



## August 21 Update

**USDA California Federal Order Economic Analysis:** Along with the announcement of a federal order hearing in California, the United States Department of Agriculture (USDA) published a “Preliminary Regulatory Impact Analysis of Proposals to Establish a California Federal Milk Marketing Order.” According to the analysis, the federal order proposal put forward by the state’s major cooperatives including California Dairies, Inc., Dairy Farmers of America and Land O’Lakes would “increase total California producer revenue by an average of \$700 million per year across the 2017 to 2024 forecast period.” The analysis concluded that the proposal would increase the California all milk price by \$1.03 per cwt and the statistical uniform California FMMO price by \$0.94 per cwt. CDC strongly supports the federal order proposal put forward by the state’s cooperatives.

The analysis predicts that the increase in dairy producer prices would increase milk production in California and lower prices paid to dairy farmers in most of the rest of the United States. It is important to question this aspect of the economic analysis due to the unique conditions that exist in California today. The most recent California Department of Food and Agriculture (CDFA) panel report from the June 3 hearing concluded that, “higher feed costs; environmental costs and regulations; and land use competition and drought...,” are issues affecting California dairy farmers. These issues were well documented during the June hearing and continue to pose great challenges to dairy operations around the state and impose significant limitations on potential increases in milk production. The preliminary economic analysis conducted by USDA did not encompass these factors.

It is also important to recognize that during debate in Congress about a California federal order, lawmakers from other states understood the beneficial impact to their states of California joining the federal order system. During the farm bill debate, Minnesota Congressman Collin Peterson, ranking member of the House Agriculture Committee, said that he would welcome California farmers in the FMMO and stated that if California were to join, “the whole thing would work better.”

California Dairy Campaign and California Farmers Union reached out to National Farmers Union to call for that organization and dairy farmers around the country to support efforts to establish a federal order in California. As a result for many years NFU, representing more than 200,000 farmers nationwide, has been a steadfast supporter of a California federal order so that prices paid to dairy producers in California are equitable compared to other states. NFU members have long understood that chronically lower California dairy producer prices drag down dairy producer prices nationwide and once pricing equity is restored, it will have a positive impact on dairy producer prices nationwide.

CDC urges all dairy producers to participate in the upcoming USDA hearing process. More information about the upcoming federal order hearing can be found on the USDA web site located at: <http://www.ams.usda.gov/rules-regulations/moa/dairy/ca>. The hearing will convene at 9:00 a.m. on Tuesday, September 22, 2015 and will be held at the Clovis Veterans Memorial District Building, 808 Fourth Street, Clovis, California 93612; telephone (559) 299-0471. If still ongoing, the hearing will be held on October 22 and 23, 2015, at the Piccadilly Inn Airport Hotel, 5115 E. McKinley Avenue, Fresno.

[www.californiadairycampaign.com](http://www.californiadairycampaign.com)

Phone: 209-632-0885