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FEDERAL MILK ORDERS 124 & 131

January 17, 2025

To: Handlers, Cooperatives, and Interested Parties

From: Market Administrators, Federal Orders 124 and 131

Subject: USDA Issues Final Rule

On January 16, 2025, the U.S. Department of Agriculture (USDA) Agricultural Marketing Service (AMS) announced a final rule amending the uniform pricing formulas applicable in all 11 Federal milk marketing orders (FMMOs). The final rule was made available for viewing on January 16, 2025, in the Federal Register and on AMS's [National Federal Milk Marketing Order Pricing Formula Hearing](#) webpage. It was published in the [Federal Register](#) today.

The final rule follows a 49-day national hearing held from August 23, 2023, to January 30, 2024, in Carmel, Indiana, where AMS heard testimony and received evidence on 21 proposals from the dairy industry. AMS issued a recommended decision on July 1, 2024, followed by its publication in the Federal Register on July 15, 2024, which began a 60-day public comment period.

A total of 128 comments were received, analysis of which was included in a final decision that was issued on November 12, 2024, and published in the Federal Register on December 2, 2024.

Following publication of the final decision, AMS administered and oversaw 11 referenda whereby producers whose milk was pooled on an FMMO in the selected representative month of January 2024 had the opportunity to vote in favor of or opposition to the FMMOs proposed to be amended.

This final rule announces that producers in each of the 11 FMMOs approved the following pricing formula amendments:

- Updating the skim milk composition factors to 3.3 percent true protein, 6.0 percent other solids and 9.3 percent nonfat solids, with a six-month delayed implementation.
- Removing 500-pound barrel cheddar cheese prices from the Dairy Product Mandatory Reporting Program survey.
- Updating the Class III and Class IV manufacturing allowances to \$0.2519 for cheese, \$0.2272 for butter, \$0.2393 for nonfat dry milk and \$0.2668 for dry whey, all on a per pound basis, and the butterfat recovery factor to 91 percent.
- Returning the base Class I skim milk price formula to the higher-of the advanced Class III or Class IV skim milk prices for the month. In addition, adoption of 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.
- Updating the Class I differential values to reflect the increased cost of servicing the Class I market.

The rule will be effective June 1, 2025, for all changes, except for changes to the skim milk composition factors. The amendments to skim milk composition factors will be implemented December 1, 2025. These changes will apply to milk marketed on and after these dates, as applicable, and those changes will be reflected in both the advanced prices and pricing factors released before the start of the month and the class and component prices announced after the close of the month.

Copies of the final rule, educational materials and the entire hearing record can be found on the [hearing webpage](#) or obtained from USDA/AMS/Dairy Program; STOP 0225 - Rm. 2530; 1400 Independence Ave. SW, Washington, DC 20250-0225. Questions can be submitted to fmmonohearing@usda.gov.