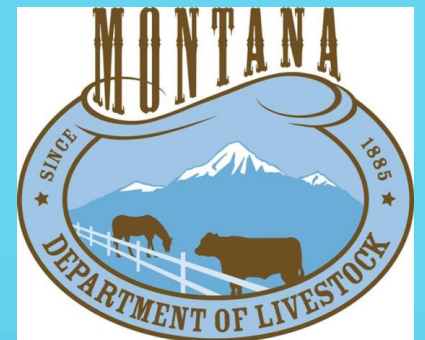


BOARD OF MILK CONTROL

MARCH 04, 2025, MEETING



**Montana Board of Milk Control
Meeting Agenda**

March 04, 2025, 1:00 p.m.

Meeting Location: Meeting is a hybrid-style meeting that is to be held in-person at the Department of Livestock, 301 N Roberts St, Helena, Conference Room # 319 and virtually via Zoom.

The agenda may change up to 48 hours prior to the meeting.

The latest version of agenda will be posted at <http://liv.mt.gov/Attached-Agency-Boards/Milk-Control/Public-Notices>

Conference Call / Zoom Access:

Dial by Telephone

+1 646 558 8656

Meeting ID: 823 2636 9996

Password: 184075

OR: Zoom link: <https://mt.gov.zoom.us/j/82326369996?pwd=9AWzGxnXlqJXVa51JmPNeb9nmqHEq.1>

Meeting ID: 823 2636 9996

Password: 184075

WELCOME

Roll Call & Introductions

Ken Bryan, Chair

Brian Beerman

Staci Ketchum

W. Scott Mitchell

Travis Stroh

Montana Department of Livestock Staff

Guest

I. MINUTES (December 03, 2024, meeting)

II. UPDATE FROM THE DEPARTMENT OF LIVESTOCK

A. Mike Honeycutt DOL EO and/or Brian Simonson DOL DEO

III. OLD BUSINESS

A. Continued discussion on increasing the Montana Class I Differential in response to the Federal Class I changes

1. Presentation by Dave Lewis and Makena DeLappe - Proposal for Montana Class I Differential to be increased
2. Board Discussion
3. Industry Input
4. Public Comment
5. Motion
6. Board Vote

IV. PUBLIC COMMENT ON NON-AGENDA TOPICS

V. ADJOURNMENT



ADMINISTRATIVE RULES OF MONTANA

32.24.480 PRODUCER PRICING RULES

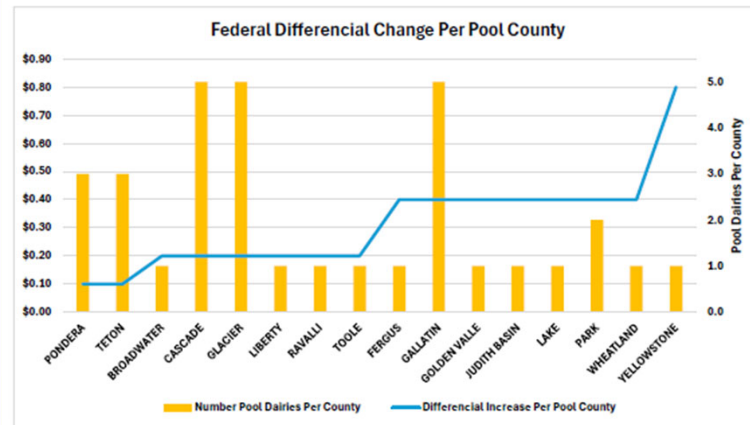
- (1) The bureau will use the federal order advanced pricing factors to calculate the producer prices for all classes. Advanced federal order butterfat and skim milk prices are announced on or before the 23rd day of the month and apply to the milk received during the following month. Nothing contained in these rules prohibits the payment of higher prices to producers.
- (2) The minimum Class I price per hundredweight at 3.5% butterfat which must be paid to producers by distributors in the state of Montana, is the monthly federal order price according to 7 CFR 1000.50(a) through (c) plus a Montana Class I location differential of \$2.55.
 - (a) When milk does not test 3.5% butterfat, the price per cwt will be adjusted for each 0.1% the butterfat test moves up or down.

AGENDA ITEM III.A.
DISCUSSION ON INCREASING THE MONTANA CLASS I DIFFERENTIAL

Proposed Amendments to
7 CFR Part 1000.52 Adjusted Class I Differentials

County/parish/city	Number Pool Dairies Per County	CURRENT Class I differential adjusted for location	PROPOSED Final Decision Class I differential adjusted for location	Differential Increase Per Pool County
PONDERA	3	\$1.60	\$1.70	\$0.10
TETON	3	\$1.60	\$1.70	\$0.10
BROADWATER	1	\$1.60	\$1.80	\$0.20
CASCADE	5	\$1.60	\$1.80	\$0.20
GLACIER	5	\$1.60	\$1.80	\$0.20
LIBERTY	1	\$1.60	\$1.80	\$0.20
RAVALLI	1	\$1.60	\$1.80	\$0.20
TOOLE	1	\$1.60	\$1.80	\$0.20
FERGUS	1	\$1.60	\$2.00	\$0.40
GALLATIN	5	\$1.60	\$2.00	\$0.40
GOLDEN VALLE	1	\$1.60	\$2.00	\$0.40
JUDITH BASIN	1	\$1.60	\$2.00	\$0.40
LAKE	1	\$1.60	\$2.00	\$0.40
PARK	2	\$1.60	\$2.00	\$0.40
WHEATLAND	1	\$1.60	\$2.00	\$0.40
YELLOWSTONE	1	\$1.60	\$2.40	\$0.80
Total Producers	33		Average Increase	\$0.31
			Average Increase w/o Yellowstone	\$0.28

Differential Increase Per Pool County	County
\$0.10	PONDERA TETON
\$0.20	BROADWATER CASCADE GLACIER LIBERTY RAVALLI TOOLE
\$0.40	FERGUS GALLATIN GOLDEN VALLE JUDITH BASIN LAKE PARK WHEATLAND
\$0.80	YELLOWSTONE
Grand Total	



AGENDA ITEM III.A.
DISCUSSION ON INCREASING THE MONTANA CLASS I DIFFERENTIAL

Montana Class I Differential Discussion

Montana Milk Control Board Meeting – March 4, 2025

Prepared by Northwest Dairy Association (NDA)

Federal Milk Marketing Order (FMMO) Final Rule Overview:

1. **Surveyed Commodity Products:** Removed 500-pound barrel cheddar cheese from the Dairy Products Mandatory Reporting Program (DPMRP) survey, retaining only 40-pound block cheddar cheese prices. Implemented June 1, 2025.
2. **Milk Composition Factors:** Updated to reflect current production levels: 3.3% true protein, 6.0% other solids, and 9.3% nonfat solids. Butterfat unchanged. Delayed implementation on December 1, 2025.
3. **Base Class I Skim Milk Price:** Reinstated the “higher-of” pricing mechanism for Class I skim milk prices, replacing the 2018 “average-of” system. Introduced a rolling adjustment for extended shelf life (ESL) products. Implementation on June 1, 2025.
4. **Class III and Class IV Formula Factors:** Updated manufacturing allowances to \$0.2519 for cheese, \$0.2272 for butter, \$0.2393 for nonfat dry milk (NFD), and \$0.2668 for dry whey. Adjusted the butterfat recovery factor to 91%. Implementation on June 1, 2025.
5. **Class I Differentials:** Retained the \$1.60 base differential while adjusting location-specific values to reflect modern market conditions. Implementation on June 1, 2025.

Montana Milk Pricing:

Montana milk is currently priced using federal order advanced pricing factors to calculate the producer prices for all classes.

1. **Class I:** Utilizes the FMMO Class I mover plus a differential of \$2.55/cwt/.
2. **Class II:** Skim utilizes the FMMO Class II advanced price. Butterfat utilizes the FMMO advanced butterfat price plus \$0.007/lb.
3. **Class III:** Skim utilizes the lower of the FMMO Class III or IV advanced skim price. Butterfat utilizes the FMMO advanced butterfat price less the Montana Class III Butterfat Price Differential of \$0.10/lb.

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AGENDA ITEM III.A.
DISCUSSION ON INCREASING THE MONTANA CLASS I DIFFERENTIAL

Impact:

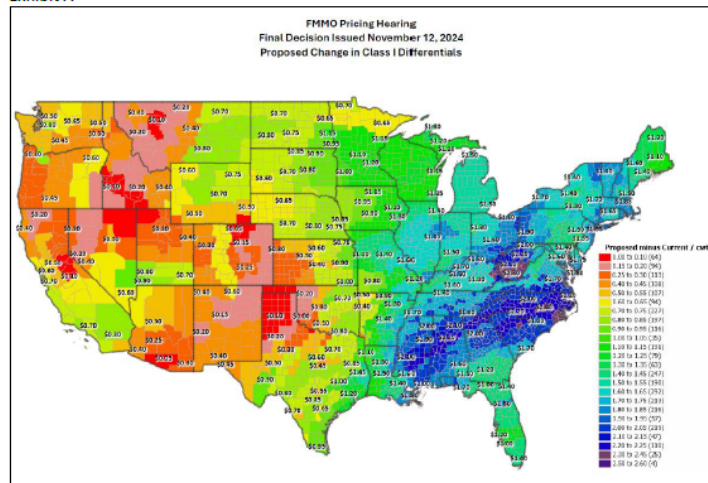
The make allowance increases will reduce the milk price to Montana producers by approximately \$0.85-\$1.00/cwt (depending on if Class III or IV is the mover). The Montana milk price will recover from some of the impact felt come December 2025, when the milk composition factors increase. Montana, because it has a substantial Class I market, should recover more from the milk composition factor changes in comparison to PNW producers, though it will not completely offset the other changes. Nonetheless, the impacts are market-dependent and subject to change. Without an increase to the Class I differential there is no guaranteed offset to the changes.

Conclusion:

While the FMMO recognizes a lower Class I differential for Montana, they have increased their own Class I differentials for each Montana county between \$0.10-\$0.80/cwt (Exhibit A). Using the data available to NDA (Exhibit B), we can determine that our Montana member-owners would see a weighted average increase of \$0.35/cwt if regulated under a Federal Order.

To ensure our Montana members can remain competitive and to best reflect current marketing conditions, Northwest Dairy Association supports a \$0.30 to \$0.35/cwt increase to the Montana state Class I differential, implemented on June 1, 2025.

Exhibit A



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AGENDA ITEM III.A. DISCUSSION ON INCREASING THE MONTANA CLASS I DIFFERENTIAL

Exhibit B

County	# of Active Members	Fed Current	Fed Updated	Delta	Annual Milk Prod
Ravalli	1	\$ 1.60	\$ 1.80	\$ 0.20	10,188,698
Gallatin	5	\$ 1.60	\$ 2.00	\$ 0.40	36,306,405
Lake	1	\$ 1.60	\$ 2.00	\$ 0.40	1,603,687
Weighted Average					\$ 0.35

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AGENDA ITEM III.A.
DISCUSSION ON INCREASING THE MONTANA CLASS I DIFFERENTIAL

BOARD OF MILK CONTROL
MARCH 04, 2025, MEETING
ADJOURNED

