

## FMMO October 9, 2015

Week number four of the California FMMO hearing kicked off with Mr. Hollon (DFA) taking the stand on Wednesday to start the holiday-shortened week. He had previously introduced his testimony the prior Friday so his time on the stand was spent answering questions. The bulk of the questions revolved around pooling rules, plant status and the uniqueness of California. California is unique for a lot of reasons, but two are particularly striking when it comes to the dairy landscape. Although I've heard the cows are particularly happy out here, the main reasons mentioned were the quota program and the high utilization of Class 4a and 4b (known as the equivalent of Class IV and III in FMMO lingo). In the midst of all this, Mr. Fluegel, a dairyman from Hanford, presented some testimony from a producer perspective, but also from his personal experience in cattle sales. He stated very clearly that dairy cows used to move to California; now the movement is reversed as cows are emigrating out of state.

Mr. Dennis Schad's (LOL) testimony was the focus of Thursday, but a few others slipped in between breaks to introduce their statements. Mr. Vander Woude and Mr. Maddox, two dairymen, each voiced their support for the coops' proposal. I had the chance to testify again on behalf of Western United Dairymen to emphasize the issues of quota and pooling.

This week marked number three of the California FMMO hearing and it was another week spent building up the case for the coops' proposal. Many topics were covered, but the spotlight seemed to hover around the matters of quota and pooling. It should not be surprising that so much time was spent on these matters, being that they tend to generate as much reaction as a Donald Trump speech.

For years, quota has been a topic many dairy producers don't take lightly. This week was no exception. Dr. Erba (CDI) presented an impressive account of the program's details and history last Friday and was questioned on it two days this week. The lengthy cross-examination not only showcased Dr. Erba's tremendous knowledge of the topic but also shed light on this complicated issue that can be particularly confusing to those coming from out of state (California is the only state with quota). While the topic can be puzzling at times, the message was very clear: "the coops' proposal recognizes the importance and sensitivity of maintaining the quota program virtually intact with a California FMMO. [...]Over half of California dairy producers own at least some quota, and the total market value of all quota owned is nearly \$1.2 billion."

Quota is an important topic enough that the coops' hired a consultant, Mr. Lon Hatamiya, to add details to the record on quota value and its economic impact. The presentation was very interesting. For example, he reported that dairy quota owners in Tulare County add solely from their annual quota payments over \$34 million to the county GDP, 149 jobs and nearly \$2 million to the federal government. He must have done a good job because the number of objections jumped up to a level nearing a Law and Order episode. Objections made were not without basis however, as attorneys carefully cited many cases to validate their point. Their main concern was that expert testimony may not be used to present legal conclusions.

Mr. Christ (a retired agricultural economist and FMMO expert) and Mr. Hollon (DFA) tackled some of the pooling discussion. After presenting a thorough analysis, Mr. Hollon drew a particularly important

conclusion: “because of the likely frequency of depooling, and the attendant negative impact on marketing conditions, our proposed pooling provisions are the only solution”.

Other testimony of interest throughout the week in support of the coops’ proposal came from Milk Producers Council, National Farmers Union and Mark McAfee. CDFA, through Mr. Shippelhoute, introduced data at the request of USDA. CDFA does not have a position and was not there to answer questions pertaining to the California pricing system, but attorneys managed to get valuable facts through questions on the data. Mr. Shippelhoute is the new Dairy Marketing Branch Chief and is one of the most knowledgeable person on California pricing and pooling details so his presence was quite useful.

The hearing will resume on Wednesday, October 14 after the long weekend (Columbus Day is a Federal holiday).

As a reminder, any interested party can listen to the live audio feed at: [tinyurl.com/camilkhearing](http://tinyurl.com/camilkhearing). Don’t have time to sit through entire days of deliberations? “Like” Western United Dairywomen on Facebook or follow us on twitter (@wudnews) for daily progress updates.