



March 16, 2017

California Dairy Industry:

In February of this year, USDA published its recommended decision for the establishment of a California Federal Milk Marketing Order (CA FMMO). The recommended decision does not allow for quota to be incorporated in the pricing and pooling provisions of a CA FMMO. Rather, it would necessitate quota to operate independently of a CA FMMO as a stand-alone program, administered by the California Department of Agriculture (CDFA).

The Department issued a statement at USDA's public informational meeting on February 22, 2017, that CDFA would review current legislative authority to determine if it allows California to administer a stand-alone quota program, independent of a pricing and pooling scheme, as it is currently constructed.

At this point there are certain questions about how the quota program could be constructed that need to be answered before proceeding. As part of our commitment to industry self-determination, we would like your input on how to proceed.

Specifically, we are looking for direction on the following questions:

1. Should all Grade A milk be subject to a quota assessment or only pooled milk?
2. What is the best mechanism to gather the requisite data from handlers to calculate the necessary deduction as this will not be provided for under the FMMO?
3. What is the process by which CDFA shall collect, distribute and enforce quota payments?

Therefore, the Department invites the California dairy industry to a meeting to discuss our initial findings, gather input, and listen to comments on the best path forward.

The dairy industry meeting will be held at **9:00 am on Tuesday, April 4, 2017 at the Stanislaus County Ag Center 3800 Cornucopia Way, Suite B, Modesto, CA 95358.**

Sincerely,

Karen Ross
Secretary

