



**1400 Independence Avenue, SW.
Room 3071-S, STOP 0201
Washington, DC 20250-0201**

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The United States Department of Agriculture (USDA) Agricultural Marketing Service (AMS) is responsible for issuing minimum milk prices under the Federal Milk Market Order (FMMO) program. Once these prices are announced, they are final. Milk handlers are obligated to pay minimum Federal milk order prices established under the program on a monthly cycle. There are no provisions to generate additional revenues from market-wide pools once they are settled and announced.

Since January 2000, USDA has used end-product price formulas in calculating minimum handler obligations and payments to producers participating in the FMMO program. These formulas use weekly wholesale market price observations as inputs. In April 2007, errors were identified in these industry-reported price survey data. USDA asked the misreporting entities to voluntarily provide corrected data even though the FMMO prices would not be changed.

On June 28, 2007, AMS issued an informational report that sought to estimate the hypothetical impact on the monthly FMMO classified minimum prices. As specifically stated in the AMS report, "the previously announced FMMO prices remain unchanged." The report explained how all FMMO pools are settled and revenues distributed and also detailed that there are no FMMO provisions to recalculate prices or pools. The report was not issued in order to reject or change any of the minimum handler prices previously announced, and no modifications were made following its issuance.