

American Dairy Coalition: Seeks answers from Sec. Vilsack on pricing changes, hearing criteria

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GREEN BAY, Wis. American Dairy Coalition sent a letter this week to U.S. Agriculture Secretary Tom Vilsack seeking answers, dairy farmer representation, working group formation, and action on a national federal milk pricing hearing.

The letter also addresses the industry discussion of 'make allowance' adjustments. "Farmers experience the same areas of input cost increases as processors," the ADC board states in its letter. "We believe any move to increase the make allowance credits for processors should be linked to achieving adequate, transparent milk pricing for farmers. The linkage helps ensure farmer representation."

During a Wisconsin dairy farm visit in December 2021, the Secretary said the dairy industry must reach a consensus before USDA will consider a national hearing on federal milk pricing changes.

"We ask you to provide us with the specific requirements that will meet your expectations," the ADC letter requests, noting there is an industry-wide consensus that the Class I milk pricing change made in the 2018 Farm Bill needs amending, though there are differences in how this should be accomplished.

ADC points out that this change was made legislatively without a vetted hearing process.

"Our voice was pre-empted in the last Farm Bill... and our dairy farmer members paid the price for that. We do not want to see this happen again," the letter confirms.

"Dairy farmers share a strong consensus that 'righting this wrong' is a great place to start in opening an FMMO hearing," ADC relates in the letter, explaining how the organization has met virtually with dairy farmers across the country over the past 20 months, conducted surveys, spoke with industry experts and conducted two

well-attended Future of Federal Milk Pricing Forums in 2022.

“It is necessary to return to the previous Class I mover formula now, while the industry continues building consensus about what milk pricing might look like in the future,” the letter declares, noting the change from the ‘higher of’ to an ‘average-plus’ formula for Class I milk has resulted in the inequitable loss of \$3B to dairy farmers — including the \$750 million cumulative devaluation of Class I since May 2019, which created an environment for massive de-pooling and negative PPDs further affecting farm milk in all classes. The letter cites additional losses by farmers for premiums paid on risk management tools that failed to protect them from the dysfunction that ensued and has undermined their confidence in these tools.

The letter cites language from the 2018 Farm Bill legislation, which provided for the formula to be changed via USDA administrative hearing two years after its 2019 implementation.

A copy of the letter to Secretary Vilsack signed by the ADC board is [available here](#).