

# American Dairy Coalition: Invites producers to participate in FMMO Class I pricing method poll

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GREEN BAY, Wisconsin — American Dairy Coalition — a grassroots organization with a regionally diverse producer board – has asked producers to participate in a two-minute, six-question poll on the Federal Milk Marketing Order (FMMO) Class I pricing method. The poll is designed for dairy farm owners, partners, and managers.

“A Senate Subcommittee hearing in September, chaired by Senator Gillibrand (D-N.Y.), revealed agreement that Federal Milk Marketing Orders need reform, and it confirmed producers’ concerns about how the legislated change in Class I pricing method impacted FMMO pooling and producer risk management strategies,” said ADC CEO Laurie Fischer.

She pointed out that the ADC board, along with several state and regional dairy organizations, have publicly supported the idea of asking Congress to legislatively return to the previous Class I skim pricing method of using the ‘higher of’ Class III or IV advance skim pricing factors until an FMMO hearing process thoroughly evaluates proposals.

“We understand the current ‘average-plus-74-cents’ method is finally returning some benefit to producers’ milk checks, but producers contacting ADC continue to have significant concerns as to what will happen in the future. No one can be certain if-and-when the toggling in and out of the Federal Orders will begin again to cause catastrophic income losses through negative PPDs on milk checks,” Fischer added. “Yes, we see some light at the end of the tunnel, but producers also see the risk in running their dairy operations under a milk pricing formula that is well known to allow toggling in and out of the Orders, regardless of how it impacts mailbox milk checks.”

According to industry experts, upside benefit of the new method is 74 cents on Class I, which is around 20 cents on the blend price nationally, but at the same

time, they point out that there is no limit to the downside risk if market disruptions push Class III and IV apart by more than \$1.48 per hundredweight.

“This poll gives dairy producers the opportunity to show how the Class I pricing change affects them in terms of planning and risk management and to give their preference — whether they support a return to the ‘higher of’ while an FMMO hearing process gets going, or do they just want to see a hearing process start while leaving Class I as it is using the ‘average plus method?’” Fischer said. “We expect to continue seeking producer input through future polls and surveys on aspects of federal milk pricing.”

Visit this link, <https://www.surveymonkey.com/r/MilkPricePoll>