



August 29 Update

AB 2730 Withdrawn: After dairy producers across the state expressed their opposition to AB 2730, the proposal to deregulate the largest class of milk, Class 4, was withdrawn. California Dairy Campaign (CDC) opposed the proposal from the very beginning when it was clear that Secretary Ross planned to move a bill during the last week of the California State Legislative Session.

The California Dairy Campaign (CDC) Board of Directors thanks all the many CDC members who made all the phone calls to Sacramento lawmakers to raise their opposition to AB 2730. The grassroots efforts paid off and AB 2730 was withdrawn. However, it is important to recognize how close it came to passage, and how the involvement of our membership calling and making some noise in Sacramento led to its withdrawal in the end. The legislation was cosponsored by the Chairs of the Assembly and Senate Agriculture Committees and had it been considered by those committees, it is likely would have passed through given that each chair supported the bill. The measure would have moved on to floor votes in both houses and given that moderate agriculture committee chairs were the original sponsors of the bill, it could have passed and become law. However due to the strong opposition from dairy producers, CDFA Secretary Karen Ross and bill sponsors Assembly Agriculture Committee Chair Susan Eggman, D-Stockton, and Senate Agriculture Committee Chair Cathleen Galgiani, D-Stockton, announced on Tuesday that the bill would be withdrawn and no longer considered during this legislative session. Proponents of the bill claimed that it would have increased dairy producers prices so that they were in closer relationship with federal order prices. *However, the decision to pool the milk and pay the minimum price would have been made by the milk handler, not the dairy producer.*

Intent of AB 2730: *It is the intent of the Legislature to transition the dairy industry to self-regulating marketing practices that incorporate methods, other than the minimum pricing provisions set forth in this chapter, for the establishment of prices for milk purchased for class 4a and class 4b uses.*

Program Objectives of Federal Milk Marketing Order System:

To stabilize market conditions, benefit producers and consumers by establishing and maintaining orderly marketing conditions, and assure consumers of adequate supplies of pure and wholesome milk at all times.

Benefits of the Program: Assures dairy farmers a reasonable minimum price for their milk throughout the year.

Next step: Federal Order System: The biggest lesson learned during the debate over AB 2730 in Sacramento was that sound and equitable dairy policy is not going to come from Sacramento. The views of dairy producers were never adequately considered when AB 2730 was put together, which is the opposite of how dairy policy is written under the federal milk marketing order (FMMO) system.



In the FMMO system at every stage, dairy producers are able to provide input to determine what dairy policies are the most equitable for dairy producers. Before any major change is made, a statewide referendum would be taken so that dairy producers would have the opportunity to vote on the final proposal for a California federal order. Legislation has already been passed in the 2014 Farm bill and is now signed into law which would enable California to retain its state quota program under the federal order system. The federal order system provides an excellent framework to ensure the involvement of dairy producers, but it is up to dairy producers to finalize a federal order proposal that works best for dairy producers in our state. The success of a federal order proposal for California and its adoption in a statewide referendum is dependent upon the engagement and involvement of dairy producers across the state. The failure of AB 2730 shows that dairy producers can be highly effective, but it is critical to maintain that level of engagement in the process of finalizing a federal order proposal for California.

Rep. Valadao speaks to CDC membership in Hanford: This week U.S. Representative David Valadao, R-21, spoke to CDC members in Hanford about his ongoing efforts to address the historic drought at the federal level. He is working with congressional leaders in both parties to finalize a Water Bill that will address the water crisis. He also spoke about the status of immigrations reform, country-of-origin labeling, trade and other issues. CDC members thanked Rep. Valadao for his strong leadership in passing legislation that will enable California to retain its state quota program under the federal order system.

Dairy Margin Protection Program (MPP) sign up begins on September 2 and continues until close of business on Nov 28th. Farm Service Agency (FSA) Tulare County Executive Director Kaye Rydberg spoke to CDC Members in Hanford this week about the Dairy Margin Protection Program. Although sign up begins officially on September 2, she suggested California dairy producers contact their FSA office beginning September 8 after California FSA staff will have completed their training. The DMPP provides coverage to dairy producers when the margin between the All Milk Price and national average feed cost falls below a certain range. Dairy producers choose the margin they would like to cover for their dairy and FSA staff are available to provide assistance. USDA has also created an online resource.

The online resource, available at <http://www.fsa.usda.gov/mpptool> allows dairy farmers to quickly and easily combine unique operation data and other key variables to calculate their coverage needs based on price projections. Producers can also review historical data or estimate future coverage based on data projections. The secure site can be accessed via computer, Smartphone, tablet or any other platform, 24 hours a day, seven days a week. (Source: USDA)

**For more information contact the CDC Office 209-632-0885
We wish you all a happy and safe Labor Day weekend!**