

CALIFORNIA DAIRY CAMPAIGN

Dairymen working for Dairymen



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325 Mitchell Ave. Turlock Ca. 95380 — Phone: 209 632-0885 Fax: 209 632 0706

CDFA Meeting to Discuss Quota under California FMMO – More than 200 people attended the California Department of Food and Agriculture (CDFA) meeting yesterday in Modesto, the majority dairy producers from around the state. California Dairy Campaign (CDC) Board Member Joe Machado spoke on behalf of CDC at the meeting on the dairy producer panel to call for CDFA to keep the state quota program intact under the proposed California federal milk marketing order (FMMO). The message delivered by CDC, Milk Producer Council (MPC), Western United Dairymen (WUD), California Dairies, Inc., Dairy Farmers of America, Inc., and Land O'Lakes, Inc. was unanimous in support of calling for the CDFA to continue to administer the state quota program to include *all* Grade A milk produced and sold in California, regardless of whether that milk is pooled or not.

After the panel discussions, dairy producers had the opportunity to speak to CDFA officials about the importance of continuing the quota program under the proposed FMMO and ask questions. CDFA indicated that it plans to move ahead to determine how the state quota program would operate under the proposed federal order. CDFA plans to utilize the Milk Pooling Producer Review Board to work to finalize the details and encouraged dairy producers to apply to serve on the board to participate in the process. *The deadline for applications is May 1 and the application can be found online at:*

[https://www.cdfa.ca.gov/dairy/pdf/Nominations for Milk Producers Board Members.pdf](https://www.cdfa.ca.gov/dairy/pdf/Nominations%20for%20Milk%20Producers%20Board%20Members.pdf)

Excerpt from Statement by CDC Board Member Joe Machado: I own and operate a dairy farm in Hanford California. I perhaps am unique here today because I do not currently own quota, but I strongly support the continuation of the state quota program in the federal order system. I sold my quota years ago and valued it as an important asset on my dairy farm and one that I firmly believe should continue to be an important source of cash flow and asset value for dairy producers across the state. The California Dairy Campaign strongly supports the establishment of a federal milk marketing order in California. One major issue that we consider paramount to a successful federal order proposal is the continuation of the state quota program especially considering the challenging financial conditions dairy producers continue to endure. Our dairy producer members support the continuation of the state quota program to ensure the investments made by dairy producers in the quota program remain intact.

The challenging financial conditions are evident from a review of the “California Dairy Statistics Annual” report published by CDFA, at the end of 2016 there were 1392 dairies in California and the average herd size totaled 1249 cows. The average price paid to dairy producers in California totaled \$15.03 per cwt in 2016, and the report pointed out that the lowest prices occurred in May at \$12.89 per cwt. Compared to five years ago the number of dairies has decreased by 276 dairies, but the average price paid five years ago in 2011 totaled \$18.52, more than 20 percent higher than average prices paid in 2016. Throughout 2016, California dairy producer income failed to cover average milk production costs. Dairy farmers are price takers, not price setters and are not able to pass on additional costs which makes equitable pricing regulations all the more important in our state. Dairy producers in California simply cannot afford to be paid some of the lowest mailbox prices in the nation due to the failure of our state order to pay dairy producers prices that are reasonable compared to other states. Joining the federal order will end this longstanding inequity and we support the ongoing effort to establish a federal order in our state. Given the significant value of the quota program and the investments that dairy producers have made in this program over many years, we believe it is critical that it continue under the federal order system and CDFA continues to operate the quota program to ensure the value of the quota is maintained.