024, a 49-day hearing was held at the dairy industry's request to evaluate changes to the uniform pricing formulas applicable to all 11 FMMOs, due to significant changes in the dairy industry and milk marketing since the early 2000s.

USDA issued a Final Decision on November 12, 2024, containing proposed amendments to the 11 FMMOs in the following five milk pricing categories:

- 1. Milk Composition Factors.** Update the factors to 3.3 percent true protein, 6.0 percent other solids, and 9.3 percent nonfat solids.
- 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.** Update the manufacturing allowances to: Cheese: \$0.2519; Butter: \$0.2272; NFDM: \$0.2393; and Dry Whey: \$0.2668. Update the butterfat recovery factor to 91 percent.
- 4. Base Class I Skim Milk Price.** Update the base Class I skim milk price to the higher-of the advanced Class III or Class IV skim milk prices for the month. In addition, adopt a Class I extended shelf life (ESL) adjustment for all ESL products equal to the average-of mover plus a 24-month rolling average adjuster, with a 12-month lag.
- 5. Class I differentials.** Update the Class I differential values to reflect the increased cost of servicing the Class I market. The county-specific Class I differentials are specified in the decision.

A referendum is being conducted through December 31, 2024, in each FMMO for all eligible dairy producers (dairy farmers) to vote to approve individual FMMO as amended. Producers must vote on the entire FMMO, not on individual provisions. If passed by a two-thirds majority, a final rule would be expected to publish in the Federal Register in early 2025 and would include implementation timelines. If the approval threshold is not met in any individual FMMO, proceedings to terminate the respective FMMO(s) will begin.

How do I know if I am eligible to vote?

- Producers (dairy farmers) who had milk pooled on an FMMO during January 2024; and
- Producers who are active dairy farmers at the time ballots are sent and received.

Who will receive a ballot?

- Eligible producers who are not members of cooperatives qualified to bloc vote.
- Eligible producers who are members of cooperatives who have elected not to bloc vote.
- Cooperative associations who elect to bloc vote on behalf of its members.

How are ballots distributed?

- If an eligible producer has multiple farms with identical ownership structures, the producer will receive one ballot to represent all farms.
- If an eligible producer has multiple farms with different ownership structures, each farm with a different ownership structure will receive a ballot.

What materials will I receive in the mail?

- A ballot containing a description of the terms of the proposed Order(s) as amended.
- Details on casting your ballot along with specific due dates for ballot postmark and receipt.
- Where to access the FMMO National Pricing Hearing Final Decision.
- A prepaid business reply envelope.

How Do I Vote?

- You must complete, sign, and return your ballot to your Referendum Agent by the deadline.
- Mailed ballots must be postmarked by December 31, 2024, and must be received by January 15, 2025.
- Hand-delivered ballots must be received by December 31, 2024.
- Ballots can be mailed via the provided pre-paid envelope, or through other mail delivery services. Ballots may not be emailed or faxed.

How might my ballot be disqualified?

- If it is not signed; **OR**
- If it is not the original ballot (no photocopies); **OR**
- If it is not postmarked by December 31, 2024, and received by January 15, 2025; **OR**
- If it is not hand-delivered by December 31, 2024; **OR**
- If you are not identified as an eligible producer.

How do I learn about changes to the FMMOs and voting (referendum) process?

- AMS is holding live webinars to explain the proposed amendments. Following the live webinars, a recording will be posted on hearing website.
- AMS has posted a referendum process webinar on the FMMO Hearing website.

How does the amended FMMO get approved?

- To be approved, at least two-thirds of the eligible producers voting in the referendum, or eligible producers who supplied more than two-thirds of the milk represented in the referendum, must vote in the affirmative.

How will USDA announce the results of the vote?

- USDA will announce approval or disapproval of each of the 11 FMMOs, as amended, through either a Final Rule or Termination of Proceeding published in the Federal Register.

The Final Decision, Referendum Webinar, and additional information are available at the FMMO Hearing website:

<https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing>