



News Release

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NMPF Board of Directors Approves Proposal to Improve Federal Milk Marketing Order System as Part of Foundation for the Future Program

ARLINGTON, VA – The National Milk Producers Federation’s Board of Directors agreed today to support a series of major reforms in the Federal Milk Marketing Order program, intended to renovate the economic structure of the U.S. dairy sector. The changes will be packaged as part of the Foundation for the Future program that NMPF has been developing during the past 18 months.

The proposal:

- Replaces end product pricing formulas with a competitive milk pricing system;
- Incorporates two classes of milk – fluid (Class I) and manufacturing (formerly Class II, III and IV product uses);
- Maintains the *higher of* for establishing the fluid use (Class I) minimum base price;
- Maintains current Class I regional differentials;
- Maintains the number and basic structure and provisions of Federal Orders.

“In order to create a truly comprehensive transformation for the betterment of the dairy industry, we needed to adopt these specific changes as part of Foundation for the Future,” said Jerry Kozak, President and CEO of NMPF. “Our Board’s vote today is a critical, necessary step toward significant reform of the entire regulatory structure of the dairy sector.”

The changes approved Tuesday – which were developed by a committee of dairy policy experts from across the industry – maintain the basic framework of the Federal Milk Marketing Order system, but eliminate some of the most contentious elements from the current structure, such as make allowances, which are the result of the end product pricing formulas now used to price farmers’ milk.

Kozak said that the Federal Order reforms will be incorporated into legislative language and submitted to Congress to review, as part of the overall Foundation for the Future package. He said that the proposal will be shared with other stakeholders in the dairy sector, including processors, in an effort to build consensus around the changes.

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“There has long been a shared notion that change is needed; now we’ve taken a big step toward defining what that change should look like,” Kozak said. “We are looking forward to explaining to everyone, from farmers to processors to lawmakers, how a competitive pricing system, and shifting the pricing basis to two classes of milk, will make the Federal Order system more flexible and sensible.”

Kozak said that NMPF will continue to build support for the other, previously-approved elements of Foundation for the Future, which include a new Dairy Producer Margin Protection Program to help protect farmers when their margins are compressed by low milk prices and/or high feed costs, and establishing a Dairy Market Stabilization Program to help address periodic imbalances in milk production and demand.

The National Milk Producers Federation, based in Arlington, VA, develops and carries out policies that advance the well being of dairy producers and the cooperatives they own. The members of NMPF’s 31 cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of more than 40,000 dairy producers on Capitol Hill and with government agencies. Visit www.nmpf.org for more information.