



February 20 Update

California Dairy Campaign (CDC) joins Milk Producers Council (MPC) and Western United Dairymen (WUD) in statement of support for proposed California Federal Milk Marketing Order put forward by the state's dairy cooperatives: In a joint statement released today, CDC joined MPC and WUD in supporting the proposal for a federal milk marketing order put forward by California Dairies Inc., Dairy Farmers of America and Land O'Lakes. In the statement, CDC President Joe Augusto said, "California dairy farmers have been substantially underpaid compared to dairy farmers in the federal milk marketing order system for far too many years. The California federal milk marketing order proposal put forward by the state's cooperatives will bring our prices in line with prices paid around the country and restore equity to dairy producer pricing in our state." *The full statement follows.*

Gap Between 4b and Class III Totaled \$2.43 in January: The difference between the California Class 4b and the Federal Milk Marketing Order (FMMO) Class III totaled \$2.43 per cwt in January. The California 4b totaled \$13.75 while the Class III amounted to \$16.18 per cwt. The average California dairy producer has been paid **\$1,164,546 less** than the same sized dairy in the Federal Milk Marketing Order (FMMO) System since January 2011. Since 2011, California dairy producers have been paid on average **\$1.46 per cwt less** or **\$1,164 per cow** when compared to dairy producers in the federal milk marketing order system.

Proposal for a California Federal Milk Marketing Order: This week, John Newton, Clinical Assistant Professor at the University of Illinois released a paper interpreting the proposed language for a California Federal Milk Marketing Order put forward by CDI, DFA and LOL. The paper provides background on some of the key issues relating to the proposed order including:

- **Pooling** – the paper states, "One of the methods by which the proposed California FMMO addresses voluntary depooling is through modifying the pool plant provisions. This is done by classifying all plants, fluid and non-fluid, in the marketing area receiving milk from dairy farmers in the marketing area as 'pool plants.' The paper later states, "By 'locking-in' both fluid and non-fluid plants as pool plants, these plans are fully regulated and producer milk received at these plants may not be depooled."
- **Quota** – the paper states, "Under the California FMMO proposal, each month CDFA will report the quota value to the California FMMO. It is anticipated that CDFA will continue to monitor quota transfers and the sales price. However, CDFA will not collect or distribute quota monies. Instead, USDA will first publically announce the quota premiums, and then will be tasked with distributing quota premiums from the marketwide pool to producers holding quota."