



December 8, 2011

Karen Ross, Secretary
California Department of Food and Agriculture
1220 N Street
Sacramento, CA 95814

RE: Support for 4b Hearing

Dear Secretary Ross:

On behalf of the dairy producer members the California Dairy Campaign (CDC) represents, I write in support of the request made by Western United Dairymen (WUD) for CDFA to hold a hearing to consider changes to the 4b milk pricing formula. We support changes to the whey factor to ensure that the 4b formula reflects the value of whey in the market place today.

Although dairy producer prices have improved since the collapse of 2009, California dairy producers today continue to struggle due to record high feed costs and increases in other input costs. It is apparent from the latest pricing information that the whey factor in the California 4b formula does not reflect the value of whey in the market today. The fact that the current 4b formula substantially undervalues whey solids, has led to a more than \$1.70 difference between the 4b price paid to California producers compared to Class III prices paid to producers in the Federal Milk Marketing Order (FMMO) system.

The current 4b formula does not adhere to Section 62062 of the California Food and Agriculture Code which requires that pricing formulas "shall be reasonably calculated to result in prices that are in a reasonable and sound economic relationship with the national value of manufactured milk products." We believe it is imperative that CDFA makes changes to the 4b pricing formula to ensure that the 4b price is equitable to dairy producers across the state.

We appreciate your attention in this regard.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Augusto", written over a light gray rectangular background.

Joe Augusto
President

cc: Sandra Schubert, Undersecretary, CDFA
Kevin Masuhara, Director, CDFA Marketing Division
Candace Gates, Dairy Marketing Branch Chief

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