

Producer Review Board (PRB) 7/31/23 Meeting Recap

By the WUD Field Team

The Producer Review Board (PRB) meeting took place on Monday, July 31st in Stanislaus County. The purpose of this meeting as advertised was for the PRB to provide input on the mandatory CDFA Marketing program 5-year survey that gauges the effectiveness of the quota known as the Quota Implementation Plan (QIP). All mandatory state checkoffs, not just dairy's QIP, go through a 5-year survey for farmers to judge the program's effectiveness. Since quota was moved from the Milk Pooling branch of CDFA following its shutdown during the industry's transition under the FMMO, quota is now housed under CDFA's Market Administration branch with all the other state-run checkoffs. While the survey was the advertised purpose of the meeting, other items of note were discussed vigorously – some more enthusiastically than others. To make for easy reading, we have divided the major takeaways of the meeting into **Sections**.

Mandatory 5-Year Survey on Quota's Effectiveness

A rough draft of the first five-year survey being conducted by Research America, Inc. was presented, and feedback was received from the PRB. It was the opinion of some PRB members that the survey should generate feedback from dairy producers to determine whether they support the continuance of the QIP at all. [[CDFA Questionnaire QIP Survey](#)]

CDFA staff addressed those concerns by referencing the PRB minutes from September 12, 2017, which state, "A producer survey shall be conducted by an independent party selected by the Producer Review Board at least every five (5) years. The survey shall evaluate the effectiveness of the Plan. The results of the review will be provided to the PRB for its consideration and recommendation to the Secretary."

An exhaustive discussion ensued regarding how the effectiveness of the plan should be gauged, with CDFA's point of view ultimately prevailing.

PRB board members offered additional suggestions that would allow the dairy producers taking the survey to provide their perspective and opinions on the QIP. Research America Inc. has plans to send the survey out to dairy producers at the end of August 2023. They hope to receive farmer responses prior to November 1st, 2023, which is the anniversary of the QIP that began on November 1, 2018. This will signal the end of the five-year review period.

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New on Seen & Herd: Assemblymember Tours Beretta Dairy

This week on Seen and Herd, Anja Raudabaugh joined Allison Tristao on the podcast, where they discussed a recent policymaker tour organized by Western United Dairies Foundation. Anja emphasized the significance of educating legislators and local officials about dairy operations through on-farm tours. The objective is to bridge the gap in understanding between policymakers and the dairy industry, with a focus on topics like animal health and welfare practices. The tour last week involved Assemblymember Damon Connolly and was hosted by Doug and Jennifer Beretta at Beretta Dairy in Sonoma County, where they highlighted practices related to calf care, including a project on group housing for calves.



For questions about the episode, email Allison Tristao at allison@wudairies.com or Anja Raudabaugh at anja@wudairies.com. Listen to the episode at wudairies.com.

CDFA Now Accepting Grant Applications for Dairy and Livestock Methane Reduction Programs

The California Department of Food and Agriculture (CDFA) is now accepting grant applications from commercial dairies and livestock operations to install equipment and implement practices that result in long-term methane emissions reductions and maximize environmental co-benefits.

[LEARN MORE](#)

Reminder CORNER

South Valley Kitchen Table Meeting

August 22, 2023 at 5:00pm

Vejar's • 1293 South K Street
Tulare, CA 93274

RSVP to Allison Tristao at
allison@wudairies.com

USDA Announces FMMO Hearing

Updated Provided by Ever.Ag

USDA announced that it would conduct a hearing on various proposals to amend Federal Milk Marketing Orders. The hearing will begin on August 23, 2023, in Carmel, Indiana. The hearing will cover 22 different proposals on a range of issues.

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Quota Assessment Will Be Reduced by 6 Cents/CWT Immediately

Following an extensive revisit of the last several meeting minutes [pages 1–27 of [CDFA's Agenda](#)], the PRB took up a recommendation to reduce the quota assessment by 6 cents per cwt. The assessment will go from \$0.0391 per lbs of solids nonfat (roughly 34 cents per cwt) to \$0.0330 per lbs of solids nonfat (roughly \$0.2870 per cwt). This change is retroactive to July 1st, 2023.

QUOTA Administration Fee Suspended for 1 Year

The PRB passed a motion that would suspend the QIP Administrative Fee for one year. This was decided based on a large surplus of funds within the QIP fund. The carryover within the QIP fund balance is over \$4 million as of June 30th, 2023. The Quota Administrative Fee brings in about \$1.2 million each year. The biggest reason QIP fund's balance has grown is because the actual expenditures related to administering the program have been less than budgeted, adding to the surplus.

Petition to Terminate Quota Program Accepted by CDFA

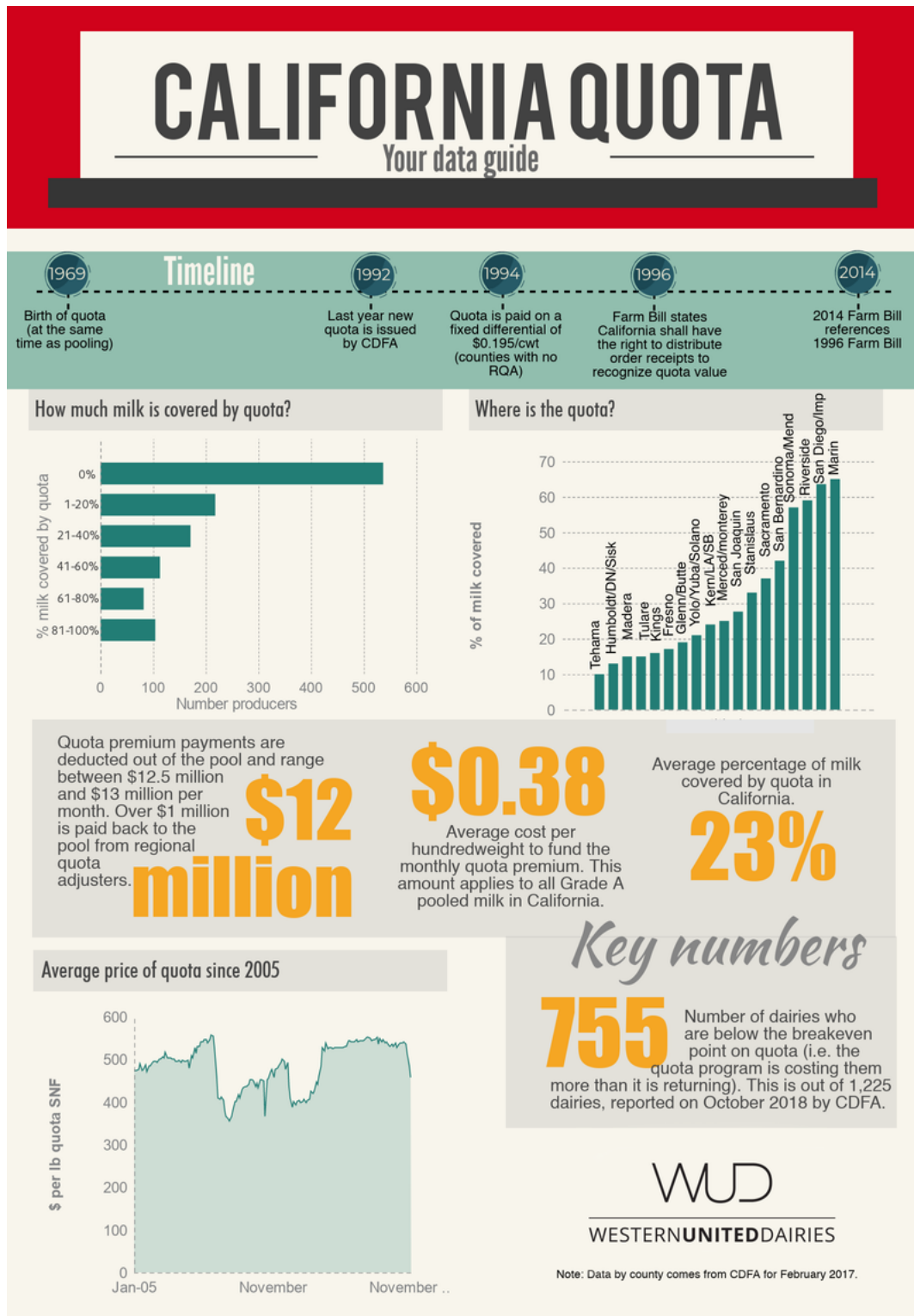
CDFA confirmed to the PRB that they have received a valid petition from STOP QIP in June 2023 [see pages 29–32 of [CDFA Agenda](#)]. This petition seeks to place a referendum in front of all market milk dairy farmers with the goal of immediately terminating the QIP. CDFA notifying the PRB of a valid petition indicates that the Department has received at least 25 % of eligible market milk handler's signatures –or at least enough to review the petition.

A 90-day process has now begun for CDFA to examine the signatures on the petition and determine if greater than 25% of eligible California producers have validly signed. If they are satisfied, then the petition will proceed and become a referendum. Three previous attempts at petitions to place a referendum on the industry have failed between 2020–2022. Although somewhat dated, WUD created the following charts to assist dairy farmers with a full understanding of what's at stake during a referendum process.

production covered by quota	number of farmers	percentage producers	solids production	percentage solids
0	509	42.0%	108,907,084	36.0%
1-5	76	6.4%	23,082,143	7.6%
6-10	51	4.3%	15,844,632	5.2%
11-15	48	4.1%	16,228,660	5.4%
16-20	46	3.9%	16,847,185	5.6%
21-25	45	3.8%	16,478,298	5.5%
26-30	45	3.8%	13,627,743	4.5%
31-35	39	3.3%	10,859,955	3.6%
36-40	37	3.1%	10,116,401	3.3%
41-45	31	2.6%	9,142,475	3.0%
46-50	29	2.5%	8,799,225	2.9%
51-55	42	3.6%	13,988,267	4.6%
56-60	21	1.8%	6,381,038	2.1%
61-65	14	1.2%	3,486,620	1.2%
66-70	15	1.3%	3,691,373	1.2%
71-75	30	2.5%	9,107,243	3.0%
76-80	11	0.9%	1,891,079	0.6%
81-85	16	1.4%	2,671,800	0.9%
86-90	21	1.8%	4,067,894	1.3%
91-95	12	1.0%	1,640,421	0.5%
96-100	45	3.8%	5,459,764	1.8%
	1,183	1.00	302,319,300	1.00
quota holders	674			

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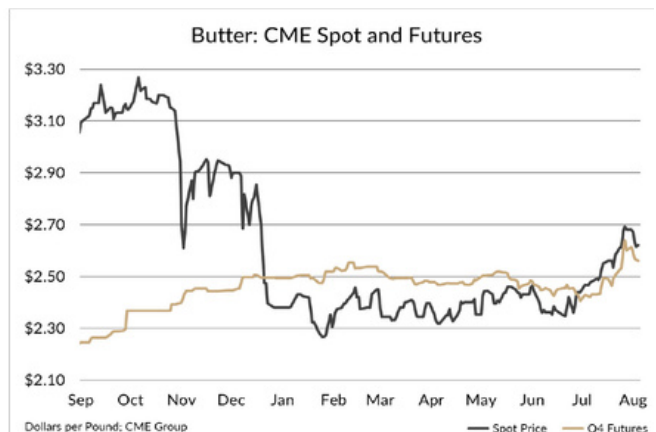
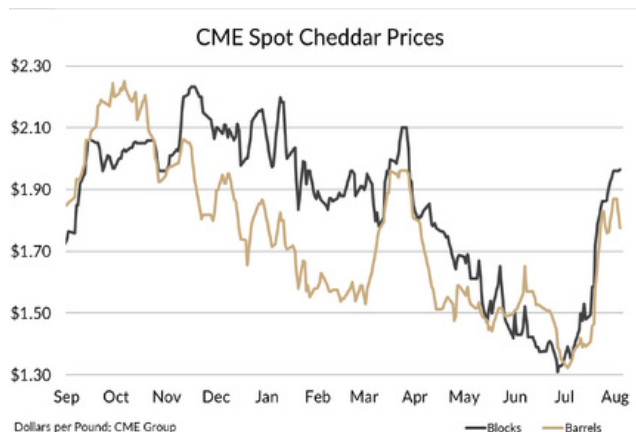


Please reach out to Anja Raudabaugh, CEO of WUD if you have any questions: anja@wudairies.com.

WEEKLY MARKET UPDATE


CME cheese markets started the week with a jump higher. Blocks remained close to the \$2.00-per-pound mark while barrels gave up most of their early-week gains. Total volume was nine lots – the slowest trading week of 2023.

- Despite the increase in spot cheese, fourth quarter Class III futures tumbled 43 cents, settling at \$18.00 per hundredweight. Fourth quarter Class IV contracts also dropped to end the week at \$18.88 per hundredweight, down 45 cents versus the Friday before.
- According to the USDA Dairy Products report, total US cheese production reached 1.170 billion pounds in June, up 0.4% year-over-year (+4.2 million pounds), but down 2.8% (-33.7 million pounds) on the month.
- Spot butter prices dropped from the previous week's highs, though buyer interest and tight cream supplies provided some support.
- Butter output totaled 162.6 million pounds in June, up 2.3% (+3.7 million pounds) on the year and down 16.4% (-31.9 million pounds) versus May.
- Prices dropped further at the latest GlobalDairyTrade event. The overall index settled at \$3,100 per metric ton, the lowest since September 2020. On the heels of the negative GDT, spot NDM spent the week moving lower.
- June manufacturers' NDM inventories totaled 296.5 million pounds, down 4.0% (-12.3 million pounds) year-over-year and -1.3% (-3.8 million pounds) on the month. Combined NDM/SMP output reached 220.0 million pounds, down 1.5% (-3.4 million pounds) versus 2022 and -9.6% (-23.5 million pounds) month-over-month.
- Tension continues in Europe, but effects on US grain markets were muted last week. Promising weather forecasts had a much bigger impact, driving nearby soybean and corn futures lower on the week.



Dairy Revenue Protection Program			
	Futures	Milk Price (Floor) Guarantee @ 95%	Premium Per CWT (CA)
October - December 2023			
Class III	\$18.00	\$17.10	\$0.29
Class IV	\$18.88	\$17.94	\$0.25
January - March 2024			
Class III	\$18.08	\$17.17	\$0.39
Class IV	\$18.89	\$17.95	\$0.40
April - June 2024			
Class III	\$18.21	\$17.30	\$0.47
Class IV	\$18.99	\$18.04	\$0.59
July - September 2024			
Class III	\$18.43	\$17.51	\$0.45
Class IV	\$18.86	\$17.91	\$0.47
October - December 2024			
Class III	\$18.43	\$17.51	\$0.55
Class IV	\$18.15	\$17.24	\$0.56

*As of 8/4/2023 for 95% coverage, 1.0 Protection Factor



Tiffany LaMendola
209.768.6313

CME Commodity Prices					
	Blocks	Barrels	Butter	NDM	Dry Whey
Jul-31	\$1.9600	\$1.8700	\$2.6800	\$1.1475	\$0.2500
Aug-01	\$1.9600	\$1.8700	\$2.6700	\$1.1425	\$0.2600
Aug-02	\$1.9600	\$1.8700	\$2.6300	\$1.1225	\$0.2600
Aug-03	\$1.9600	\$1.8250	\$2.6150	\$1.1200	\$0.2625
Aug-04	\$1.9650	\$1.7750	\$2.6200	\$1.1250	\$0.2725
Average	\$1.9610	\$1.8420	\$2.6430	\$1.1315	\$0.2610
Weekly Change	0.0575	0.0125	-0.0600	-0.0350	0.0225
Order 51: Latest Prices					
	Apr	May	Jun	Jul	Aug
Class I LA	\$21.15	\$21.87	\$20.31	\$19.62	\$18.92
Class II	\$19.20	\$19.11	\$18.83	\$19.12	
Class III	\$18.52	\$16.11	\$14.91	\$13.77	
Class IV	\$17.95	\$18.10	\$18.26	\$18.26	
PPD	\$0.10	\$1.55	\$1.51		
Blend: LA*	\$18.62	\$17.66	\$16.42		
Blend: Tulare*	\$18.12	\$17.16	\$15.92		

*Does not include Quota Deduction

USDA Dairy Margin Coverage (per CWT)						
	Month	All Milk	Feed	Margin Estimate	Indemnity Estimate @ 9.50 Margin	
2022 Program	Jul-22	\$ 25.70	\$ 15.78	\$ 9.92	\$ -	
	Aug-22	\$ 24.30	\$ 16.22	\$ 8.08	\$ 1.42	
	Sep-22	\$ 24.40	\$ 15.78	\$ 8.62	\$ 0.88	
	Oct-22	\$ 25.90	\$ 15.19	\$ 10.71	\$ -	
	Nov-22	\$ 25.60	\$ 14.71	\$ 10.89	\$ -	
	Dec-22	\$ 24.70	\$ 14.94	\$ 9.76	\$ -	
2023 Program	Jan-23	\$ 23.10	\$ 15.16	\$ 7.94	\$ 1.56	
	Feb-23	\$ 21.60	\$ 15.41	\$ 6.19	\$ 3.31	
	Mar-23	\$ 21.10	\$ 15.02	\$ 6.08	\$ 3.42	
	Apr-23	\$ 20.70	\$ 14.86	\$ 5.84	\$ 3.66	
	May-23	\$ 19.30	\$ 14.47	\$ 4.83	\$ 4.67	
	Jun-23	\$ 17.90	\$ 14.25	\$ 3.65	\$ 5.85	
	Jul-23	\$ 17.87	\$ 13.84	\$ 4.03	\$ 5.47	
	Aug-23	\$ 19.87	\$ 13.26	\$ 6.61	\$ 2.89	
	Sep-23	\$ 20.55	\$ 12.41	\$ 8.14	\$ 1.36	
	Oct-23	\$ 21.01	\$ 12.18	\$ 8.83	\$ 0.67	
	Nov-23	\$ 21.46	\$ 12.20	\$ 9.26	\$ 0.24	
	Dec-23	\$ 21.48	\$ 12.23	\$ 9.25	\$ 0.25	

Estimates only. As of 8/4/2023 and based on futures markets which can change daily.

