



CALIFORNIA DEPARTMENT OF  
FOOD & AGRICULTURE

Karen Ross, Secretary

**MEETING AGENDA**  
**PRODUCER REVIEW BOARD**  
**By IN-PERSON**

**February 5, 2024 - 10:00 am**

Stanislaus County Ag Commissioner's Office Harvest Hall  
– Room D & E  
3800 Cornucopia Way, Suite B - Modesto, CA 95358

**The Board will call for public comment following each agenda topic\***

- (1) Call to Order
- (2) Roll Call / Establish Quorum
  - a. Introduction of New Board Members
  - b. Reminder to Complete Form 700
  - c. The Bagley-Keene Act Update
- (3) Election of Chairman/Vice Chairman
- (4) Approval of Minutes
  - a. October 30, 2023
  - b. November 17, 2023
- (5) CDFA - Quota Administration Program (QAP) Updates
  - a. QIP 5-Year Effectiveness Survey Follow-Up Update
    - i. General Discussion on Possible Next Steps
    - ii. Presentations
  - b. Producer List Updating Process Presentation
  - c. Financial Audit Report Update
  - d. Legal Update
  - e. Correspondence
    - i. Mr. Vieira's Letter to the PRB
    - ii. Mr. Weber's Letter to StopQIP Regarding Potential Petition #7
- (6) QAP Financial Discussion
  - a. Equalization Fund History Recap
  - b. QIP Fund Condition Update
  - c. Reserve Discussion





CALIFORNIA DEPARTMENT OF  
FOOD & AGRICULTURE

Karen Ross, Secretary

- d. Enforcement Audit Update
- e. Account Receivable Update
- (7) QIP Assessment Rate: Recommendation to Adjust
- (8) Hardship Consideration Request
  - a. GJC Dairy Inc – James Vieira
  - b. Silveira N&C Dairy – Natalino Silveira
  - c. Dairy Central – Bob Borba
  - d. Dairy Avenue LLC – Richard Oppedyk
  - e. Leyendekker Gerben & Pauline – Gerben Leyendekker
  - f. G&P Dairy – Gerben Leyendekker
  - g. Cross Creek Dairy – Frank Leyendekker
  - h. East View Dairy – Frank Leyendekker
  - i. Sozinho Dairy #3 – Danny Sozinho
  - j. South Corner Dairy – Fred Leyendekker
- (9) QIP Petitions
  - a. Petition to Terminate the QIP #5
  - b. Petition to Reapprove the QIP #6
- (10) Public Comments - Comments are reserved for items not appearing on the agenda and are not for Board deliberation.
- (11) Adjournment

*\* Meetings of the Producer Review Board are open to the public and comply with the Bagley-Keene Open Meeting Act (Act). The Act allows for public comment on all agenda items. Materials presented and distributed during the meeting with a matter subject to discussion or consideration are disclosable public records under the California Public Records Act and shall be made available upon request without delay.*

*\*Each of the agenda items listed above will include discussion and possible action by the Board at this meeting. All times (if indicated) and the order of business are approximate and subject to change. For further information related to the agenda, please contact Kathy Diaz at 916-900-5012.*

### **AMERICANS WITH DISABILITIES ACT**

All Board meetings must be accessible to the physically disabled. Any person needing a disability-related accommodation or modification in order to attend or participate in any Producer Review Board meeting may request assistance by contacting Zindy Ramirez-Cornejo at 1220 N St, Sacramento, CA 95814 or by phone at (916) 900-5012.





## PRODUCERS REVIEW BOARD

### MEETING NOTICE

**Monday, February 5, 2024**  
**Beginning at 10 a.m.**  
***Lunch will not be provided.***

**Location:**  
**Stanislaus County Ag Commissioner's Office**  
**Harvest Hall – Room D & E**  
**3800 Cornucopia Way, Suite B**  
**Modesto, CA 95358**

### PUBLIC PARTICIPATION

Members of the public are encouraged to provide comment to the Board and may suggest items to be placed on the agenda for discussion at a future Board meeting. While the Board values the participation of the public, the Board Chair reserves the right to limit the time for public comment depending on the length of agenda and number of commenters. Public comment must be related to the Board's authority and jurisdiction and its placement on the agenda is within the discretion of the Board Chair or if applicable, the Department.

All matters noticed on this agenda may be considered for action. Items listed on the agenda may be considered in any order at the discretion of the Board Chair. Any item not so noticed will not be considered or discussed. All meeting agendas and notices are available on the California Department of Food and Agriculture's website: <https://www.cdfa.ca.gov/dairy/meetings.html>

Each of the agenda items will include discussion and possible action by the Board. Time will be allowed for members of the public to make comments on each agenda item.

For further information regarding this meeting, please contact Zindy Ramirez-Cornejo at 916-900-5012. For questions about the PRB and the Quota Administration Program please contact Kathy Diaz at 916-900-5012.

### AMERICANS WITH DISABILITIES ACT

All Board meetings must be accessible to the physically disabled. Any person needing a disability-related accommodation or modification to attend or participate in any Producer Review Board meeting may request assistance by contacting Zindy Ramirez- Cornejo at 916-900-5012.





CALIFORNIA DEPARTMENT OF  
FOOD & AGRICULTURE

Karen Ross, Secretary

**CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE  
PRODUCER REVIEW BOARD  
2024 ROSTER**

---

**Member Positions**

**Terms of Office January 1, 2021 to December 31, 2024**

Jarrid Bordessa – Valley Ford, CA

John Moons, Visalia, CA

Frank Konyn, Escondido, CA

**Terms of Office January 1, 2021 to December 31, 2024**

Arie H De Jong, Visalia, CA

Joey Fernandes, Tulare, CA

Arlin Van Groningen, Galt

**Terms of Office January 1, 2022 to December 31, 2025**

Art Van Beek - Tipton, CA

William Dyt - Corona, CA

Charles Ahlem - Hilmar, CA

**Terms of Office January 1, 2023 to December 31, 2026**

Kerri Vander Poel - Shafter, CA

Ted DeGroot - Ontario, CA

Tony Nunes III - Tulare, CA

**Terms of Office January 1, 2024 to December 31, 2027**

\*\*Fred Fagundes – Merced, CA

\*Cal De Jager – Bakersfield, CA

\*James C. Viera – Turlock, CA

---

**Alternate Member Positions**

**Term of Office January 1, 2021 to December 31, 2024**

Debbie Azevedo, Merced

Pete DeBoer, McFarland

\*New Appointment

\*\*Re-Appointment



**Producer Review Board (PRB)**  
 Board of Directors Meeting Minutes  
 October 30, 2023  
 Stanislaus County Agricultural Commissioner's Office  
 Harvest Hall – Room D&E  
 Modesto, CA 95358

**DRAFT**

**Agenda Item #1 & 2: Call to Order and Roll Call Establishing Quorum**

The Chair called the meeting to order at 10:00 am. Mr. Ko conducted a roll call of members and alternates to establish a quorum. A quorum was present with ten (10) of fifteen (15) members present with two (2) alternates for a total voting member count of twelve (12). In attendance were:

Members Present:

Arie H De Jong  
 William Dyt  
 Fred Fagundes  
 Joseph Fernandes  
 Craig Gordon  
 Frank Konyn  
 Tony Nunes III  
 Kerri Vander Poel  
 Art Van Beek  
 Case Van Steyn

Alternate:

Debbie Azevedo  
*Serving for*  
*Charles Ahlem*

Pete De Boer  
*Serving for*  
*John Moons*

Members Absent:

Charles Ahlem  
 Jarrid Bordessa  
 Ted DeGroot  
 John Moons  
 Arlin Van Groningen

CDFA Staff:

Haig Baghdassarian, Chief Council  
 Peter Weber, Staff Council  
 Kathy Diaz, Director, Marketing Services Division  
 Kacie Fritz, Assistant Director, Marketing Services Division  
 Beth Jensen, Staff Services Manager  
 Marketing Services Division  
 Ellen Walrath, Research Data Analyst II  
 David Ko, Research Data Analyst II  
 Diane Ray, Research America, Inc.

**Agenda Item #3: Approval of minutes: July 31, 2023 and October 2, 2023**

Ms. Diaz asked for the approval of minutes from the July 31, 2023, and October 2, 2023 meetings and presented the drafts to the board members for review and approval.

**Board Action 2023-9:** It was moved by Mr. Dyt and Seconded by Mr. Konyn to approve the July 31, 2023 and October 2, 2023 meeting minutes as presented.

Discussion: There was no further discussion.

**Vote on Board Action 2023 – 9:** The motion passed with ten (10) members in favor, one (1) in opposition. Yes votes: William Dyt, Fred Fagundes, Joseph Fernandes, Frank Konyn, Tony Nunes III, Kerri Vander Poel, Art Van Beek, Case Van Steyn, Debbie Azevedo, and Pete De Boer. No votes: Craig Gordon.

**Draft PRB Meeting Minutes**

October 30, 2023

Page 2 of 5

Public Comment: There were no public comments.

**Agenda Item #4: CDFA – QAP Update continued.**

- a. Equalization Fund Update &
- b. QIP Fund Condition Update: Mr. Ko shared a document that showed the quota fund condition for the last 12 months.  
A board member requested the document to include the Equalization Fund amount as an additional column so the combined amount of the QIP Fund and Equalization Fund could be seen. The Department responded that they would review the information and make appropriate changes to accommodate the request.  
  
Mr. Ko reminded the Board that the QIP assessment rate will be increased to \$0.040 per pounds of Solids Not Fat (\$0.348 per hundred weight) effective November 1, 2023.
- c. Nomination Process Update: Mr. Ko also reminded the Board and the public that the PRB nomination forms are available and the deadline for nominations is November 30, 2023. He also reminded the Board that terms for 3 board members are expiring: Mr. Gordon, Mr. Van Steyn, and Mr. Fagundes. Mr. Gordon and Mr. Van Steyn are not eligible for reappointments. Mr. Fagundes is eligible for a reappointment.
- d. QIP Petition Staff Update (Petition to Terminate the QIP #5): Ms. Diaz provided an update on the Petition to Terminate the QIP #5. Given the determination that at least 25% of eligible dairies had signed the petition, the Department is scheduling a PRB meeting in November that will specifically discuss the petition procedures and recommendation.
- e. Litigation Update: Mr. Weber shared that the Farmdale lawsuit is completed, but that there has not been a judgment issued, so collection is continuing through normal channels, as there is not an Order for Farmdale to pay.
- f. Correspondence: No correspondence was shared other than that relating to Item 5 below.

**Agenda Item #5: Hardship Consideration Request – September 11, 2023, RaeAnn Alger**

Ms. Diaz presented a hardship request from Cross A Dairy, represented by RaeAnn Alger. She also provided an excerpt from the QIP with definitions of both Producer and Hardship and shared the legal memorandum on QIP Hardship, which had been requested and was shared at the May, 25, 2023 PRB meeting.

**Draft PRB Meeting Minutes**

October 30, 2023

Page 3 of 5

The Board asked the public if the petitioner is present to provide additional information. Ms. RaeAnn Alger was not present at the meeting. Ms. Diaz shared with the Board that the Department made efforts to communicate with Ms. Alger via phone calls and emails. Ms. Diaz shared that Ms. Alger did not seem fully aware that she had been making a hardship request of the PRB during correspondences with her.

**Board Action 2023-10:** It was moved by Mr. Gordon and Seconded by Mr. De Boer to recommend an approval of the hardship of Cross A Dairy to the Secretary.

Discussion: The Board discussed the merits of Ms. Alger's hardship requests and other similar requests. The board members noted that the current hardship request is similar in nature to the recently rejected requests, in that it was asking for monetary relief or to be excused from paying into the program. The discussion raised similar concerns as previous hardship considerations, in that there is no mechanism in the QIP to grant the request.

Like the past considerations, the Board determined that the pending requests did not meet the criteria of hardship requests under the QIP.

Public Comment: A member of the public made a comment that producers should receive a refund from the over collection of the fund.

**Vote on Board Action 2023 – 10:** The motion **failed** with four (4) members voting in favor, eight (8) in opposition. Yes votes: Craig Gordon, Frank Konyn, Debbie Azevedo, and Pete De Boer. No votes: Arie H De Jong, William Dyt, Fred Fagundes, Joseph Fernandes, Tony Nunes III, Kerri Vander Poel, Art Van Beek, and Case Van Steyn.

**Agenda Item #6: QIP 5-year Effectiveness Survey**

Ms. Ray, with Research America, Inc, presented the survey results. Board members asked questions on the content of the presentation.

Mr. Konyn asked why the number of producers who are eligible for the Survey (930) is different from the total number of eligible market milk producers on the list for the petition certification (842). Mr. Ko responded they should be the same number and that he will update the Board after further research.

The Board engaged in discussion of the Survey results. A board member highlighted the divide in the industry and wanted to encourage the Board to find solutions that can bridge the gap. A board member suggested the Board should identify areas of improvements from the Survey and work to implement non-substantive changes to improve the QIP. The Board also suggested Staff and the Board look into opportunities for education of the Industry about the QIP.

**Draft PRB Meeting Minutes**

October 30, 2023

Page 4 of 5

**Board Action 2023-11:** It was moved by Mr. De Boer and Seconded by Mr. Gordon to recommend to the Secretary to reaffirm QIP the same way it was implemented in 2017.

Discussion:

A board member stated that the QIP should be reapproved as a part of the review process. Other members disagreed and said that the QIP outlines the Survey as the review process. Discussion was also held on the number of survey responses which said the respondent believed the QIP should be changed to better serve the industry. A Board member said they would like to have that possibility discussed more fully.

The Board had a long discussion regarding the results of the survey and there were a number of differing views on what to do with the results of the survey and what would be the best next steps.

Prior to the vote, Mr. Fagundes (at 12:37) and Mr. Fernandes (at 12:50) exited the meeting.

Public Comment:

Multiple members of the public spoke, some in favor of ending the Quota program and others in favor of continuing it.

**Vote on Board Action 2023 – 11:** The motion **failed** with four (4) members voting in favor and six (6) in opposition. Yes votes: Craig Gordon, Frank Konyn, Debbie Azevedo, Pete De Boer. No votes: Arie H De Jong, William Dyt, Tony Nunes III, Kerri Vander Poel, Art Van Beek, and Case Van Steyn.

**Board Action 2023-12:** It was moved by Mr. Van Steyn and Seconded by Mr. Gordon to forward the survey result to the Secretary and seek her recommendation regarding next steps.

Discussion:

The Board members felt that they could not reach a consensus at this time on a recommendation to the Secretary. A board member suggested that the Board should forward the survey results to the Secretary and ask for her recommendation because there is no consensus. Some board members raised concerns that it is the Board's responsibility to share recommendations regarding the survey.

Public Comment:

A number of comments were made from members of the public regarding the motion and the Survey.

**Vote on Board Action 2023 – 12:** The motion **passed** with eight (8) members in favor and two (2) in opposition. Yes votes: William Dyt, Craig Gordon, Tony Nunes III, Kerri Vander Poel, Art Van Beek, Case Van Steyn, Debbie Azevedo, and Pete De Boer. No votes: Arie H De Jong, and Frank Konyn



**Draft PRB Meeting Minutes**

October 30, 2023

Page 5 of 5

**Board Action 2023-13:** It was moved by Mr. Konyn and Seconded by Mr. Gordon to make a motion for, in the light of 50/50 split on Quota Implementation demonstrated by the Survey, PRB requested technical and facilitation assistance from the Secretary to review the ideas from the CA dairy industry.

Discussion:

The Board members agreed that the divide highlighted by the survey will not be resolved overnight. They agreed there should be a conversation around the issue of quota. A board member suggested the focus should be on making non-substantive improvements to the QIP. The Board asked the Department staff if this request can be accommodated by the Secretary. Ms. Diaz responded the Board can make a recommendation and it will be shared with the Secretary.

Public Comment:

No Public Comments

**Vote on Board Action 2023 – 13:** The motion passed with seven (7) members in favor and three (3) in opposition. Yes votes: William Dyt, Craig Gordon, Frank Konyn, Kerri Vander Poel, Art Van Beek, Debbie Azevedo, and Pete De Boer. No votes: Arie H De Jong, Tony Nunes III, and Case Van Steyn.

**Agenda Item #9: Public Comments**

There was no further public comment.

**Agenda Item #10: Adjournment**

With no further business before the Board, the Chair adjourned the meeting at 1:50 pm.

**Producer Review Board (PRB)**  
 Board of Directors Meeting Minutes  
 November 17, 2023  
 Tulare County Agricultural Commissioner's Office  
 Auditorium  
 Tulare, CA 93274  
 And  
 Zoom Teleconference

**DRAFT**

**Agenda Item #1 & 2: Call to Order and Roll Call Establishing Quorum**

The Chair called the meeting to order at 11:17 am. Mr. Ko conducted a roll call of members and alternates to establish a quorum. A quorum was present with thirteen (13) of fifteen (15) members present with two (2) alternates for a total voting member count of fifteen (15). In attendance were:

Members Present:

Charles Ahlem\*  
 Jarriid Bordessa\*  
 Arie H De Jong  
 William Dyt  
 Fred Fagundes\*  
 Joseph Fernandes  
 Craig Gordon  
 Frank Konyon  
 Tony Nunes III  
 Art Van Beek  
 Arlin Van Groningen\*  
 Case Van Steyn\*

Alternate:

Debbie Azevedo  
*Serving for*  
*John Moons*  
  
 Pete De Boer  
*Serving for*  
*Kerri Vander Poel*  
  
Members Absent:  
 John Moons  
 Kerri Vander Poel

CDFA Staff:

Haig Baghdassarian, Chief Council  
 Peter Weber, Staff Council  
 Kathy Diaz, Director, Marketing Services  
 Division  
 Kacie Fritz, Assistant Director, Marketing  
 Services Division  
 Beth Jensen, Staff Services Manager  
 Marketing Services Division\*  
 Ellen Walrath, Research Data Analyst II\*  
 David Ko, Research Data Analyst II

\*Attended the meeting via Teleconference

**Agenda Item #3: CDFA Quota Administration Program (QAP) Update**

- a. QAP Admin Fund Condition Update: Ms. Diaz provided updates on the Quota Administration Program (QAP) admin fund condition. In response to a board member's question from previous the PRB meeting, Ms. Diaz presented QAP budget documents from the July 31, 2023, and June 6, 2022, PRB meetings. Mr. Ko clarified that the July 31, 2023, documents displayed the cumulative fund balance of \$3,644,139 but June 6, 2022, document only displayed a one-year balance of \$756,930. He explained that, when the budget was presented at the June 6, 2022, meeting, the cumulative balance information was unavailable due to the program's transition to the Fi\$Cal accounting system. Ms. Diaz reminded the Board that the QAP administrative assessment is suspended for one-year, effective September 1, 2023.

**Draft PRB Meeting Minutes**

November 17, 2023

Page 2 of 4

- b. QIP Fund Condition Update: Ms. Diaz shared that the QIP Fund Condition update was planned to be a part of the agenda, but the information is not ready to be shared at the meeting because statements are not finalized. She noted it will be discussed further in agenda item 4 (QIP Assessment Rate: Recommendation to Adjust) and 5 (Equalization Fund Discussion).
- c. Litigation Update: Mr. Weber shared that in the previous meeting they had announced a preliminary ruling on the Farmdale suit, and that now there was an order. There was still no judgement, and payment from Farmdale would still have to wait for the collections process to be completed. Mr. Gordon brought up a ruling from Gordon v. CDFA regarding payments to QIP being considered a “taking”. Mr. Baghdassarian stated that, since no milk is given to CDFA, the payments are not a taking.

There was a discussion of the nominating process for the Board and a clarification from Staff that it is not possible for a Board member to serve again after a total of two 4-year terms, even if the next term was not to be immediately consecutive.

- d. Correspondence: No correspondence was shared.

**Agenda Item #4 & 5: QIP Assessment Rate: Recommendation to Adjust & Equalization Fund Discussion**

Ms. Diaz shared that the items were included in the agenda with the intention to discuss the topics and address questions from previous meetings. However, due to a short interval of time between the PRB meetings, not all the necessary documents and information were able to be prepared. Ms. Diaz noted that the Department wants to provide complete information to the Board and requested to postpone the discussion of the agenda items until the next meeting.

A Board member asked why the documents and information were not prepared. He noted that it should be a readily available information. Ms. Diaz responded that, since the last PRB meeting on October 30, 2023, staff were handling various tasks and responsibilities with competing priorities. QAP is required to finalize monthly assessments and statements as well as prepare PRB meetings. Ms. Diaz explained QAP has 3 staff members that work on processing assessments and PRB matters, which is significantly fewer staff than during the Pooling program.

**Agenda Item #6: QIP 5-Year Effectiveness Survey Follow-Up**

Mr. Ko provided an update on the 5-Year Quota Implementation Plan Effectiveness Survey. In response to a board member’s question from the previous meeting, Mr. Ko shared that the final survey presentation by RAI, the vendor who conducted the survey, referred to the incorrect number of total producers invited to take the survey. He noted that the Department contacted the vendor and requested a correction and that the information being shared shows the accurate number of total

**Draft PRB Meeting Minutes**

November 17, 2023

Page 3 of 4

producers invited to take the survey. He highlighted the changes in the final version of the presentation which was included in the meeting packet distributed to the Board.

The Board then discussed possible actions to take regarding the results of the survey. Mr. Dyt said he would like the Department to do some educational outreach regarding the QIP, other Board members said they considered the survey results to be evidence a referendum on the program should be held.

**Board Action 2023-14:** It was moved by Mr. Gordon and seconded by Mr. De Boer to recommend to the Secretary to have a QIP reapproval referendum in the same manner it was implemented.

Discussion: A Board member stated other CDFA programs are subjected to reapproval processes and QIP should also be subjected to a reapproval instead of a survey since it is a CDFA program. In addition, he stated a reapproval process was considered in the early design of the program. Mr. Weber responded that reapproval is not part of the review process for QIP. He also advised the Board to follow the language in Quota Implementation Plan and the procedure for submitting a petition. Another Board member responded that he does not have a recollection of considering a reapproval referendum as a part of the review process for QIP.

Prior to the vote, Mr. Ahlem dropped from the meeting.

**Vote on Board Action 2023-14:** The motion **failed** with four (4) members in favor and ten (10) members in opposition. Yes votes: Craig Gordon, Frank Konyyn, Debbie Azevedo, and Pete De Boer. No Votes: Jarrid Bordessa, Ted De Groot, Arie H De Jong, William Dyt, Fred Fagundes, Joseph Fernandes, Tony Nunes III, Art Van Beek, Arlin Van Groningen, and Case Van Steyn. Absent during the vote: Charles Ahlem

Public Comment:

(Note: Public Comment occurred concurrently with part of the Board discussion)

Members of the public had several comments and posed questions to the Board, such as indicating who owned quota, discussing the definition of hardship, and recalling discussions that took place in 2017 about having a 5-year survey. They also expressed their opinions on quota and the QIP.

**Agenda Item #7: QIP Petition: Petition to Terminate the QIP #5**

Ms. Diaz presented the Petition to Terminate the QIP #5 (Petition) to the Board. She also shared the procedure for submitting a petition to the Department and CDFA's determination related to the petition. She asked for a discussion on the merits of the petition and the Board's recommendation to the Secretary on how to proceed with the petition.

Mr. Gordon, the person representing StopQIP, the petitioners, made a motion to recommend the denial of the Petition to the Secretary. After a discussion, he withdrew his motion.

**Draft PRB Meeting Minutes**

November 17, 2023

Page 4 of 4

**Board Action 2023-15:** It was moved by Mr. Konyn and seconded by Mr. Gordon to recommend to the Secretary that the Petition to Terminate the QIP #5 goes to a referendum.

Discussion: Board members asked questions on the timeline and process of a referendum. The question was raised if the Secretary was required by statute to hold a referendum after the petition was certified. Mr. Baghdassarian said the Secretary may hold a referendum, but it is not required by statute. Board discussion also included the procedures of a referendum if one were to be held. Mr. Gordon asked a question regarding a statute dealing with proposed regulations. Mr. Diaz said his previous inquiry was being considered as a Public Record Act Request, and as such had been forwarded to the CDFA Legal Office.

**Vote on Board Action 2023-15:** The motion passed with ten (10) members in favor and four (4) members in opposition. Yes votes: Ted De Groot, William Dyt, Joseph Fernandes, Craig Gordon, Frank Konyn, Tony Nunes III, Art Van Beek, Arlin Van Groningen, Debbie Azevedo, and Pete De Boer. No Votes: Jarrid Bordessa, Arie H De Jong, Fred Fagundes, and Case van Steyn. Absent during the vote: Charles Ahlem

Public Comment: Members of the public encouraged the Board members to vote according to what is best for the industry. A member of the public raised a concern regarding the composition of the Board. A member of the public encouraged the Board to give the industry an opportunity to vote on the QIP.

**Agenda Item #8: Public Comment**

No Public Comments

**Agenda Item #9: Adjournment**

With no further business before the Board, the Chair adjourned the meeting at 1:30 pm.

### **For Producer Review Board Discussion**

Points regarding the California Quota Implementation Program (QIP):

The recently completed QIP 5-year Effectiveness Survey revealed a very divided producer sentiment on the QIP. This does not come as surprise. With the passage of the California Federal Milk Market Order in 2018, producers in the State of California began to see more clearly on their milk checks whether they were being positively or negatively affected by quota. Concern by producers in 2019, led to the process conducted by Dr. Marin Bozic to find a way forward that would be acceptable to a super majority of producers. A sunset proposal which would have had a modified QIP program continue for five more years after which it would terminate, was voted on in a referendum by producers but failed to receive the required super majority vote. Since then, there has been a continual onslaught of petitions to knock out quota all together, and this has affected the market value of quota for all of those who hold quota. This has also resulted in a divided industry that lacks complete confidence in the current quota program. At a time in which our industry is shrinking, it is imperative that we remain united to survive.

Further evaluation of the QIP has been done and what is now obvious is that the quota differential which is fixed in law at \$1.70 per cwt now generates a quota payment far in excess of the differential revenue that the California Federal Milk Marketing Order (FMMO) collects from the sale of Class I in California. This is a relevant point because the reason quota was brought into being in 1969 was to distribute primarily Class I differential revenues to producers who owned quota. The fixed \$1.70 differential was implemented by statute in 1994 as a way to cap the differential revenue from Class I at the then average quota differential and allow increased Class I revenue to be shared between quota and non-quota milk. The authors of this 1994 change recognized that there needed to be a mechanism in place to address if there was a dramatic reduction in fluid milk consumption. An important provision was included in the 1994 statute that allowed the opportunity for producers to go back to the old method of calculating the quota differential based on Class I revenue by voting in a referendum to terminate the \$1.70 fixed differential. When the QIP was adopted by statute in 2017 to facilitate the continuation of quota if California became a Federal Milk Marketing Order, that opportunity to go back to a differential more directly tied to Class I revenue was not part of the legislation. Class I sales have continued to fall steadily while the QIP differential remains fixed at the level it was established at in 1994. Currently for the calendar year 2023, the Class I differential revenue for the California FMMO was \$88,943,905. The QIP program during that same time frame has paid out \$142,225,321 in quota payments. This burden of \$53,281,415 is being removed from all classes of milk to compensate quota holders at approximately a cost of \$0.132 per cwt. Today, non-quota holders would be far better off if the rules for calculating quota payments were those that were in effect in 1993 instead of the fixed differential. This is an inequitable and unsustainable situation and contributes greatly to the unrest in the producer community.

The following changes should be recommended by the Producer Review Board for consideration by the Secretary as legislation for the administration to propose.

Legislative Proposal for QIP Modification:

- Change the quota premium from the current \$0.195 per pound of daily quota solids nonfat (SNF) (\$1.70 per cwt.) to an adjustable differential that equals the revenue generated from the California FMMO Class I differential. The adjustment could be made monthly, quarterly, semi-annually or annually. This adjustment can be made using a current combination of publicly

available data from the California Department of Food and Agriculture, as well as some publicly available data from the Market Administrator of the California Federal Milk Marketing Order #51. Information from the last two years show that number should be a payout of about \$0.11 per pound of SNF (\$0.96 per cwt). The assessment on all milk to cover this payout should be about \$0.0253 per pound of SNF (\$0.22 per cwt).

Example: CA FMMO December 2023 Class I pounds = 399,050,586 pounds

Dividing by 100 = 3,990,506 cwt.

Multiply by the blended Class 1 differential of \$1.8932 = \$7,554,826 in CA FMMO Class I differential revenue.

\$7,554,826 divided by 31 days in December = \$243,704 of revenue per day

\$243,704 divided by 2,215,978 of total available pounds of daily SNF quota = \$0.11 per lb. of SNF

\$0.11 multiplied by 8.7 pounds of SNF in a cwt equals \$0.96 differential per cwt.

- Eliminate the Regional Quota Adjuster (RQA). It's intended purpose has been duplicated by the various FMMO Class 1 differential zones. Currently, quota holders with lower RQAs are allowed to double dip on their income sources with a higher quota payout and a higher Class 1 differential.
- Lock in the calculation of the CA FMMO Class I differential at the differential levels that are in place at the time of enactment of this statute. (If the FMMO Class I differentials increase in the future, the QIP differential will not increase.)
- All other parts of the QIP program remain in place.

CDOA QIP												
Quota		Quota Net Payment	Shortfall From Class 1 Dollars to Cover Quota	Assessment		Total CWTs		Quota		Shortfall		Quota
Payments	RQA	After RQA Deduct	Payment	Rate / lb SNF	Rate / CWT	QIP Assessment	SNF From Fed Order 51	milk, pooled and unpooled	Affect On Mailbox	Price		
\$10,454,307.08	\$992,911.46	\$9,461,395.62	\$572,659.84	\$0.0436	\$0.3793	\$10,979,657.46	9.06%	27,795,475		-\$0.0206		
\$13,335,206.29	\$1,248,531.53	\$12,086,674.76	\$3,333,143.46	\$0.0436	\$0.3793	\$12,913,172.91	9.04%	32,762,576		-\$0.1017		
Quota		Quota Net Payment	Shortfall From Class 1 Dollars to Cover Quota	Assessment		Total CWTs		Quota		Shortfall		Quota
Payments	RQA	After RQA Deduct	Payment	Rate / lb SNF	Rate / CWT	QIP Assessment	SNF From Fed Order 51	milk, pooled and unpooled	Affect On Mailbox	Price		
\$13,373,268.00	\$1,252,996.92	\$12,120,271.08	\$2,916,360.41	\$0.0436	\$0.3793	\$13,181,121.38	9.03%	33,479,435		-\$0.0871		
\$12,083,810.10	\$1,129,123.26	\$10,954,686.84	\$2,935,069.24	\$0.0436	\$0.3793	\$12,004,682.07	9.04%	30,457,605		-\$0.0964		
\$13,379,163.41	\$1,251,310.22	\$12,127,853.19	\$3,617,701.23	\$0.0436	\$0.3793	\$13,294,096.07	9.04%	33,729,033		-\$0.1073		
\$12,948,017.41	\$1,209,335.27	\$11,738,682.14	\$3,143,414.98	\$0.0436	\$0.3793	\$12,904,494.35	9.06%	33,125,037		-\$0.0943		
\$13,358,297.03	\$1,248,170.85	\$12,110,126.18	\$3,157,833.82	\$0.0436	\$0.3793	\$13,165,214.75	8.96%	33,700,275		-\$0.0933		
\$12,922,613.43	\$1,207,793.71	\$11,714,819.72	\$4,375,052.76	\$0.0436	\$0.3793	\$12,043,863.85	9.83%	30,933,417		-\$0.1414		
\$13,362,014.52	\$1,247,202.11	\$12,114,812.41	\$3,764,183.35	\$0.0436	\$0.3793	\$12,413,591.01	8.85%	32,171,231		-\$0.1170		
\$13,308,371.36	\$1,243,855.50	\$12,064,515.86	\$3,647,221.25	\$0.0436	\$0.3793	\$12,161,724.32	8.84%	31,554,144		-\$0.1156		
\$12,888,661.13	\$1,207,487.06	\$11,681,173.47	\$3,015,451.79	\$0.0374	\$0.3254	\$10,164,530.57	9.91%	30,502,682		-\$0.0989		
\$13,330,843.13	\$1,248,064.70	\$12,082,778.43	\$2,881,192.31	\$0.0374	\$0.3254	\$10,718,415.34	9.00%	31,843,183		-\$0.0905		
\$12,935,201.19	\$1,209,063.03	\$11,726,138.16	\$4,148,362.73	\$0.0374	\$0.3254	\$10,462,772.19	9.00%	31,083,696		-\$0.1421		
\$13,370,761.80	\$1,249,658.32	\$12,121,103.48	\$3,407,200.56	\$0.0374	\$0.3254	\$10,987,457.05	8.97%	32,751,647		-\$0.1040		
		\$142,556,961	\$41,279,044.66					385,331,383		-\$0.1074		
Quota		Quota Net Payment	Shortfall From Class 1 Dollars to Cover Quota	Assessment		Total CWTs		Quota		Shortfall		Quota
Payments	RQA	After RQA Deduct	Payment	Rate / lb SNF	Rate / CWT	QIP Assessment	SNF From Fed Order 51	milk, pooled and unpooled	Affect On Mailbox	Price		
\$13,351,898.06	\$1,249,207.58	\$12,102,690.48	\$3,465,998.27	\$0.0374	\$0.3254	\$11,270,795.88	8.96%	33,633,725		-\$0.1031		
\$12,478,555.71	\$1,168,614.22	\$11,309,941.49	\$3,700,810.86	\$0.0374	\$0.3254	\$10,756,077.56	8.96%	32,097,730		-\$0.1153		
\$13,375,360.49	\$1,251,016.42	\$12,124,344.07	\$2,941,257.83	\$0.0374	\$0.3254	\$11,793,409.72	8.96%	35,193,282		-\$0.0836		
\$12,952,385.26	\$1,210,968.12	\$11,741,417.14	\$3,750,660.39	\$0.0374	\$0.3254	\$11,203,416.79	8.95%	33,470,011		-\$0.1121		
\$13,373,016.58	\$1,251,022.16	\$12,121,994.42	\$4,028,833.31	\$0.0374	\$0.3254	\$11,328,262.46	8.90%	34,033,114		-\$0.1184		
\$12,937,152.37	\$1,210,439.63	\$11,726,712.55	\$3,782,012.92	\$0.0420	\$0.3654	\$11,948,722.18	8.90%	31,965,551		-\$0.1183		
\$13,341,349.75	\$1,248,626.34	\$12,092,723.41	\$4,354,644.96	\$0.0420	\$0.3654	\$12,357,193.92	8.87%	33,170,113		-\$0.1313		
\$13,373,137.09	\$1,250,830.56	\$12,122,306.53	\$4,541,795.64	\$0.0420	\$0.3654	\$12,000,257.68	8.85%	32,248,793		-\$0.1407		
\$12,939,286.83	\$1,210,111.86	\$11,729,174.97	\$3,952,016.65	\$0.0420	\$0.3654	\$11,736,325.59	8.80%	31,397,340		-\$0.1259		
\$13,376,148.86	\$1,250,721.57	\$12,125,427.29	\$3,792,380.68	\$0.0420	\$0.3654	\$12,201,464.25	8.97%	32,386,962		-\$0.1171		
\$12,920,386.06	\$1,212,382.81	\$11,708,003.25	\$3,619,832.09	\$0.0420	\$0.3654	\$12,168,236.78	9.04%	32,048,664		-\$0.1129		
\$13,317,069.88	\$1,252,265.49	\$12,064,804.39	\$3,756,155.13	\$0.0420	\$0.3654	\$12,700,491.21	9.05%	33,413,552		-\$0.1124		
		\$142,966,840	\$45,686,398.37					395,094,838		-\$0.1159		
Quota		Quota Net Payment	Shortfall From Class 1 Dollars to Cover Quota	Assessment		Total CWTs		Quota		Shortfall		Quota
Payments	RQA	After RQA Deduct	Payment	Rate / lb SNF	Rate / CWT	QIP Assessment	SNF From Fed Order 51	milk, pooled and unpooled	Affect On Mailbox	Price		
\$13,381,644.35	\$1,256,583.63	\$12,125,060.72	\$4,271,018.53	\$0.0420	\$0.3654	\$13,238,806.39	9.02%	34,945,640		-\$0.1222		
\$12,987,733.29	\$1,134,955.99	\$10,952,777.30	\$3,572,758.92	\$0.0420	\$0.3654	\$12,161,852.06	8.99%	32,210,001		-\$0.1109		
\$13,382,151.55	\$1,256,480.55	\$12,125,631.00	\$4,379,786.18	\$0.0420	\$0.3654	\$13,639,148.60	9.00%	36,082,404		-\$0.1102		
\$12,950,074.26	\$1,215,871.19	\$12,134,203.07	\$4,026,349.18	\$0.0420	\$0.3654	\$13,282,847.47	8.98%	35,218,071		-\$0.1143		
\$13,365,074.27	\$1,256,126.32	\$12,108,947.95	\$4,765,369.71	\$0.0420	\$0.3654	\$13,604,077.47	9.06%	36,150,291		-\$0.1318		
\$12,901,341.22	\$1,217,409.11	\$11,683,932.11	\$4,671,303.73	\$0.0420	\$0.3654	\$12,579,434.81	8.94%	33,502,277		-\$0.1394		
\$13,376,478.67	\$1,257,948.17	\$12,118,530.50	\$4,892,767.57	\$0.0420	\$0.3654	\$12,448,861.81	8.89%	33,340,998		-\$0.1467		
\$13,381,551.60	\$1,258,352.10	\$12,123,199.50	\$4,337,148.18	\$0.0420	\$0.3654	\$12,307,432.59	8.94%	32,777,885		-\$0.1323		
\$12,941,796.72	\$1,217,850.81	\$11,723,945.91	\$4,182,817.99	\$0.0420	\$0.3654	\$11,980,999.97	8.98%	31,766,358		-\$0.1317		
\$13,370,556.06	\$1,252,032.22	\$12,112,552.84	\$4,331,991.31	\$0.0420	\$0.3654	\$12,714,784.22	9.06%	33,414,234		-\$0.1296		
\$12,909,852.95	\$1,220,196.19	\$11,689,656.76	\$3,661,739.57	\$0.0420	\$0.3654	\$12,372,310.08	9.03%	32,406,910		-\$0.1130		
\$13,369,494.66	\$1,265,606.43	\$12,103,888.23	\$3,909,147.82	\$0.0420	\$0.3654	\$12,897,353.05	9.19%	33,634,155		-\$0.1162		
		\$142,602,366	\$50,596,838.55					405,449,203		-\$0.1249		
Quota		Quota Net Payment	Shortfall From Class 1 Dollars to Cover Quota	Assessment		Total CWTs		Quota		Shortfall		Quota
Payments	RQA	After RQA Deduct	Payment	Rate / lb SNF	Rate / CWT	QIP Assessment	SNF From Fed Order 51	milk, pooled and unpooled	Affect On Mailbox	Price		
\$13,357,795.63	\$1,266,020.97	\$12,091,774.66	\$4,414,855.57	\$0.0420	\$0.3654	\$13,125,995.27	9.10%	34,343,263		-\$0.1286		
\$12,070,901.24	\$1,148,250.52	\$10,922,650.72	\$3,955,183.52	\$0.0420	\$0.3654	\$12,232,517.91	9.09%	32,040,751		-\$0.1234		
\$13,351,925.63	\$1,273,341.72	\$12,078,583.91	\$4,241,604.19	\$0.0420	\$0.3654	\$13,747,528.08	9.09%	36,009,032		-\$0.1178		
\$12,933,558.11	\$1,233,052.23	\$11,700,505.88	\$4,236,652.10	\$0.0420	\$0.3654	\$13,333,137.15	9.07%	35,000,571		-\$0.1210		
\$13,375,001.72	\$1,274,581.53	\$12,100,420.19	\$4,480,213.43	\$0.0420	\$0.3654	\$13,533,842.55	9.02%	35,724,429		-\$0.1254		
\$12,945,047.71	\$1,233,502.99	\$11,711,544.72	\$4,606,064.21	\$0.0420	\$0.3654	\$12,738,788.97	9.00%	33,700,500		-\$0.1367		
\$13,358,473.71	\$1,273,209.49	\$12,085,264.22	\$5,298,166.25	\$0.0420	\$0.3654	\$12,908,902.32	8.98%	34,226,594		-\$0.1548		
\$13,351,207.78	\$1,271,842.85	\$12,079,364.93	\$4,442,161.63	\$0.0315	\$0.2741	\$9,521,121.63	9.88%	33,659,001		-\$0.1340		
\$12,946,687.07	\$1,231,391.27	\$11,715,295.80	\$4,220,479.68	\$0.0315	\$0.2741	\$9,029,856.62	9.01%	31,815,995		-\$0.1327		
\$13,358,497.87	\$1,271,651.10	\$12,086,846.77	\$4,557,117.86	\$0.0315	\$0.2741	\$9,456,951.55	9.07%	33,100,406		-\$0.1377		
\$12,920,527.41	\$1,230,294.91	\$11,690,232.50	\$3,891,916.74	\$0.0315	\$0.2741	\$9,365,265.56	9.20%	32,316,306		-\$0.1204		
\$13,351,183.21	\$1,271,617.82	\$12,079,565.39	\$4,315,456.74	\$0.0315	\$0.2741	\$9,792,956.44	9.20%	33,792,120		-\$0.1277		
		\$142,342,050	\$52,659,872.48					405,728,968		-\$0.1298		
Quota		Quota Net Payment	Shortfall From Class 1 Dollars to Cover Quota	Assessment		Total CWTs		Quota		Shortfall		Quota
Payments	RQA	After RQA Deduct	Payment	Rate / lb SNF	Rate / CWT	QIP Assessment	SNF From Fed Order 51	milk, pooled and unpooled	Affect On Mailbox	Price		
\$13,375,642.07	\$1,273,719.34	\$12,101,922.73	\$4,105,586.38	\$0.0315	\$0.2741	\$10,043,329.13	9.14%	34,883,572		-\$0.1177		
\$12,084,042.37	\$1,150,608.60	\$10,933,433.93	\$3,677,629.97	\$0.0315	\$0.2741	\$9,274,709.79	9.13%	32,249,202		-\$0.1140		
\$13,352,994.53	\$1,272,313.42	\$12,080,681.11	\$4,060,476.97	\$0.0391	\$0.3402	\$12,812,219.14	9.13%	35,946,284		-\$0.1130		
\$12,946,983.27	\$1,254,974.83	\$11,701,008.44	\$4,748,897.51	\$0.0391	\$0.3402	\$12,389,010.76	9.05%	35,011,546		-\$0.1356		
\$13,377,651.95	\$1,288,676.06	\$12,088,975.89	\$4,602,370.23	\$0.0391	\$0.3402	\$12,706,787.12	9.05%	35,909,588		-\$0.1282		
\$12,925,456.03	\$1,244,819.01	\$11,680,637.02	\$4,804,969.96	\$0.0391	\$0.3402	\$11,930,486.30	9.04%	33,753,045		-\$0.1424		
\$13,370,995.96	\$1,290,779.10	\$12,080,216.86	\$5,485,455.39	\$0.0330	\$0.2871	\$9,730,093.33	9.88%	32,834,222		-\$0.1671		
\$12,935,516.19	\$1,294,095.01	\$12,085,220.28	\$4,743,953.98	\$0.0330	\$0.2871	\$9,717,148.95	9.01%	32,681,361		-\$0.1369		
\$13,352,555.07	\$1,256,084.02	\$11,679,471.05	\$4,360,714.07	\$0.0330	\$0.2871	\$9,508,263.25	9.08%	31,732,289		-\$0.1374		
\$13,303,011.30	\$1,299,295.10	\$12,033,716.20	\$4,354,472.10	\$0.0330	\$0.2871	\$9,855,038.64	9.13%	32,709,478		-\$0.1331		
\$12,939,870.97	\$1,260,729.96	\$11,679,591.01	\$4,081,263.70	\$0.0400	\$0.3480	\$11,931,994.32	9.21%	32,388,693		-\$0.1260		
\$13,384,640.26	\$1,304,193.95	\$12,080,446.31	\$4,525,625.23	\$0.0400	\$0.3480	\$12,509,207.96	9.19%	34,029,401		-\$0.1330		
		\$142,225,321	\$53,281,415.39					404,128,681		-\$0.1320		



**Recommended Assessments & Payouts**

Pounds California Quota SNF on a daily basis: 2,215,978

Days in Month	Quota SNF Paid in QIP	Estimated Pounds	Quota SNF Not Paid	FAIR w/o RQA Assessment		FAIR w/o RQA Quota	
				Rate / lb SNF	Rate / CWT	Payout / lb snf	Payout / per CWT
30	1,787,061	428,917		\$0.04	\$0.320	\$0.134	\$1.16
31	2,205,989	9,989		\$0.0307	\$0.267	\$0.127	\$1.11

Days in Month	Quota SNF Paid in QIP	Estimated Pounds	Quota SNF Not Paid	FAIR w/o RQA Assessment		FAIR w/o RQA Quota	
				Rate / lb SNF	Rate / CWT	Payout / lb snf	Payout / per CWT
31	2,212,286	3,692		\$0.0316	\$0.275	\$0.134	\$1.17
28	2,213,152	2,826		\$0.0303	\$0.263	\$0.129	\$1.12
31	2,213,261	2,717		\$0.0290	\$0.252	\$0.124	\$1.08
30	2,213,336	2,642		\$0.0298	\$0.259	\$0.129	\$1.12
31	2,209,809	6,169		\$0.0305	\$0.266	\$0.130	\$1.13
30	2,208,994	6,984		\$0.0273	\$0.237	\$0.110	\$0.96
31	2,210,424	5,554		\$0.0298	\$0.260	\$0.122	\$1.06
31	2,201,550	14,428		\$0.0307	\$0.267	\$0.123	\$1.07
30	2,203,190	12,788		\$0.0327	\$0.284	\$0.130	\$1.13
31	2,205,268	10,710		\$0.0332	\$0.289	\$0.134	\$1.17
30	2,211,146	4,832		\$0.0270	\$0.235	\$0.110	\$0.96
31	2,211,871	4,107		\$0.0306	\$0.266	\$0.127	\$1.10
Average:				\$0.0302	\$0.263	\$0.125	\$1.09

Days in Month	Quota SNF Paid in QIP	Estimated Pounds	Quota SNF Not Paid	FAIR w/o RQA Assessment		FAIR w/o RQA Quota	
				Rate / lb SNF	Rate / CWT	Payout / lb snf	Payout / per CWT
31	2,208,751	7,227		\$0.0295	\$0.257	\$0.126	\$1.09
29	2,206,641	9,337		\$0.0272	\$0.237	\$0.118	\$1.03
31	2,212,632	3,346		\$0.0300	\$0.261	\$0.134	\$1.16
30	2,214,083	1,895		\$0.0274	\$0.239	\$0.120	\$1.05
31	2,212,244	3,734		\$0.0273	\$0.238	\$0.118	\$1.02
30	2,211,479	4,499		\$0.0286	\$0.249	\$0.120	\$1.04
31	2,207,006	8,972		\$0.0268	\$0.233	\$0.113	\$0.98
31	2,212,264	3,714		\$0.0270	\$0.235	\$0.110	\$0.96
30	2,211,844	4,134		\$0.0285	\$0.248	\$0.117	\$1.02
31	2,212,762	3,216		\$0.0296	\$0.257	\$0.121	\$1.06
30	2,208,613	7,365		\$0.0290	\$0.252	\$0.122	\$1.06
31	2,202,989	12,989		\$0.0286	\$0.249	\$0.121	\$1.05
Average:				\$0.0283	\$0.246	\$0.120	\$1.04

Days in Month	Quota SNF Paid in QIP	Estimated Pounds	Quota SNF Not Paid	FAIR w/o RQA Assessment		FAIR w/o RQA Quota	
				Rate / lb SNF	Rate / CWT	Payout / lb snf	Payout / per CWT
31	2,213,672	2,306		\$0.0258	\$0.225	\$0.114	\$0.99
28	2,213,871	2,107		\$0.0263	\$0.229	\$0.119	\$1.03
31	2,213,755	2,223		\$0.0260	\$0.226	\$0.119	\$1.03
30	2,213,688	2,290		\$0.0252	\$0.219	\$0.116	\$1.01
31	2,210,930	5,048		\$0.0233	\$0.203	\$0.107	\$0.93
30	2,205,357	10,621		\$0.0241	\$0.209	\$0.105	\$0.92
31	2,212,817	3,161		\$0.0249	\$0.217	\$0.105	\$0.92
31	2,213,656	2,322		\$0.0273	\$0.238	\$0.113	\$0.99
30	2,212,273	3,705		\$0.0273	\$0.237	\$0.113	\$0.99
31	2,211,837	4,141		\$0.0268	\$0.233	\$0.113	\$0.99
30	2,206,812	9,166		\$0.0285	\$0.248	\$0.121	\$1.05
31	2,211,662	4,316		\$0.0280	\$0.244	\$0.119	\$1.04
Average:				\$0.0261	\$0.227	\$0.114	\$0.99

Days in Month	Quota SNF Paid in QIP	Estimated Pounds	Quota SNF Not Paid	FAIR w/o RQA Assessment		FAIR w/o RQA Quota	
				Rate / lb SNF	Rate / CWT	Payout / lb snf	Payout / per CWT
31	2,209,726	6,252		\$0.0257	\$0.224	\$0.112	\$0.97
28	2,210,788	5,190		\$0.0250	\$0.217	\$0.112	\$0.98
31	2,208,755	7,223		\$0.0250	\$0.218	\$0.114	\$0.99
30	2,210,865	5,113		\$0.0245	\$0.213	\$0.112	\$0.98
31	2,212,573	3,405		\$0.0245	\$0.213	\$0.111	\$0.97
30	2,212,829	3,149		\$0.0242	\$0.211	\$0.107	\$0.93
31	2,209,838	6,140		\$0.0228	\$0.198	\$0.099	\$0.86
31	2,208,637	7,341		\$0.0261	\$0.227	\$0.111	\$0.97
30	2,213,109	2,869		\$0.0271	\$0.236	\$0.113	\$0.98
31	2,209,842	6,136		\$0.0261	\$0.227	\$0.110	\$0.95
30	2,208,637	7,341		\$0.0277	\$0.241	\$0.117	\$1.02
31	2,208,632	7,346		\$0.0264	\$0.230	\$0.113	\$0.98
Average:				\$0.0254	\$0.221	\$0.111	\$0.96

Days in Month	Quota SNF Paid in QIP	Estimated Pounds	Quota SNF Not Paid	FAIR w/o RQA Assessment		FAIR w/o RQA Quota	
				Rate / lb SNF	Rate / CWT	Payout / lb snf	Payout / per CWT
31	2,212,679	3,299		\$0.0263	\$0.229	\$0.116	\$1.01
28	2,213,195	2,783		\$0.0259	\$0.225	\$0.117	\$1.02
31	2,208,932	7,046		\$0.0256	\$0.223	\$0.117	\$1.02
30	2,213,160	2,818		\$0.0228	\$0.199	\$0.105	\$0.91
31	2,213,011	2,967		\$0.0240	\$0.208	\$0.109	\$0.95
30	2,209,480	6,498		\$0.0234	\$0.204	\$0.103	\$0.90
31	2,211,910	4,068		\$0.0231	\$0.201	\$0.096	\$0.84
31	2,213,286	2,692		\$0.0268	\$0.233	\$0.111	\$0.96
30	2,211,206	4,772		\$0.0265	\$0.231	\$0.110	\$0.96
31	2,205,626	10,352		\$0.0270	\$0.235	\$0.112	\$0.97
30	2,211,944	4,034		\$0.0270	\$0.235	\$0.114	\$0.99
31	2,214,167	1,811		\$0.0255	\$0.222	\$0.110	\$0.96
Average:				\$0.0253	\$0.220	\$0.110	\$0.96

**Current QIP Program Fund Monthly Balance**

QIP Program Adjustments	Total QIP Collected	Monthly Net Affect On QIP Fund	Cumulative QIP Fund Running Total	Pre-FMMO Remaining Pool	
				Equalization Fund Balance	Combined Balance
	-\$3,912.21	\$10,975,745.25	\$1,514,349.63	\$1,514,349.63	\$7,017,248.30
	-\$1,133,292.56	\$11,779,880.35	-\$306,794.41	\$1,207,555.22	\$6,710,453.89

QIP Program Adjustments	Total QIP Collected	Monthly Net Affect On QIP Fund	Cumulative QIP Fund Running Total	Pre-FMMO Remaining Pool	
				Equalization Fund Balance	Combined Balance
	-\$1,181.88	\$13,179,939.50	\$1,059,668.42	\$2,267,223.64	\$7,770,122.31
	-\$1,501.69	\$12,003,180.38	\$1,048,493.54	\$3,315,717.18	\$8,818,615.85
	-\$93,079.21	\$13,201,016.86	\$1,073,163.67	\$4,388,880.85	\$9,891,779.52
	\$42,993.36	\$12,983,487.71	\$1,244,805.57	\$5,633,686.42	\$11,136,585.09
	-\$2,842.19	\$13,162,372.56	\$1,052,246.38	\$6,685,932.80	\$12,188,831.47
	-\$46.87	\$12,043,816.98	\$328,997.26	\$7,014,930.06	\$12,517,828.73
	-\$39.81	\$12,413,551.20	\$298,738.79	\$7,313,668.85	\$12,816,567.52
	-\$0.19	\$12,161,724.13	\$97,208.27	\$7,410,877.12	\$12,913,775.79
		\$10,164,530.57	-\$1,516,642.90	\$5,894,234.22	\$11,397,132.89
		\$10,718,415.34	-\$1,364,363.09	\$4,529,871.13	\$10,032,769.80
	\$283,474.12	\$10,746,246.31	-\$979,891.85	\$3,549,979.28	\$9,052,877.95
	\$446.46	\$10,987,903.51	-\$1,133,199.97	\$2,416,779.31	\$7,919,677.98

QIP Program Adjustments	Total QIP Collected	Monthly Net Affect On QIP Fund	Cumulative QIP Fund Running Total	Pre-FMMO Remaining Pool	
				Equalization Fund Balance	Combined Balance
	-\$49,015.55	\$11,221,780.33	-\$880,910.15	\$1,535,869.16	\$7,038,767.83
	\$1,037.64	\$10,757,115.20	-\$552,826.29	\$983,042.87	\$6,485,941.54
	-\$5,222.98	\$11,788,186.74	-\$336,157.33	\$646,885.54	\$6,149,784.21
	\$22,598.38	\$11,226,015.17	-\$515,401.97	\$131,483.57	\$5,634,382.24
	\$7,376.08	\$11,335,638.54	-\$786,355.88	-\$654,872.31	\$4,848,026.36
	-\$2,668.81	\$11,946,054.06	\$219,341.51	-\$435,530.80	\$5,067,367.87
	\$62,799.57	\$12,419,993.49	\$327,270.08	-\$108,260.72	\$5,394,637.95
		\$12,000,257.68	-\$122,048.85	-\$230,309.57	\$5,272,589.10
	\$0.50	\$11,736,326.09	\$7,151.12	-\$223,158.45	\$5,279,740.22
		\$12,201,464.25	\$76,036.96	-\$147,121.49	\$5,355,777.18
		\$12,168,236.78	\$460,233.53	\$313,112.04	\$5,816,010.71
	\$7,259.47	\$12,707,750.68	\$642,946.29	\$956,058.33	\$6,458,957.00

QIP Program Adjustments	Total QIP Collected	Monthly Net Affect On QIP Fund	Cumulative QIP Fund Running Total	Pre-FMMO Remaining Pool	
				Equalization Fund Balance	Combined Balance
	-\$3,387.15	\$13,235,419.24	\$1,110,358.52	\$2,066,416.85	\$7,569,315.52
		\$12,161,852.06	\$1,209,074.76	\$3,275,491.61	\$8,778,390.28
		\$13,639,148.60	\$1,513,477.60	\$4,788,969.21	\$10,291,867.88
		\$13,282,847.64	\$1,548,644.57	\$6,337,613.78	\$11,840,512.45
		\$13,604,077.47	\$1,495,129.52	\$7,832,743.30	\$13,335,641.97
	\$4,990.82	\$12,584,425.77	\$900,493.66	\$8,733,236.96	\$14,236,135.63
	-\$34,055.71	\$12,414,806.10	\$296,275.60	\$9,029,512.56	\$14,532,411.23
		\$12,307,432.59	\$184,233.09	\$9,213,745.65	\$14,716,644.32
		\$11,980,999.57	\$257,053.66	\$9,470,799.31	\$14,973,697.98
	-\$1,123.03	\$12,713,661.19	\$601,108.35	\$10,071,907.66	\$15,574,806.33
	-\$7,652.26	\$12,364,657.82	\$675,001.06	\$10,746,908.72	\$16,249,807.39
	\$1,479.20	\$12,898,832.25	\$794,944.02	\$11,541,852.74	\$17,044,751.41

QIP Program Adjustments	Total QIP Collected	Monthly Net	Cumulative	Pre-FMMO		
		Affect	QIP Fund	Remaining Pool	Combined	
		On QIP Fund	Running Total	Fund Balance		
	\$7,390.95	\$13,133,386.22	\$1,041,611.56	\$12,583,464.30	\$5,502,898.67	\$18,086,362.97
	-\$6,366.52	\$12,226,151.39	\$1,303,500.67	\$13,886,964.97	\$5,502,898.67	\$19,389,863.64
	-\$4,917.81	\$13,742,610.27	\$1,664,026.36	\$15,550,991.33	\$5,502,898.67	\$21,053,890.00
		\$13,333,117.35	\$1,632,611.47	\$17,183,602.80	\$5,502,898.67	\$22,686,501.47
		\$13,533,842.55	\$1,433,422.36	\$18,617,025.16	\$5,502,898.67	\$24,119,923.83
	-\$3,019.17	\$12,735,769.80	\$1,024,225.08	\$19,641,250.24	\$5,502,898.67	\$25,144,148.91
	\$842.35	\$12,909,744.70	\$824,480.48	\$20,465,730.72	\$5,502,898.67	\$25,968,629.39
		\$9,521,121.63	-\$2,558,243.30	\$17,907,487.42	\$5,502,898.67	\$23,410,386.09
	-\$2,262.58	\$9,027,594.04	-\$2,687,701.76	\$15,219,785.66	\$5,502,898.67	\$20,722,684.33
		\$9,456,951.55	-\$2,829,895.22	\$12,589,890.44	\$5,502,898.67	\$18,092,789.11
	\$10,131.33	\$9,375,396.89	-\$2,314,835.61	\$10,275,054.83	\$5,502,898.67	\$15,777,953.50
	\$1,603.75	\$9,794,560.19	-\$2,285,005.20	\$9,490,049.63	\$5,502,898.67	\$13,492,948.30

CA FMMO Milk Pricing						CDFA QIP										Recommend Assessments & Payouts					
2018	Cwt of Pooled Class 1 Milk	Class 1 Differential	Location	Adjustment	Class 1 Pool Income after Location	Quota Payments	RQA	Quota Net Payment After	Shortfall From Class 1 Dollars to Cover Quota	Assessment Rate / lb SNF	Rate / cwt	QIP Assessment	Quota Shortfall Affect On Mailbox Price	FAIR Assessment Rate / lb SNF	FAIR Rate / cwt	FAIR Quota Payout / lb snf	FAIR Quota Payout / per cwt	Lbs. CA Quota SNF: 2,215,978			
																		Rate / lb SNF	Rate / cwt	Payout / lb snf	Payout / per cwt
November	4,671,122	\$2.10	\$920,619.37	\$8,888,736	\$10,454,307.08	\$992,911.46	\$9,461,395.62	-\$572,659.84	\$0.0436	\$0.3793	\$10,979,657.46	-\$0.0198	\$0.04	\$0.307	\$0.134	\$1.16	\$0.0296	\$0.257	\$0.127	\$1.11	
December	4,596,112	\$2.10	\$898,303.75	\$8,753,531	\$13,335,206.29	\$1,248,531.53	\$12,086,674.76	-\$3,333,143.46	\$0.0436	\$0.3793	\$12,913,172.91	-\$0.0979									
2019	Cwt of Pooled Class 1 Milk	Class 1 Differential	Location	Adjustment	Class 1 Pool Income after Location	Quota Payments	RQA	Quota Net Payment After	Shortfall From Class 1 Dollars to Cover Quota	Assessment Rate / lb SNF	Rate / cwt	QIP Assessment	Quota Shortfall Affect On Mailbox Price	FAIR Assessment Rate / lb SNF	FAIR Rate / cwt	FAIR Quota Payout / lb snf	FAIR Quota Payout / per cwt	Lbs. CA Quota SNF: 2,215,978			
																		Rate / lb SNF	Rate / cwt	Payout / lb snf	Payout / per cwt
January	4,835,364	\$2.10	\$950,353.86	\$9,203,911	\$13,373,268.00	\$1,252,996.92	\$12,120,271.08	-\$2,916,360.41	\$0.0436	\$0.3793	\$13,181,121.38	-\$0.0839	\$0.0304	\$0.265	\$0.134	\$1.17	\$0.0304	\$0.265	\$0.134	\$1.17	
February	4,205,487	\$2.10	\$811,904.51	\$8,019,618	\$12,083,810.10	\$1,129,123.26	\$10,954,686.84	-\$2,935,069.24	\$0.0436	\$0.3793	\$12,004,682.07	-\$0.0927	\$0.0291	\$0.253	\$0.129	\$1.12	\$0.0291	\$0.253	\$0.129	\$1.12	
March	4,474,513	\$2.10	\$886,325.30	\$8,510,152	\$13,379,163.41	\$1,251,310.22	\$12,127,853.19	-\$3,617,701.23	\$0.0436	\$0.3793	\$13,294,096.07	-\$0.1032	\$0.0279	\$0.243	\$0.124	\$1.08	\$0.0279	\$0.243	\$0.124	\$1.08	
April	4,510,316	\$2.10	\$876,397.05	\$8,595,267	\$12,948,017.41	\$1,209,335.27	\$11,738,682.14	-\$3,143,414.98	\$0.0436	\$0.3793	\$12,940,494.35	-\$0.0921	\$0.0290	\$0.252	\$0.129	\$1.12	\$0.0290	\$0.252	\$0.129	\$1.12	
May	4,703,403	\$2.10	\$924,854.09	\$8,952,292	\$13,358,297.03	\$1,248,170.85	\$12,110,126.18	-\$3,157,833.82	\$0.0436	\$0.3793	\$13,165,214.75	-\$0.0910	\$0.0296	\$0.258	\$0.130	\$1.13	\$0.0296	\$0.258	\$0.130	\$1.13	
June	3,859,222	\$2.10	\$764,598.29	\$7,339,767	\$12,922,613.43	\$1,207,793.71	\$11,714,819.72	-\$4,375,052.76	\$0.0436	\$0.3793	\$12,043,863.85	-\$0.1378	\$0.0266	\$0.231	\$0.110	\$0.96	\$0.0266	\$0.231	\$0.110	\$0.96	
July	4,389,958	\$2.10	\$868,282.01	\$8,350,629	\$13,362,014.52	\$1,247,202.11	\$12,114,812.41	-\$3,764,183.59	\$0.0436	\$0.3793	\$12,413,591.01	-\$0.1150	\$0.0293	\$0.255	\$0.122	\$1.06	\$0.0293	\$0.255	\$0.122	\$1.06	
August	4,426,199	\$2.10	\$877,724.11	\$8,417,295	\$13,308,371.36	\$1,243,855.50	\$12,064,515.86	-\$3,647,221.25	\$0.0436	\$0.3793	\$12,161,724.32	-\$0.1138	\$0.0302	\$0.263	\$0.123	\$1.07	\$0.0302	\$0.263	\$0.123	\$1.07	
September	4,556,990	\$2.10	\$903,956.31	\$8,665,722	\$12,888,661.13	\$1,207,487.66	\$11,681,173.47	-\$3,015,451.79	\$0.0374	\$0.3254	\$10,164,530.57	-\$0.0965	\$0.0319	\$0.277	\$0.130	\$1.13	\$0.0319	\$0.277	\$0.130	\$1.13	
October	4,824,707	\$2.10	\$930,299.02	\$9,201,586	\$13,330,843.13	\$1,248,064.70	\$12,082,778.43	-\$2,881,192.31	\$0.0374	\$0.3254	\$10,718,415.34	-\$0.0875	\$0.0321	\$0.279	\$0.134	\$1.17	\$0.0321	\$0.279	\$0.134	\$1.17	
November	3,856,135	\$2.10	\$790,107.61	\$7,307,775	\$12,935,201.19	\$1,209,063.03	\$11,726,138.16	-\$4,418,362.73	\$0.0374	\$0.3254	\$10,462,772.19	-\$0.1374	\$0.0261	\$0.227	\$0.110	\$0.96	\$0.0261	\$0.227	\$0.110	\$0.96	
December	4,570,492	\$2.10	\$884,131.01	\$8,713,903	\$13,370,761.80	\$1,249,658.32	\$12,121,103.48	-\$3,407,200.56	\$0.0374	\$0.3254	\$10,987,457.05	-\$0.1009	\$0.0297	\$0.258	\$0.127	\$1.10	\$0.0297	\$0.258	\$0.127	\$1.10	
Total:	53,212,785			\$101,277,916			\$142,556,961	-\$41,279,044.66				-\$0.1043	Avg:	\$0.0293	\$0.255	\$0.125	\$1.09				
2020	Cwt of Pooled Class 1 Milk	Class 1 Differential	Location	Adjustment	Class 1 Pool Income after Location	Quota Payments	RQA	Quota Net Payment After	Shortfall From Class 1 Dollars to Cover Quota	Assessment Rate / lb SNF	Rate / cwt	QIP Assessment	Quota Shortfall Affect On Mailbox Price	FAIR Assessment Rate / lb SNF	FAIR Rate / cwt	FAIR Quota Payout / lb snf	FAIR Quota Payout / per cwt	Lbs. CA Quota SNF: 2,215,978			
																		Rate / lb SNF	Rate / cwt	Payout / lb snf	Payout / per cwt
January	4,528,134	\$2.10	\$872,388.27	\$8,636,692	\$13,351,898.06	\$1,249,207.58	\$12,102,690.48	-\$3,465,998.27	\$0.0374	\$0.3254	\$11,270,795.88	-\$0.1001	\$0.0287	\$0.249	\$0.126	\$1.09	\$0.0287	\$0.249	\$0.126	\$1.09	
February	3,995,569	\$2.10	\$781,564.96	\$7,609,131	\$12,478,555.71	\$1,168,614.22	\$11,309,941.49	-\$3,700,810.86	\$0.0374	\$0.3254	\$10,756,077.56	-\$0.1120	\$0.0265	\$0.230	\$0.118	\$1.03	\$0.0265	\$0.230	\$0.118	\$1.03	
March	4,810,110	\$2.10	\$918,144.09	\$9,183,086	\$13,375,360.49	\$1,251,016.42	\$12,124,344.07	-\$2,941,257.83	\$0.0374	\$0.3254	\$11,793,409.72	-\$0.0811	\$0.0291	\$0.253	\$0.134	\$1.16	\$0.0291	\$0.253	\$0.134	\$1.16	
April	4,203,959	\$2.10	\$837,556.69	\$7,990,757	\$12,952,385.26	\$1,210,968.12	\$11,741,417.14	-\$3,750,660.39	\$0.0374	\$0.3254	\$11,203,416.79	-\$0.1089	\$0.0267	\$0.232	\$0.120	\$1.05	\$0.0267	\$0.232	\$0.120	\$1.05	
May	4,262,652	\$2.10	\$858,408.95	\$8,093,161	\$13,373,016.58	\$1,251,022.16	\$12,121,994.42	-\$4,028,833.31	\$0.0374	\$0.3254	\$11,328,262.46	-\$0.1157	\$0.0267	\$0.232	\$0.118	\$1.02	\$0.0267	\$0.232	\$0.118	\$1.02	
June	4,181,009	\$2.10	\$835,418.23	\$7,944,700	\$12,937,152.38	\$1,210,439.83	\$11,726,712.55	-\$3,782,012.26	\$0.0420	\$0.3654	\$11,948,722.87	-\$0.1157	\$0.0279	\$0.243	\$0.120	\$1.04	\$0.0279	\$0.243	\$0.120	\$1.04	
July	4,080,036	\$2.10	\$829,997.41	\$7,738,078	\$13,341,349.75	\$1,248,626.34	\$12,092,723.41	-\$4,354,644.97	\$0.0420	\$0.3654	\$12,357,193.92	-\$0.1288	\$0.0263	\$0.229	\$0.113	\$0.98	\$0.0263	\$0.229	\$0.113	\$0.98	
August	4,000,397	\$2.10	\$820,321.91	\$7,580,511	\$13,373,137.09	\$1,250,830.56	\$12,122,306.53	-\$4,541,795.64	\$0.0420	\$0.3654	\$12,000,257.68	-\$0.1383	\$0.0265	\$0.231	\$0.110	\$0.96	\$0.0265	\$0.231	\$0.110	\$0.96	
September	4,094,715	\$2.10	\$821,742.83	\$7,777,158	\$12,939,286.83	\$1,210,111.86	\$11,729,174.97	-\$3,952,016.93	\$0.0420	\$0.3654	\$11,736,325.59	-\$0.1230	\$0.0278	\$0.242	\$0.117	\$1.02	\$0.0278	\$0.242	\$0.117	\$1.02	
October	4,382,896	\$2.10	\$871,034.74	\$8,333,047	\$13,376,148.86	\$1,250,721.57	\$12,125,427.29	-\$3,792,380.68	\$0.0420	\$0.3654	\$12,201,464.25	-\$0.1136	\$0.0287	\$0.250	\$0.121	\$1.06	\$0.0287	\$0.250	\$0.121	\$1.06	
November	4,258,147	\$2.10	\$853,937.31	\$8,088,171	\$12,920,386.06	\$1,212,382.81	\$11,708,003.25	-\$3,619,832.09	\$0.0420	\$0.3654	\$12,168,236.78	-\$0.1087	\$0.0279	\$0.243	\$0.122	\$1.06	\$0.0279	\$0.243	\$0.122	\$1.06	
December	4,382,028	\$2.10	\$893,609.98	\$8,308,649	\$13,317,069.88	\$1,252,265.49	\$12,064,804.39	-\$3,756,155.13	\$0.0420	\$0.3654	\$12,700,491.21	-\$0.1081	\$0.0275	\$0.239	\$0.121	\$1.05	\$0.0275	\$0.239	\$0.121	\$1.05	
Total:	51,179,651			\$97,283,142			\$142,969,540	-\$45,686,398.37				-\$0.1128	Avg:	\$0.0275	\$0.239	\$0.120	\$1.04				
2021	Cwt of Pooled Class 1 Milk	Class 1 Differential	Location	Adjustment	Class 1 Pool Income after Location	Quota Payments	RQA	Quota Net Payment After	Shortfall From Class 1 Dollars to Cover Quota	Assessment Rate / lb SNF	Rate / cwt	QIP Assessment	Quota Shortfall Affect On Mailbox Price	FAIR Assessment Rate / lb SNF	FAIR Rate / cwt	FAIR Quota Payout / lb snf	FAIR Quota Payout / per cwt	Lbs. CA Quota SNF: 2,215,978			
																		Rate / lb SNF	Rate / cwt	Payout / lb snf	Payout / per cwt
January	4,136,216	\$2.10	\$832,011.37	\$7,854,042	\$13,381,644.35	\$1,256,583.63	\$12,125,060.72	-\$4,271,018.53	\$0.0420	\$0.3654	\$13,238,806.39	-\$0.1179	\$0.0249	\$0.217	\$0.114	\$0.99	\$0.0249	\$0.217	\$0.114	\$0.99	
February	3,895,549	\$2.10	\$800,633.95	\$7,380,018	\$12,087,733.29	\$1,134,955.99	\$10,952,777.30	-\$3,572,758.92	\$0.0420	\$0.3654	\$12,161,852.06	-\$0.1073	\$0.0255	\$0.222	\$0.119	\$1.03	\$0.0255	\$0.222	\$0.119	\$1.03	
March	4,297,649	\$2.10	\$874,178.92	\$8,150,885	\$13,382,151.55	\$1,256,480.55	\$12,125,671.00	-\$3,974,786.18	\$0.0420	\$0.3654	\$13,639,148.60	-\$0.1065	\$0.0251	\$0.218	\$0.119	\$1.03	\$0.0251	\$0.218	\$0.119	\$1.03	
April	4,067,202	\$2.10	\$833,269.26	\$7,707,854	\$12,950,074.26	\$1,215,871.19	\$11,734,203.07	-\$4,026,349.18	\$0.0420	\$0.3654	\$13,282,847.64	-\$0.1108	\$0.0244	\$0.212	\$0.116	\$1.01	\$0.0244	\$0.212	\$0.116	\$1.01	
May	3,881,512	\$2.10	\$807,596.67	\$7,343,578	\$13,365,074.27	\$1,256,126.32	\$12,108,947.95	-\$4,765,369.71	\$0.0420	\$0.3654	\$13,604,077.47	-\$0.1280	\$0.0227	\$0.197	\$0.107	\$0.93	\$0.0227	\$0.197	\$0.107	\$0.93	
June	3,691,554	\$2.10	\$739,636.07	\$7,012,628	\$12,901,341.22	\$1,217,409.11	\$11,683,937.11	-\$4,671,303.77	\$0.0420	\$0.3654	\$12,579,434.95	-\$0.1357	\$0.0234	\$0.204	\$0.105	\$0.92	\$0.0234	\$0.204	\$0.105	\$0.92	
July	3,815,831	\$2.10	\$787,481.12	\$7,225,765	\$13,376,478.67	\$1,257,948.17	\$12,118,530.50	-\$4,892,767.13	\$0.0420	\$0.3654	\$12,448,861.81	-\$0.1436	\$0.0244	\$0.212	\$0.105	\$0.92	\$0.0244	\$0.212	\$0.105	\$0.92	
August	4,097,686	\$2.10	\$819,089.17	\$7,786,051	\$13,381,551.60	\$1,258,352.10	\$12,123,199.50	-\$4,337,148.58	\$0.0420	\$0.3654	\$12,307,432.59	-\$0.1288	\$0.0266	\$0.231	\$0.113	\$0.99	\$0.0266	\$0.231	\$0.113	\$0.99	
September	3,965,321	\$2.10	\$786,046.35	\$7,541,128	\$12,941,796.72	\$1,217,850.81	\$11,723,945.91	-\$4,182,817.99	\$0.0420	\$0.3654	\$11,980,999.57	-\$0.1276	\$0.0264	\$0.230	\$0.113	\$0.99	\$0.0264	\$0.230	\$0.113	\$0.99	
October	4,095,828	\$2.10	\$820,677.79	\$7,780,526	\$12,937,152.38	\$1,250,003.22	\$12,112,552.84	-\$4,331,991.31	\$0.0420	\$0.3654	\$12,714,784.22	-\$0.1245	\$0.0257	\$0.224	\$0.113	\$0.99	\$0.0257	\$0.224	\$0.113	\$0.99	
November	4,223,710	\$2.10	\$841,513.42	\$8,028,277	\$12,909,852.95	\$1,220,196.19	\$11,689,656.76	-\$3,661,379.43	\$0.0420	\$0.3654	\$12,372,310.08	-\$0.1081	\$0.0273	\$0.237	\$0.121	\$1.05	\$0.0273	\$0.237	\$0.121	\$1.05	
December	4,308,472	\$2.10	\$853,050.83	\$8,194,740	\$13,369,494.66	\$1,265,606.43	\$12,103,888.23	-\$3,909,147.82	\$0.0420	\$0.3654	\$12,897,353.05	-\$0.1108	\$0.0267	\$0.232	\$0.119	\$1.04	\$0.0267	\$0.232	\$0.119	\$1.04	
Total:	48,476,530			\$92,005,527			\$142,602,366	-\$50,596,838.55				-\$0.1208	Avg:	\$0.0252	\$0.220	\$0.114	\$0.99				
2022	Cwt of Pooled Class 1 Milk	Class 1 Differential	Location	Adjustment	Class 1 Pool Income after Location	Quota Payments	RQA	Quota Net Payment After	Shortfall From Class 1 Dollars to Cover Quota	Assessment Rate / lb SNF	Rate / cwt	QIP Assessment	Quota Shortfall Affect On Mailbox Price	FAIR Assessment Rate / lb SNF	FAIR Rate / cwt	FAIR Quota Payout / lb snf	FAIR Quota Payout / per cwt	Lbs. CA Quota SNF: 2,215,978			
																		Rate / lb SNF	Rate / cwt	Payout / lb snf	Payout / per cwt
January	4,041,777	\$2.10	\$810,813.07	\$7,676,919	\$13,357,795.63	\$															

# Producer List Update Process

---

FOR PRODUCER REVIEW BOARD MEETING ON 2/5/2024  
CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)  
QUOTA ADMINISTRATION PROGRAM (QAP)

# CDFA QAP Producer List

---



The Producer List (The list) contains dairy information for Market Milk Producers in California.

Producer Number, Dairy Name, Ownership Name, Mail address, Operation Address...etc

**The list is confidential**

(per FAC Code Division 21, Part 3, Chapter 3, 62712)



The list is updated daily in our system  
(Dairy Accounting System, known as DAS)

# Source of The List

---

QAP collects dairy information from various sources to compile the list

- State Inspectors that issue Market Milk Permits
- Authorized County Inspectors that issue Market Milk Permits
- A Cooperative a Producer belongs to
- A Plant/Handler a Producer ships milk to or has a contract with
- A Broker a Producer markets milk through
- Pool Quota Transfer Applications
- Secretary of State Website (For Corporations, LLCs and LPs)

# Daily Update Procedure

## Pool Quota Transfer Application

- Quota holders only
- Checks for changes/discrepancies

## Cooperative Notifications

- A Producer changing a cooperative
- A new producer
- A producer going out of business

## Requesting Updated Information from Other Sources

- Updates from authorized county inspectors and Milk and Dairy Food Safety Related to new market milk permits
- Example: Stanislaus County

## Producer Inquiry

- A producer contacts QAP regarding their dairy information
- QAP Staff contact a producer Regarding Their dairy information

# Certification Process

---

## **QAP follows a certification process**

- To determine the validity of the information change request
- To determine the authority of the requestor
- To protect the confidentiality of producer dairy information

## **Producers are asked to submit a request and/or authorization via a written email/Record Update Authorization Form**

- All producers can request to update their dairy information by contacting QAP
- Quota holders are required to complete a quota transfer application to change ownership and dairy name information

## Records Update Authorization for the Quota Implementation Plan

Quota Administration Program  
CA Department of Food & Agriculture  
PO Box 942871  
Sacramento, CA 94299-0003  
Ph: (916) 900-5012



E-mail to  
[pooling@cdfa.ca.gov](mailto:pooling@cdfa.ca.gov)

As of December 2023, California Department of Food and Agriculture (CDFA) records related to the Quota Implementation Plan indicate the ownership information associated with the Market Milk Dairy listed below to be as follows:

**Producer #:**  
**Dairy Ownership:**  
**Dairy Business Name:**

Please indicate any changes to the above-named Market Milk Dairy in the section(s) below:

<b>Dairy Ownership (List all authorized owners):</b>	
<b>Dairy Business Name:</b>	
<b>Dairy Mailing Address:</b>	
<b>Dairy Operation Address:</b>	
<b>Dairy Contact E-mail:</b>	
<b>Dairy Phone Number:</b>	

I hereby certify that I am producer of market milk in California, that I have the authority to sign on behalf of the Market Milk producer entity named above, and that the requested changes are true and correct.

Print Name: \_\_\_\_\_ Signed: \_\_\_\_\_

Dated: \_\_\_\_\_

**Please e-mail completed form to: [pooling@cdfa.ca.gov](mailto:pooling@cdfa.ca.gov)**



# How to Request a Records Update

## Contact

Contact QAP Staff

- Email: Pooling@cdfa.ca.gov
- Phone: 916-900-5012

## Request

Request Records Update Authorization Form

- Include your **producer number** in your request for accuracy and timeliness

## Complete

Complete Records Update Authorization Form

- An authorized representative (e.g., an owner, shareholder, officer) may certify and sign the Form
- Print name and sign the form (No digital signatures are accepted)

## Return

Return a scanned copy of the form to QAP

- The request will be reviewed, and information will be updated.



# Questions

---



November 1, 2023

Ms. Kathy Diaz, Director  
Division of Marketing Services  
1220 N Street  
Sacramento, CA 95814

Dear Ms. Diaz:

The California Department of Food and Agriculture (CDFA) Audit Office has completed its audit of the Quota Administration Program of the CDFA Division of Marketing Services, for the period November 1, 2018 through June 30, 2021.

The final report is enclosed.

Sincerely,

For

Ron Shackelford, CPA  
Chief, Audit Office

Enclosure

RS:vr

cc: Seven Donaldson



CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE  
AUDIT OFFICE



DIVISION OF MARKETING SERVICES  
FINANCIAL SERVICES BRANCH  
AUDIT OF QUOTA ADMINISTRATION PROGRAM

AUDIT REPORT #23-011  
FOR THE PERIOD NOVEMBER 1, 2018 THROUGH JUNE 30, 2021

CALIFORNIA DEPARTMENT OF  
FOOD AND AGRICULTURE  
  
DIVISION OF MARKETING SERVICES  
FINANCIAL SERVICES BRANCH  
  
AUDIT OF QUOTA ADMINISTRATION PROGRAM

---

AUDIT STAFF

---

Ron Shackelford, CPA  
Shakil Anwar, CPA  
William Stuart

Audit Chief  
Assistant Audit Chief  
Auditor

MANAGEMENT REPORT NUMBER  
23-011

**TABLE OF CONTENTS**

	<u>PAGE</u>
EXECUTIVE SUMMARY .....	1
BACKGROUND .....	1
AUDIT OBJECTIVES .....	2
AUDIT SCOPE AND METHODOLOGY .....	2
CONCLUSION .....	3
FINDING AND RECOMMENDATION – DIVISION OF MARKETING SERVICES	4
Finding 1 – Uncashed Checks have been Outstanding for More than Three Years .....	4
FINDING AND RECOMMENDATION – FINANCIAL SERVICES BRANCH ..	5
Finding 1 – Bank Account Reconciliations were not Completed Within a Timely Manner .....	5
DIVISION OF MARKETING SERVICES AND FINANCIAL SERVICES BRANCH’S RESPONSE .....	6
EVALUATION OF AUDIT RESPONSES .....	8
APPENDIX A.....	9
SUMMARY OF PERIODIC QAP FUND BALANCES FOR THE PERIOD NOVEMBER 1, 2018 THROUGH JUNE 30, 2021 .....	9
DISPOSITION OF AUDIT RESULTS.....	10
REPORT DISTRIBUTION .....	11

## **EXECUTIVE SUMMARY**

Prior to November 2018, the California Department of Food and Agriculture's (CDFA), Division of Marketing Services' (DMS), Milk Pooling Branch (MPB), administered the Milk Pooling Equalization Fund (MPEF) in accordance with the Food and Agricultural Code, Division 21, Part 3, Chapter 3. The MPB was responsible for administering the Pooling Plan for fluid milk, which, together with the Dairy Marketing Branch (DMB), promoted, fostered, and encouraged the intelligent production and orderly marketing of milk. However, the MPB and DMB functions were suspended at the end of 2018 when the dairy industry voted to move from a California State Order to a Federal Milk Marketing Order (FMMO). These functions were combined to create the Quota Administration Program (QAP), which administers the Quota Implementation Plan which authorizes quota payments to producers.

The QAP is responsible for the determination and collection of monthly quota assessments by handlers, including delinquents. The QAP uses a customized accounting system identified as the Dairy Accounting System (DAS) to determine the monthly assessment payments or refunds applied to each handler. The CDFA Financial Services Branch (FSB) is responsible for the processing of related cash receipts, deposits, cash disbursements, in addition to preparing monthly bank reconciliations, and maintaining data within its general ledger.

In compliance with Section 62712(c) of the Food and Agricultural Code which mandates an audit, we have audited the financial operation of the QAP. The audit covers the 32-month period of November 1, 2018 through June 30, 2021.

**Appendix A** summarizes the Quota Administration Program (QAP) fund balances pursuant to the DAS during the periods audited.

## **BACKGROUND**

In November 1967, the California State Legislature passed and enacted the Gonsalves Milk Pooling Act (Act). This Act provided authority for the CDFA to develop and formulate a Pooling Plan for milk, which was implemented in 1968 and became operational in 1969. The Pooling Plan provides for the operation of a statewide pool for all milk that is produced and delivered to California pool plants.

The QAP is also responsible for administering the Milk Producers Security Trust Fund (MPSTF). Food and Agricultural Code Section 62640 states that the MPSTF was established to protect milk producers from milk handler payment defaults. The MPSTF consists of money collected from milk assessments and is administered by a seven-member board (Board) appointed by the CDFA. If a handler defaults in

payments to the quota fund and the Secretary determines that all additional efforts will not result in collection of the amount due, the Secretary may pay money from the MPSTF to the quota fund to cover the amount of the default after consultation with the Board.

### **AUDIT OBJECTIVES**

As the duties for administering the fund are separated, the objectives in testing the QAP operations were:

1. To ensure the DMS was efficiently administering the collection and distribution of QAP related financial activity.
2. To review whether the DMS was pursuing delinquent handler payments owed to the QAP in accordance with state rules and regulations.

Within the FSB's area of responsibility over QAP operations, our objectives were:

1. To ensure the FSB was processing fund related financial transactions within a timely manner.
2. To ensure that QAP bank account reconciliations were prepared within a timely manner, were accurate, and contained no unusual activity.
3. To review how QAP financial activity was reported at fiscal year-end.

### **AUDIT SCOPE AND METHODOLOGY**

Our audit scope was limited to the period of November 1, 2018 through June 30, 2021 (FY 2018/19, 2019/20 and FY 2020/21). To accomplish our objectives, the following audit procedures were performed:

- Documented the current processes and internal controls in place over QAP activities by both the DMS and FSB. Tested for compliance with the Food and Agricultural Code, the CDFA's Pooling Plan for Market Milk, and applicable California laws and regulations.
- Performed analytical procedures on the \$110 million, \$150 million and \$166 million in QAP related Total Sales and \$102 million, \$158 million and \$157 million in QAP related Total Payouts during FY 2018/19, 2019/20 and 2020/21, respectively.
- Reviewed how \$62 million, \$73 million and \$78 million in QAP related financial activity was processed through the CDFA's FSB in FY 2018/19, 2019/20 and 2020/21, respectively.



- Tested the approximate \$1.9 million and \$2.4 million in outstanding accounts receivables due from milk handlers as of June 30, 2019 and 2020, respectively, to ensure their validity and collectability.
- Verified approximately \$1,192,863, \$257,985, and \$71,663 in audit and miscellaneous adjustments made by the DMS to related source documents and accounting records for FY 2018/19, 2019/20 and FY 2020/21, respectively.
- Reviewed the DMS's compliance with state policies and procedures in pursuing delinquent handler payments owed to the QAP.
- Reviewed the monthly bank reconciliations for the QAP account activity in FY 2018/19, FY 2019/20, and FY 2020/21 to ensure compliance with the State Administrative Manual (SAM). Unusual reconciling items were examined for appropriateness.
- Traced the subsequent clearing of outstanding checks reported on bank reconciliations to ensure they cleared within a timely manner.

We conducted this performance audit in accordance with generally accepted government auditing standards except peer review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### **CONCLUSION**

Based on the procedures performed to accomplish our audit objectives, our office observed that the DMS's mechanisms and controls in place to fulfill the administrative requirements over the integrity of the Quota Administration Program were sufficient and functioning properly during the periods audited. However, our office did identify a weakness as \$299,500 of checks previously issued by the DMS remained uncashed for a period of three to five years.

In addition, the FSB's administrative controls, safeguards, and reporting of fund transactions were generally in compliance with related state rules and regulations. However, our office did identify one weakness related to FSB's operating controls as 20 of the 32 monthly bank account reconciliations were not completed within the time frames required by SAM Section 7901.

Additional details for these findings are specified within the body of this report.

## FINDING AND RECOMMENDATION – DIVISION OF MARKETING SERVICES

### FINDING 1 – UNCASHED CHECKS HAVE BEEN OUTSTANDING FOR MORE THAN THREE YEARS

For the periods audited, an examination of related accounting records showed that there were an excessive number of issued checks that remained uncashed for more than three years. As of February 28, 2023, related accounting records identify 15 checks totaling \$299,514 that were issued by the QAP however remained uncashed for a period of three to five years. *Table 1* below summarizes the checks that have remained uncashed for more than three years. The SAM Section 8042 states that checks generally have a one-year period of negotiability and agencies will send a stop payment request at least one week prior to the end of the one-year period of negotiability. The Government Code Section 17096.1 does allow payees to claim amounts for two years after the cancellation of the agency check.

*Table 1 – QAP Issued Checks Remaining Uncashed as of February 2023*

Issue Date	Check Number	Amount
10/24/2018	16292	\$ 58,687
10/24/2018	16305	46
11/26/2018	16308	1,629
2/6/2019	16359	135,792
2/6/2019	16369	124
2/28/2019	16402	1,101
3/26/2019	16413	24,636
3/26/2019	16423	66
3/26/2019	16430	945
6/19/2019	16484	27,304
8/16/2019	16532	50
9/16/2019	16563	132
10/18/2019	16598	35,951
2/19/2020	16704	13,009
3/16/2020	16732	42
<b>Grand Total</b>		<b>\$ 299,514</b>

Source: US Bank Milk Pooling Monthly Outstanding Check List

#### Recommendation:

1. The DMS should work with the FSB to address the \$299,514 of checks that remain uncashed for more than three years.

**FINDING AND RECOMMENDATION – FINANCIAL SERVICES BRANCH****FINDING 1 – BANK ACCOUNT RECONCILIATIONS WERE NOT COMPLETED WITHIN A TIMELY MANNER**

Bank account reconciliations were not prepared within the timeframes specified by the SAM. For the periods audited, our office observed that 20 of the 32 monthly bank reconciliations were not completed within 30 days of the preceding month as required by the SAM Section 7901 - Reconciliations, (SAM 7901). The related accounting records show these 20 reconciliations were prepared between 31 to 122 days after the bank statement date. **Table 2** below summarizes the bank reconciliations that were not prepared within a timely manner. The SAM 7901 states that all reconciliations will be prepared monthly within 30 days of the preceding month. In addition, the reconciliations will include the preparer's and reviewer's names and signatures, the date prepared, and the date reviewed.

**Table 2 – Summary of Bank Reconciliations Not Prepared within a Timely Manner**

Bank Statement Date	Prepared By Date	Number of Days Between Statement Date and Reconciliation
11/30/2018	3/26/2019	116
12/31/2018	3/26/2019	85
1/31/2019	3/26/2019	54
3/31/2019	6/28/2019	89
4/30/2019	8/8/2019	100
5/31/2019	8/23/2019	84
6/30/2019	8/27/2019	58
7/31/2019	9/17/2019	48
8/31/2019	10/17/2019	47
10/31/2019	1/8/2020	69
11/30/2019	3/4/2020	95
12/31/2019	5/1/2020	122
1/31/2020	5/1/2020	91
2/29/2020	5/1/2020	62
3/31/2020	5/1/2020	31
6/30/2020	8/6/2020	37
7/31/2020	9/30/2020	61
8/31/2020	12/1/2020	92
9/30/2020	12/8/2020	69
10/31/2020	12/8/2020	38

Source: Milk Pooling Bank Monthly Bank Reconciliations

**Recommendation:**

1. Going forward, the FSB should comply with SAM 7901 by preparing the related bank account reconciliations within 30 days of the preceding month.

**DIVISION OF MARKETING SERVICES AND FINANCIAL SERVICES  
BRANCH'S RESPONSE**

State of California

## Memorandum

To : Ron Shackelford, Chief CDFA  
Audit Office

Date: October 31, 2023

Place: Sacramento

Phone: (916) 662-1549

From : Department of Food and Agriculture

Jody Lusby, Director  
Administrative Services Division

**Jody Lusby**  
Digitally signed by Jody Lusby  
Date: 2023.10.31  
22:54:42 -07'00'

Subject : **Response to the Quota Administration Program (QAP) #23-011**

The Division of Marketing Services (MSD) and Financial Services Branch (FSB), Administrative Services Division (ASD) offer the following responses to Recommendations 1 and 2 provided in the Quota Administration Program (QAP) Audit Report # 23-011 for the period of November 1, 2018 through June 30, 2021.

**Recommendation 1 – MSD:** the MSD should work with the FSB to address the \$299,514 of checks that remain uncashed for more than three years.

**MSD Response:** Immediately, QAP staff will work on the 2018-2021 outstanding checks by contacting the recipients to do a stop payment and if needed, a reissue. Going forward, QAP will compile an ongoing list of checks and begin reviewing bank statements/online records related to the outstanding checks. QAP will notify the respective check recipient if checks have not been cashed within 90 days. QAP and FSB will communicate one month before the end of the one-year period of negotiability to confirm records match and QAP will do a stop payment on the outstanding checks. QAP will then add the list of checks to the report sent to FSB for use in the bank reconciliation.

**Recommendation 1 – FSB:** Going forward, the FSB should comply with SAM 7901 by preparing the related bank account reconciliations within 30 days of the preceding month.

**FSB Response:** FSB has completed all the bank reconciliations and is now current, and has put new procedures in place to ensure it remains in compliance with SAM 7901 regarding timely bank reconciliations. FSB will work with QAP to ensure the stop payments are done before the end of the one-year period of negotiability to update the outstanding check list when reconciling the bank statements.

CC: Kathy Diaz, Director, MSD  
Trisha Beam, Chief, FSB

### **EVALUATION OF AUDIT RESPONSES**

A draft of this report was forwarded to the management of the Division of Marketing Services and the Financial Services Branch for their review and response. We reviewed their responses, and they satisfactorily address the findings contained within this report.



## APPENDIX A

SUMMARY OF PERIODIC QAP FUND BALANCES FOR THE PERIOD  
NOVEMBER 1, 2018 THROUGH JUNE 30, 2021

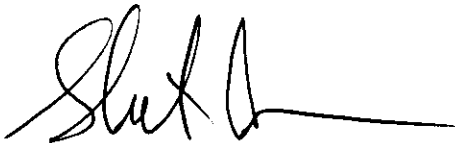
QAP Fund Balance	November 2018	June 2019	June 2020	June 2021
Cash on Hand	\$ 2,828,029	\$ 10,592,175	\$ 2,640,155	\$ 11,091,041
Accounts Receivables	4,189,219	1,925,653	2,427,213	3,145,094
<b>Balance</b>	<b>\$ 7,017,248</b>	<b>\$ 12,517,828</b>	<b>\$ 5,067,368</b>	<b>\$ 14,236,135</b>

Source: Report 4503: Quota Implementation Plan – Balance as of Close of Operations

### DISPOSITION OF AUDIT RESULTS

The findings in this audit report are based on fieldwork that my staff performed during the period of January through July 2023. My staff communicated with DMS and FSB management throughout this process to discuss the preliminary findings, recommendations and other items.

This audit report is intended solely for the information of the California Department of Food and Agriculture's DMS and FSB. However, once finalized, this report is a matter of public record, and its distribution is not limited.



for Ron Shackelford, CPA  
Chief, Audit Office

November 1, 2023



### **REPORT DISTRIBUTION**

<u>Number</u>	<u>Recipient</u>
1	Director, CDFA Division of Marketing Services
1	Chief, Quota Administration Program
1	Chief, Financial Services Branch
1	General Counsel, CDFA Legal Office
1	Audit Chief, Audit Office

Before 1967, there was no milk pooling in California. Milk was marketed from the dairy to the processor on a dairy-by-dairy basis.

This led to bribes and special deals between the dairies to the field man of the processing plants. Assembly man Gonzalez got involved and convinced the dairymen to start milk pooling to end the corruption in the dairy industry.

This led to all milk being pooled except the milk that was going to class 1 plants since the producers who were selling to class 1 plants had made special deals with their processors.

The Gonzalez pooling act wanted to bring the class 1 shippers into the pool so a deal was struck to give the class 1 shippers a piece of paper saying they would get the extra revenue from class 1 sales no matter what plant they shipped their milk to, if they joined the pool. So of course, the Class 1 shippers liked this because it let them ship their milk to a local plant and they would still receive the net revenue from class 1 sales even though their milk no longer had to go to the bottle.

But the class 1 shippers wanted more so the State decided to give the class 1 shippers their milk sales plus 10% more than there were class 1 sales.

The Class 1 shippers agreed and the state's logic in this was as the population in California increased so would class 1 sales and as class 1 sales increased the new class 1 shipping rights would go to the dairyman who did not receive the free quota certificate in 1969.

The state believed it would take 15 to 17 years for all dairies to have state issued quota certificates and at that time quota would no longer be needed, this was called the equalization clause. Of course, this did not happen because for various reasons as soon as quota was implemented class 1 sales began to fall and they have continued to fall to the point the state was forced to take money from all classes of milk to pay for the quota they had given to the dairymen. Of course, this deduction from dairymen's milk checks was never itemized on their checks so the dairymen without quota had no idea what was going on and how much money it was costing them.

Enter the fix of 1994.

The dairymen with quota had seen their quota payments which started at 1.73 drop to an average of 1.34 so the dairymen made a deal with the state legislation to fix the quota price at 1.73 instead of the 1.34 it had averaged for the first 25 years. This was done without a vote of the dairymen. The state also hid the fixed deduction from the dairymen by still not showing the deduction on their milk checks.

Enter the FMMO.

California dairymen had been trying to get into the FMMO for years, but the federal government refused to let California into the order because California had a quota system and the federal government said there was no purpose for quota and therefore quota had no legitimacy.

So a deal was finally struck to let California into the FMMO if California would deal with the quota system without getting the federal government involved. California told the dairymen they had to vote for a standalone quota system called the QIP, in order to get into the FMMO. Of course this was not true but the dairymen wanted to get into the FMMO and voted for the QIP not knowing they could have voted to

end the program like the federal government wanted and vote to get into the FMMO. This fact was hidden from the dairymen much like the quota payments were kept off their milk checks.

To summarize, the quota system has been in place for 55 years. The first 50 years the dairymen did not see the cost of the program because the cost was never shown on their milk checks.

Since the program was launched till today class 1 sales have fallen to the point we now have 22 percent of the state's milk production getting a 1.73 a hundred weight of milk payment for their state issued quota certificates and only 10 percent of the state's milk is sold as class 1 or bottled milk. The payments the dairymen pay for the state issued quota is more than double what it should be and more importantly if the quota program had any merit why is it that a program that was launched to support class 1 sales has sat back and watched class 1 sales fall year after year and yet they do nothing but keep ensuring the quota payments are made.

We the dairymen have been trying to change the quota system since we saw what it is costing the industry in lost class 1 sales and the loss of dairy revenue. Due to the fact that a lot of the dairymen with quota have testified under oath they could not survive without the 1.73 quota payments this point has been made over and over with government sponsored studies such as the McKinsey Report. The quota system allows more milk production in the state by paying dairymen to stay in business therefore lowering the price for everyone producing milk and further increasing hardship for the non-quota holders by deducting money from them to pay for the ones who do hold quota. We are losing an average of 1 dairy a week in this state and still CDFA led by secretary Karen Ross has refused our right to vote to change this long broken system.

A petition was submitted to the Producer Review Board in late 2023 which stated that the dairymen would get to vote if they wanted to continue the quota program or terminate it. The minimum threshold of 25% of the milk produced in California was met with the petition being signed by dairymen holding 29% of milk produced in California. The petition went before the PRB and was recommended for approval by the state secretary of agriculture, Karen Ross. Unfortunately, on December 17, 2023 Karen Ross claimed the petition was invalid because of pre-printed signatures, yet she does not reference legal claims to support her decision.

We live in a democratic society yet our right to vote is being taken away from us. Let the dairymen vote!



CALIFORNIA DEPARTMENT OF  
FOOD & AGRICULTURE

Karen Ross, Secretary

January 12, 2024

Mr. Craig Gordon  
StopQIP  
2915 Kings River Lane  
Ontario, CA 91761

Re: Clarification on Petition Process for QIP

Dear Mr. Gordon,

I hope this email finds you well. I recently received your email dated January 10th, 2024, regarding the upcoming petition submission to CDFA concerning the Quota Implementation Program (QIP). I appreciate your proactive approach and commitment to this matter.

After reviewing the attached sample petition titled "Petition to Re-approve the QIP #7," I wanted to bring to your attention a potential concern. Article 11 of the QIP outlines two referendum options: one for the termination of the QIP and the other for its amendment. Both options require meeting specific voter thresholds as outlined in Cal Food & Agr Code § 62717 for the referendum to pass.

It appears that your petition is geared towards a reapproval referendum. However, Article 11 of the QIP does not provide a provision for such a referendum. Consequently, there's a likelihood that CDFA may reject your petition in its current form.

To ensure the success of your efforts, I recommend reviewing the QIP guidelines and considering adjustments to align with the available referendum options. Additionally, it might be beneficial to consult further with your attorney to address any potential concerns before submitting the petition.

Thank you for your attention to this matter, and I look forward to your successful petition submission.

Sincerely,

Peter Weber  
Staff Counsel



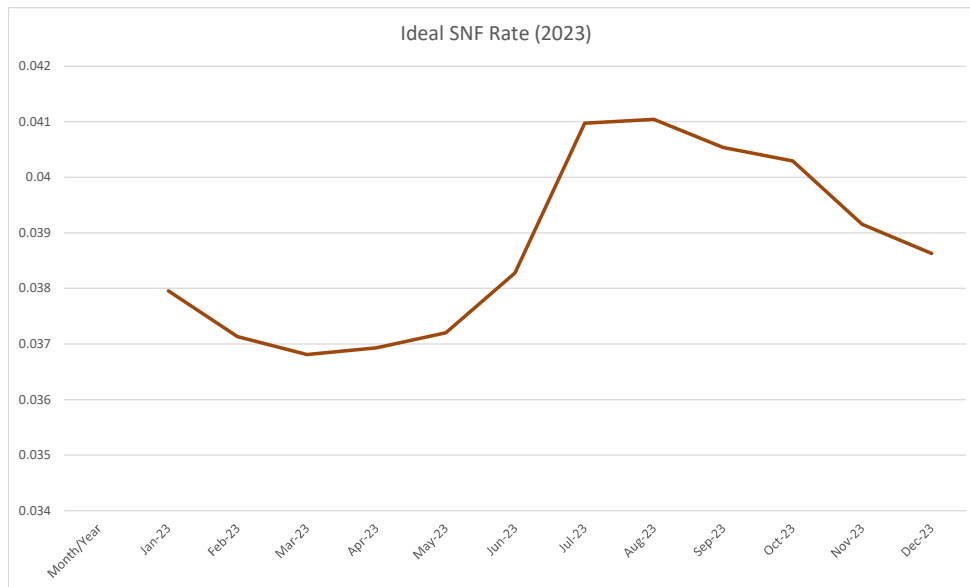
### Quota Fund Condition And Monthly Activity

	2023	Assessment	RQA	Adjustments	Payout	Monthly Net	Running Total
202301	January	\$ 10,043,329.13	\$ 1,273,719.34	\$ 4,299.83	\$ (13,375,642.07)	(\$2,054,293.77)	\$ 5,935,755.86
202302	February	\$ 9,274,709.35	\$ 1,150,608.44	\$ (4,383.38)	\$ (12,084,042.37)	(\$1,663,107.96)	\$ 4,272,647.90
202303	March	\$12,832,212.14	\$ 1,272,313.42		\$ (13,352,994.53)	\$751,531.03	\$ 5,024,178.93
202304	April	\$ 12,389,010.76	\$ 1,245,974.83	\$ 4,383.38	\$ (12,946,983.27)	\$692,385.70	\$ 5,716,564.63
202305	May	\$ 12,706,787.12	\$ 1,288,676.06		\$ (13,377,651.95)	\$617,811.23	\$ 6,334,375.86
202306	June	\$11,930,486.30	\$ 1,244,819.01		\$ (12,925,456.03)	\$249,849.28	\$ 6,584,225.14
202307	July	\$9,730,093.33	\$1,290,779.10	\$ (1,072.26)	\$ (13,370,995.96)	(\$2,351,195.79)	\$ 4,233,029.35
202308	August	\$9,717,148.95	\$ 1,294,095.91	\$7,244.83	\$ (13,379,316.19)	(\$2,360,826.50)	\$ 1,872,202.85
202309	September	\$9,508,263.21	\$1,256,084.02	\$ 35,813.36	\$ (12,935,555.07)	(\$2,135,394.48)	\$ (263,191.63)
202310	October	\$9,855,038.64	\$1,299,295.10	\$186,706.34	\$ (13,333,011.30)	(\$1,991,971.22)	\$ (2,255,162.85)
202311	November	\$11,931,994.32	\$1,260,279.96	\$ 41.98	\$ (12,939,870.97)	\$252,445.29	\$ (2,002,717.56)
202312	December	\$12,509,207.96	\$1,304,193.95	\$ (532,978.25)	\$ (13,384,640.26)	(\$104,216.60)	\$ (2,106,934.16)

QIP Fund Balance															
\$ 2.5-3 million															
Effective March 1, 2024															
% increase	CWT Rate:	SNF Rate:	December-23	January-24	February-24	March-24	April-24	May-24	June-24	July-24	August-24	September-24	October-24	November-24	December-24
0%	0.348	0.04	(2,106,934)	(1,451,123)	(611,532)	435,370	1,412,924	2,323,219	2,847,683	2,560,446	2,260,833	2,142,343	2,240,834	2,493,279	2,389,063
-10%	0.313	0.036	(2,106,934)	(1,451,123)	(611,532)	(877,389)	(1,167,252)	(1,556,884)	(2,252,930)	(3,719,572)	(5,197,022)	(6,468,029)	(7,564,088)	(8,504,842)	(9,859,979)
-5%	0.331	0.038	(2,106,934)	(1,451,123)	(611,532)	(221,009)	122,836	383,167	297,376	(579,563)	(1,468,094)	(2,162,843)	(2,661,627)	(3,005,781)	(3,735,458)
3%	0.357	0.041	(2,106,934)	(1,451,123)	(611,532)	763,559	2,057,968	3,293,245	4,122,836	4,130,451	4,125,297	4,294,936	4,692,065	5,242,810	5,451,323
5%	0.365	0.042	(2,106,934)	(1,451,123)	(611,532)	1,091,749	2,703,013	4,263,271	5,397,990	5,700,456	5,989,761	6,447,529	7,143,295	7,992,340	8,513,584
7%	0.374	0.043	(2,106,934)	(1,451,123)	(611,532)	1,419,938	3,348,057	5,233,297	6,673,143	7,270,460	7,854,224	8,600,121	9,594,525	10,741,870	11,575,844

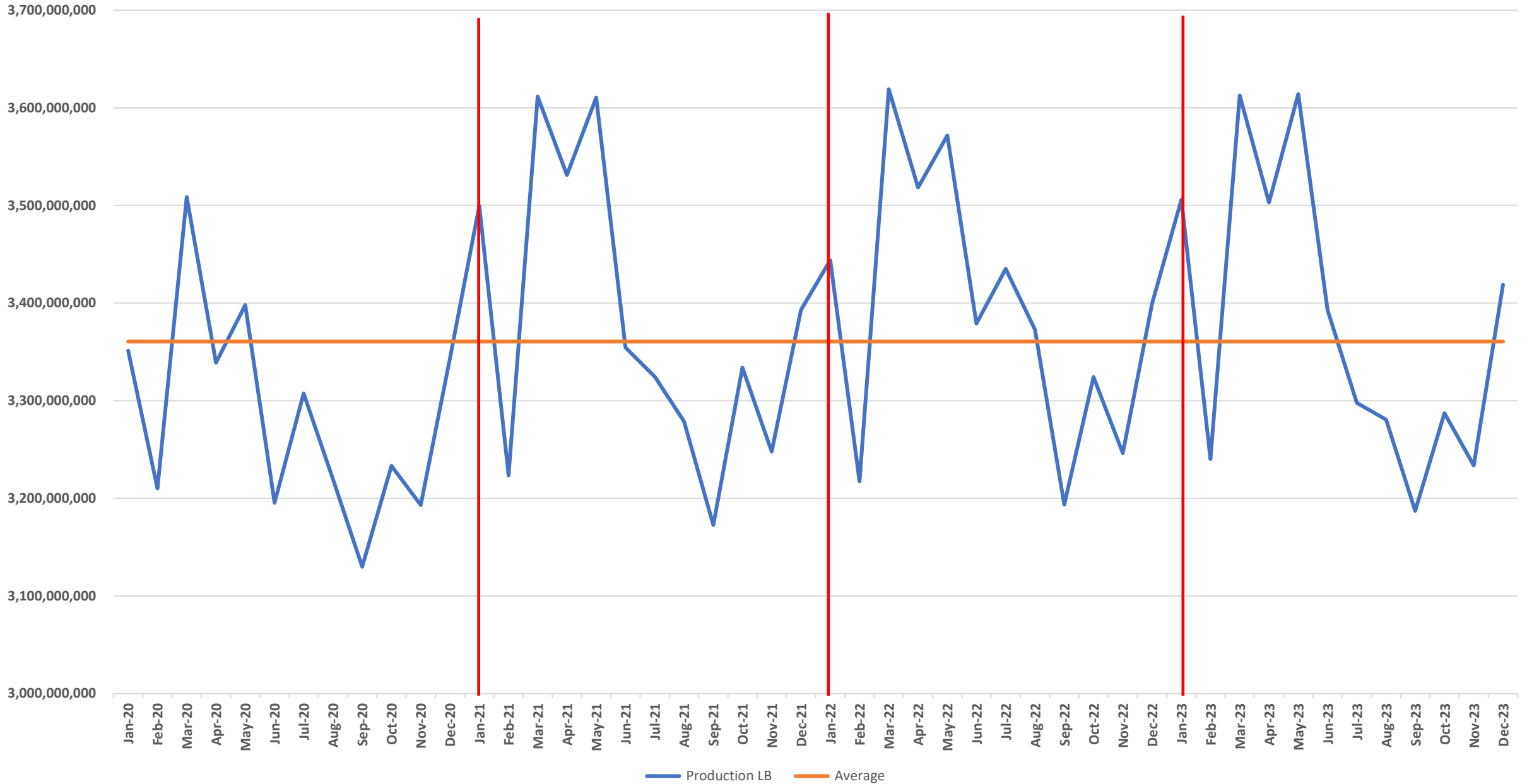
Monthly Fund Balance															
% increase	CWT Rate:	SNF Rate:	December-23	January-24	February-24	March-24	April-24	May-24	June-24	July-24	August-24	September-24	October-24	November-24	December-24
0%	0.348	0.04	428,762	655,811	839,591	1,046,902	977,555	910,295	524,464	(287,237)	(299,613)	(118,490)	98,491	252,445	(104,217)
-10%	0.313	0.036	428,762	655,811	839,591	(265,857)	(289,863)	(389,632)	(696,046)	(1,466,642)	(1,477,449)	(1,271,007)	(1,096,059)	(940,754)	(1,355,137)
-5%	0.331	0.038	428,762	655,811	839,591	390,523	343,846	260,331	(85,791)	(876,939)	(888,531)	(694,749)	(498,784)	(344,154)	(729,677)
3%	0.357	0.041	428,762	655,811	839,591	1,375,091	1,294,409	1,235,276	829,592	7,615	(5,154)	169,639	397,129	550,745	208,514
5%	0.365	0.042	428,762	655,811	839,591	1,703,281	1,611,264	1,560,258	1,134,719	302,466	289,305	457,768	695,766	849,045	521,244
7%	0.374	0.043	428,762	655,811	839,591	2,031,470	1,928,118	1,885,240	1,439,847	597,317	583,764	745,897	994,404	1,147,345	833,974

Uncommitted Bank Account Balance															
\$ 5 - 7 million ?															
As of 1/30/2024															
% increase	CWT Rate:	SNF Rate:	December-23	January-24	February-24	March-24	April-24	May-24	June-24	July-24	August-24	September-24	October-24	November-24	December-24
0%	0.348	0.04	1,133,365	1,789,176	2,628,767	3,675,669	4,653,223	5,563,518	6,087,982	5,800,745	5,501,132	5,382,642	5,481,133	5,733,578	5,629,362
-10%	0.313	0.036	1,133,365	1,789,176	2,628,767	2,362,911	2,073,047	1,683,415	987,369	(479,273)	(1,956,723)	(3,227,730)	(4,323,789)	(5,264,543)	(6,619,680)
-5%	0.331	0.038	1,133,365	1,789,176	2,628,767	3,019,290	3,363,135	3,623,466	3,537,675	2,660,736	1,772,205	1,077,456	578,672	234,518	(495,159)
3%	0.357	0.041	1,133,365	1,789,176	2,628,767	4,003,858	5,298,268	6,533,544	7,363,135	7,370,750	7,365,596	7,535,235	7,932,364	8,483,109	8,691,622
5%	0.365	0.042	1,133,365	1,789,176	2,628,767	4,332,048	5,943,312	7,503,570	8,638,289	8,940,755	9,230,060	9,687,828	10,383,594	11,232,639	11,753,883
7%	0.374	0.043	1,133,365	1,789,176	2,628,767	4,660,237	6,588,356	8,473,596	9,913,442	10,510,759	11,094,523	11,840,420	12,834,824	13,982,169	14,816,143

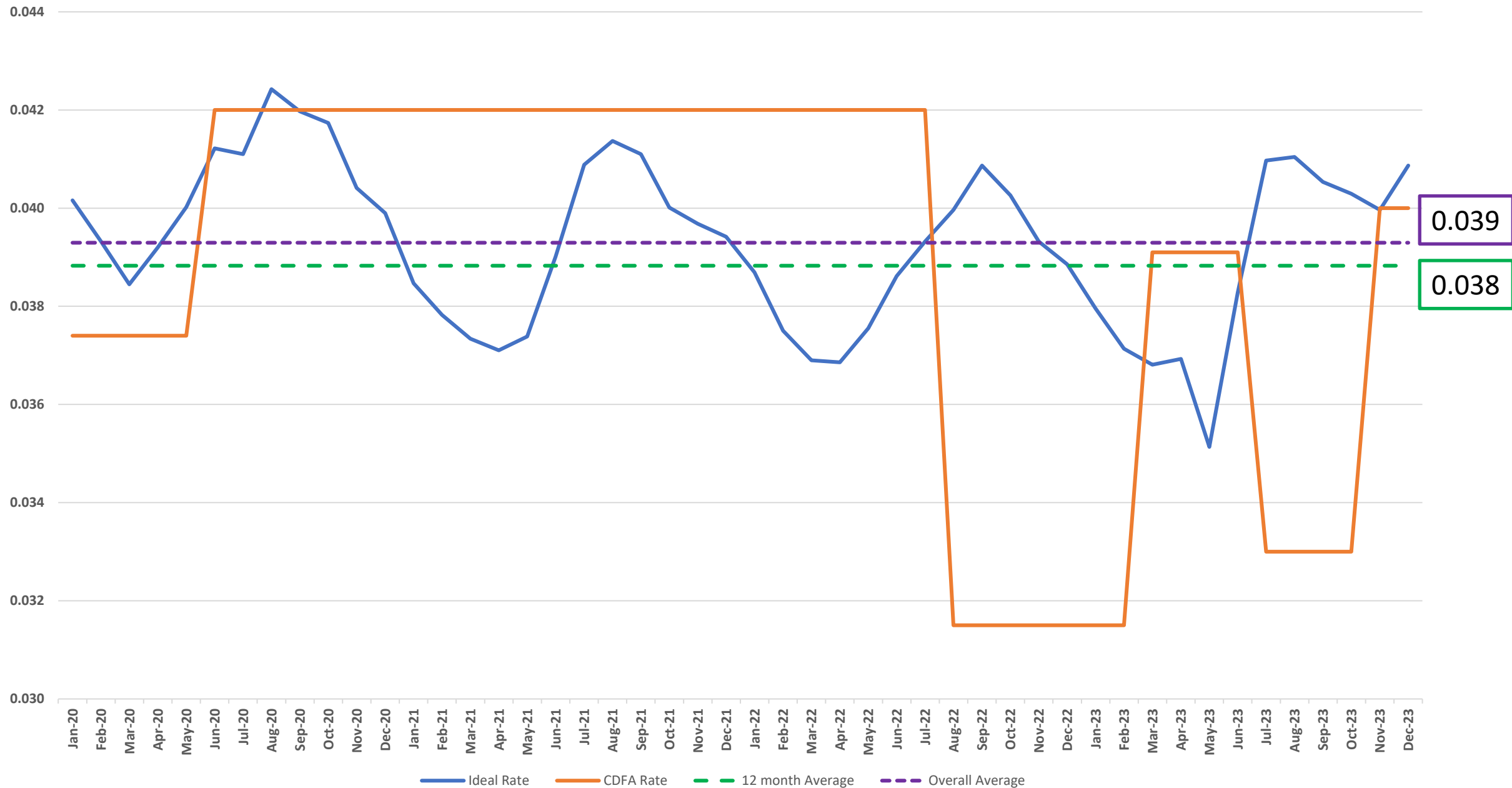


Month/Year	SNF Production	Year to Year % Change	Compared to 2019
12/1/2019	279,753,268		
12/1/2020	302,392,648	8.09%	1.37%
12/1/2021	307,079,835	1.55%	9.77%
12/1/2022	310,887,506	1.24%	11.13%
12/1/2023	312,730,199	0.59%	11.79%

# Production LBs



## SNF Rate





**State of California**  
**Department of Food and Agriculture**  
**Quota Implementation Plan (QIP)**

**Article 1. Definitions**

Article 1. Definitions of the QIP includes the definitions of a “Hardship” and “Producer” as follows

*“Hardship” means a challenge to the management and operation of a dairy due to the operation of this Plan.*

*“Producer” means any person that produces market milk in the State of California from five or more cows and includes members of cooperative associations.*

**Article 5. Hardship Consideration**

Article 5. Hardship Consideration, Section 500 provides that producers may:

- request for relief from hardship
- that includes a basis for which the (hardship) review is requested, and
- the extent of the relief requested.

***Section 500.*** Producers may request relief from hardship to **the Producer Review Board**, include the basis for which the review is requested, and the extent of relief requested.

*The Producer Review Board may request the applicant to submit additional information or documents as it deems necessary and appear for oral interview. **The Producer Review Board shall submit its recommendation in writing to the Secretary**, along with its findings. The recommendation shall include support of the request, denial or partial relief and indicate the extent of relief recommended and the effective date for such relief.*

***The Producer Review Board recommendations shall be subject to approval or modification by the Secretary***, who shall notify the producer in writing of the decision within 15 days after receiving the recommendations from the Producer Review Board. (Emphasis Added)

Further sections that reference hardships are under Article 2. Section 200, Article 4. 400(f), and 400(g) (see below). Those sections are specific to quota.

**Article 2. Allocation of New Producer’s Quota:**

***Section 200.*** Any quota which has reverted to the Department pursuant to a hardship shall be allocated on a continuing basis to qualified new producers. This quota will be accumulated until such time as there is sufficient quota to issue to the next new producer on the priority list.

**Article 4. Ownership and Transfer of Quota:**

**Section 400(f)** *Any producer who received quota under the hardship provisions of Article 5 shall not be eligible to transfer all or any part of the quota so assigned until five years have elapsed after such assignment. Any quota held by such producer, may be disposed of only in their entirety within the five-year period specified and, if they are so disposed of within that period, the quota assigned under Article 5 shall revert to the Department for reallocation;*

**Section 400(g)** *Quota issued under the Hardship provisions shall revert to the Department for reallocation in the event the holder of such quota discontinues milk production within the periods specified in Paragraph 400(f);*

**From:** [james vieira](#)  
**To:** [Ko, David@CDFA](mailto:Ko, David@CDFA)  
**Subject:** hardship  
**Date:** Saturday, November 18, 2023 11:19:35 AM

---

**CAUTION: [External Email]** - This email originated from outside of our CDFA organization. Do not click links or open attachments unless you recognize the sender and know the content is expected and is safe.

Attention David Ko (CDFA)

My name is Jim Vieira, I own and operate GJC Dairy, Inc. I am a Hilmar Cheese shipper and due to low price of milk and high feed cost of doing business we can no longer pay our Dairy bills.

I am requesting a hardship consideration. My Dairy is currently losing money. I'm having to borrow money each month to pay my dairy bills.

I'm requesting the money taken from my check for the QIP each month to be suspended indefinitely or until I can pay off my Dairy debts.

Thank you, Jim Vieira  
11/18/2023

PRB Meeting 02052024  
Plant: 700 - CALIFORNIA Date: 12/29/2023 Grade: A 52  
Rte: NFOA Prod: 053890 - 00 Name: GJC DAIRY INC Pay Period: 12/15/2023

YEAR TO DATE						Permit #	
Product	347,950	Gross	59,673.43	Farm Pur	0.00	Hauling	2,490.8
Dairy Col	0.00	Dues/Fees	0.00	Dairy Pur	0.00	Adver	0.0

RECEIPTS										
1	0	7	38,980	13	39,160	16	0	22	0	28
2	0	8	38,020	14	38,720	17	0	23	0	29
3	0	9	38,840	15	40,676	18	0	24	0	30
4	0	10	38,160			19	0	25	0	31
5	0	11	37,256			20	0	26	0	
6	0	12	38,138			21	0	27	0	

COMPONENT	TEST	WEIGHT	PLANT PRICE	VALUE
Product		347,950	CWT Price	17.1500
BUTTERFAT	3.930011	13,674.47	Fat Diff	0.0000
PROTEIN	3.269989	11,377.93		0.0000
OTHER SOLIDS	5.809995	20,215.88	Plant Zone/Premium	0.0000
TOTAL SOLIDS	13.009995	45,268.28	Adtl Compensation	0.0000
SOLIDS NON FAT	9.090005	31,628.67		0.0000
SKIM %	96.060000	334,275.53	SCC PREMIUM/DEDUCT	0.0000
ANTIBIOTIC	NEG			0.0000
SOMATIC CELL	200			0.0000
SPC	0			0.0000
CRYOSCOPE	545			0.0000
SEDIMENT	1			0.0000
PI COUNT	0			0.0000
LPC	0			0.0000

Average Price	17.1500	Farm Gross Pay	59,673.4
To Partners Lbs	0	To Partners \$	0.0
Adjusted Lbs	347,950	Adtl Compensation	0.0
Deductions	2,769.92	Adjusted Gross	59,673.4
Itemized Assignments, Deductions, Compensations	0.00	Total Asgn/Dedct	2,769.9
		Net Pay	56,903.5
Hauling Charge	-2,400.86	Stop Charge	-90.00
QUOTA ADMIN	-10.44	FUEL SURCHARGE	-240.09
XXXXXXXXXX1713	.00	DAIRY FOOD CTR	-3.4
		CA Dairy Counc	-25.0

NFO MEMBERS DAIRY CUSTODIAL

Ref. No: G 704

600264 : G.P.DAIRY, INC  
 Pool # 053890  
 2401 Newman Rd.  
 Turlock CA 95380



Dairystream Cooperative, Inc  
 Milk<sup>3</sup> Statement  
 December 2023  
 Final Payment

01/15/2024

California Cheese Yield	\$212,458.42
Fat Premium	\$463.47
Market Premium	\$15,091.85
Quality Premium	\$1,939.37
<b>Adjusted Gross Payment</b>	<b>\$229,953.11</b>

**Assessments**

California Milk Advisory Board	\$ 0.001000 X 1,410,453 Pounds	\$(1,410.45)
National Dairy Promotion	\$ 0.000500 X 1,410,453 Pounds	\$(705.23)
Cnty Insp Fees (A)	\$ 1.000000 X 198.38 Dollars	\$(198.38)
Cdfa Mpstf Administration	\$ 0.000033 X 1,410,453 Pounds	\$(46.54)
Milk & Dairy Food Safety	\$ 0.000010 X 1,410,453 Pounds	\$(14.10)
Quota Premium Assessment	\$ 0.040000 X 127,862 Pounds	\$(5,114.48)
Dairy Council Nq-Snf	\$ 0.000720 X 127,862 Pounds	\$(92.06)
Hauling - Daily	\$ 16.500000 X 31 Days	\$(511.50)
Ranch to Plant Hauling	\$ 0.003789 X 1,410,453 Pounds	\$(5,344.21)
Fuel Surcharge	\$ 0.001326 X 1,410,453 Pounds	\$(1,870.26)
<b>Assessments</b>		<b>\$(15,307.21)</b>

**Assignments**

Pay to 50162 YOSEMITE FARM CREDIT	\$(37,800.00)
Pay to 50162 YOSEMITE FARM CREDIT	\$(37,800.00)
	<b>\$(75,600.00)</b>

<b>Advance Payment</b>	\$83,244.03
<b>Final Payment</b>	\$55,801.87

**Net Paid to Producer**

**\$139,045.90**

**SUMMARY DATA**

	Current Month		Last Month		Year to Date	
	Per CWT	Total	Per CWT	Total	Per CWT	Total
Market Premium	\$1.0700	\$15,091.85	\$0.8100	\$17,488.51	\$1.2592	\$330,306.36
Fat Premium	\$0.0329	\$463.47	\$0.0000	\$0.00	\$0.0158	\$4,024.72
Quality Premium	\$0.1375	\$1,939.37	\$0.2400	\$5,181.78	\$0.2517	\$66,711.05
<b>Total Premium</b>	<b>\$1.2404</b>	<b>\$17,494.69</b>	<b>\$1.0500</b>	<b>\$22,670.29</b>	<b>\$1.5267</b>	<b>\$401,042.13</b>
California Cheese Yield	\$15.0631	\$212,458.42	\$16.0700	\$346,975.40	\$16.5800	\$4,335,499.47
Quota Premium	\$0.0000	0.00	\$0.0000	\$0.00	\$0.0000	\$0.00
<b>Adjusted Gross</b>	<b>\$16.3035</b>	<b>\$229,953.11</b>	<b>\$17.1200</b>	<b>\$369,645.69</b>	<b>\$18.1058</b>	<b>\$4,736,541.60</b>
<b>Net Pay To/For</b>	<b>\$15.2182</b>	<b>\$214,645.90</b>	<b>\$16.0400</b>	<b>\$346,419.05</b>	<b>\$17.1042</b>	<b>\$4,476,327.92</b>

01/15/2024

0000600264202312

Page 2

**From:** [Natalino Silveira](#)  
**To:** [Ko, David@CDFA](#); [Diaz, Kathy@CDFA](#); [Ross, Karen@CDFA](#)  
**Subject:** Quota Hardship  
**Date:** Monday, November 27, 2023 9:08:45 AM

---

**CAUTION: [External Email]** - This email originated from outside of our CDFA organization. Do not click links or open attachments unless you recognize the sender and know the content is expected and is safe.

**N&C Silveira Dairy**  
6025 Hultberg Rd.  
Turlock, Ca 95380

November 21st, 2023

Attention all,

My name is Natalino Silveira. I am the owner and operator of N&C Silveira dairy. My wife and I started our dairy business in 1998. We ship our milk to Hilmar Cheese Company. We've had a considerable amount of challenges throughout the years as we are having now. With high feed prices and low milk income, it is extremely hard to pay our bills, as I am continuously borrowing money to be able to pay them. As of 1998-2023, N&C Silveira has paid an estimate of \$2,000,000+ into the Quota program, through the deductions in our creamery checks. I am requesting a hardship consideration. Furthermore, I am requesting that the QIP payments from our milk check be suspended indefinitely. It is an outdated program that is dividing our industry and putting neighbors against each other. It is also a payment that is taken from my check that one has explained to me what I've received for that payment.

Thank you,  
Natalino Silveira



N&C Silveira Dairy

## Dairy Central

6480 Mitchell Road  
Hilmar, CA 95324  
(209)321-5444

California Department of Food & Agriculture  
1220 N. Street  
Sacramento, CA 95814

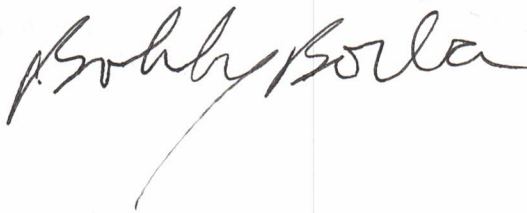
November 29<sup>nd</sup>, 2023

Attention Secretary Karen Ross:  
Kathy Diaz  
David Koi

My Name is Bob Borba, owner of Dairy Central and a shipper (#600471) to Hilmar Cheese Co. This is my formal request for hardship consideration. I have included in an attachment to this letter a display of what my operating loan balance currently is. I cannot afford to keep funding the illegitimate QIP Program which not only is outdated but serves very few and takes from the majority. At current income and input costs, my dairy is unable to continue to fund QIP. Our industry is on the decline; please don't let us be another dairy to go out of business. Suspend the QIP deduction from my income.

Thank You

Bob Borba







American  
AgCredit  
PRB Meeting 02052024

Your future grows here

Corporate  
400 Aviation Blvd, Suite 100  
Santa Rosa CA 95403  
(707) 545-1200

56

#### ACCOUNT INFORMATION

Account Number	[REDACTED]
Pricing Option	Variable Rates
Principal Balance	\$5,200,980.85



3672 1 AV 0.495 \*0004073 S1  
BOBBY MORRIS BORBA  
6480 MITCHELL RD  
HILMAR CA 95324-9639



#### LOAN ACTIVITY STATEMENT

Statement Period: 10/01/2023-10/31/2023

##### RLOC Variable Loan

Account Nickname	RLOC Variable Loan
Pricing Option	Variable Rates
Interest Rate at Beginning of Period	8.900000%

Balances Through	10/31/2023
Principal Balance	\$5,200,980.85
Accrued Interest	\$37,750.49
Interest Paid Year to Date	\$273,968.58

#### FACILITY INFORMATION

Facility Number	[REDACTED]
Facility Description	RLOC (5MM) 2020
Line of Credit Limit	\$5,500,000.00
Available Commitment	\$299,019.15

Product Type	Commercial Revolving LOC
Draw Period Expiration	05/31/2026
Facility Maturity	06/01/2026

#### LOAN HISTORY





My name is Richard Oppedyk, I am Partners in Dairy Avenue, LLC located in Corcoran CA. I am California Dairyman milking 2500 Cows and due to low milk price & high feed cost I am requesting a hardship consideration.

Dairy Avenue, LLC is currently losing money, we have been struggling with historical high feed costs for years now. We are borrowing money at unprecedented levels each month just to keep up with the ever-increasing costs due to inflation and regulations. I'm requesting the money taken from my check for the QIP each month be suspended indefinitely or until the industry can pay a fair milk price. Without this consideration it is going to be difficult to continue in the Dairy business.

Thank you for your consideration!

Richard Oppedyk

Dairy Avenue, LLC

36569 6<sup>th</sup> Avenue

Corcoran, CA 93212

[roppedyk@gmail.com](mailto:roppedyk@gmail.com)



**From:** [G. Leyendekker Dairy](#)  
**To:** [Ko, David@CDFA](#); [Diaz, Kathy@CDFA](#); [secreatay.ross@cdfa.ca.gov](#)  
**Subject:** STOP QIP  
**Date:** Thursday, November 30, 2023 10:01:01 AM

---

**CAUTION: [External Email]** - This email originated from outside of our CDFA organization. Do not click links or open attachments unless you recognize the sender and know the content is expected and is safe.

My name is Gerben Leyendekker, I own Gerben LeyendekkerDairy & GP Dairy. I am a California Dairyman and due to low milk price & high feed cost I am requesting a hardship consideration.

My dairy is currently losing money. I'm having to borrow money each month to pay my Dairy bills. I'm requesting the money taken from my check for the QIP each month be suspended indefinitely or until I can pay off my debts.

Without this consideration it is going to be difficult to continue in the Dairy business.

**From:** [G. Leyendekker Dairy](#)  
**To:** [secreatay.ross@cdfa.ca.gov](mailto:secreatay.ross@cdfa.ca.gov); [Diaz\\_Kathy@CDFA](mailto:Diaz_Kathy@CDFA); [Ko\\_David@CDFA](mailto:Ko_David@CDFA)  
**Subject:** STOP QIP  
**Date:** Thursday, November 30, 2023 10:03:20 AM

---

**CAUTION: [External Email]** - This email originated from outside of our CDFA organization. Do not click links or open attachments unless you recognize the sender and know the content is expected and is safe.

My name is Frank Leyendekker, I own Cross Creek Dairy & East View Dairy. I am a California Dairyman and due to low milk price & high feed cost I am requesting a hardship consideration.

My dairy is currently losing money. I'm having to borrow money each month to pay my Dairy bills. I'm requesting the money taken from my check for the QIP each month be suspended indefinitely or until I can pay off my debts.

Without this consideration it is going to be difficult to continue in the Dairy business.

**From:** [DANNY SOZINHO](#)  
**To:** [secreatay.ross@cdfa.ca.gov](mailto:secreatay.ross@cdfa.ca.gov); [Diaz\\_Kathy@CDFA](mailto:Diaz_Kathy@CDFA); [Ko\\_David@CDFA](mailto:Ko_David@CDFA)  
**Subject:** SUSPEND QIP REQUEST  
**Date:** Tuesday, November 28, 2023 8:34:25 PM

---

**CAUTION: [External Email]** - This email originated from outside of our CDFA organization. Do not click links or open attachments unless you recognize the sender and know the content is expected and is safe.

Attention Karen Ross, Kathy Diaz & David Ko.

SOZINHO DAIRY  
8489 E. ELKHORN AVE.  
SELMA, CA. 93662  
(559) 896-9715

---

Attention Karen Ross, Kathy Diaz & David Ko.

My name is Danny Sozinho, I am a family owner of our family farm Sozinho Dairy, my parents started in 1977, we have never had a difficult year as we had this year due to low milk price & high feed cost. I am requesting a hardship consideration.

Our family dairy farm has been negative losing money for most of this year, negative hundreds of thousands dollars a month, I find it hard to sleep a night knowing this, we are at the breaking point to keep our third generation dairy farm in business, I feel I am alone as most of our family friends who had a family dairy farms have gone out of business, I'm having to borrow money each month to pay my bills. I'm requesting the money taken from my milk paycheck for the QIP each month be suspended indefinitely, as we all understand it is only benefitting the **minority** not the **majority** of Californian Dairy farmers, QIP is wrong and unfair. Please consider this request to keep family dairy farms in existence in our wonderful state of California.

Sincerely,

*Danny Sozinho*

**PLEASE RESPOND THAT EMAIL WAS RECEIVED**

***Thank you,***

***Danny Sozinho***  
***559-381-5485***

**SOZINHO DAIRY**

**From:** [G. Leyendekker Dairy](#)  
**To:** [Ko, David@CDFA](#); [Diaz, Kathy@CDFA](#); [secreatay.ross@cdfa.ca.gov](#)  
**Subject:** STOP QIP- Fred Leyendekker  
**Date:** Monday, January 29, 2024 8:27:05 AM

---

**CAUTION: [External Email]** - This email originated from outside of our CDFA organization. Do not click links or open attachments unless you recognize the sender and know the content is expected and is safe.

Attention Karen Ross, Kathy Diaz & David Ko. As you know we have lost 100' Dairy's since the QIP. My name is Fred Leyendekker , I own South Corner Dairy. I am a California Dairyman and due to low milk price & high feed cost I am requesting a hardship consideration. My dairy is currently losing money. I'm having to borrow money each month to pay my dairy bills. I'm requesting the money taken from my check for the QIP each month be suspended indefinitely or until I can pay off my debts. Without this consideration it is going to be difficult to continue in the Dairy business.

**DUE TO ERROR ON FIRST SUBMISSION I AM RE SUBMITTING THIS!**

Thanks, Fred Leyendekker.

CALIFORNIA DEPARTMENT OF  
FOOD & AGRICULTURE

Karen Ross, Secretary

December 16, 2023

**To StopQIP c/o Mr. Craig Gordon, and the Members of the Producer Review Board**

On November 22, 2023, I was notified that the Producer Review Board (PRB) met at a duly noticed meeting, on November 17, to review the merits of the recently certified Petition to Terminate the QIP #5 (Petition), attached. The Department received petitions from nearly 29% of the eligible market milk producers, detailed in the attached Notice of Determination, and those petitions appeared to be valid at the time.

After discussion and receiving input from members of the public during the November 17 meeting, a motion was made to have the Board recommend that the Petition should be submitted as industry referendum, with ten (10) members of the PRB having voted in favor of referendum and four (4) members voting against. According to the Department's procedures for handling petitions requesting changes to or the termination of the Quota Implementation Plan, I am required to review and make a determination within thirty (30) calendar days of the PRB's recommendation.

As a matter of principle, my inclination is to support recommendations made by the PRB, and also to allow for a fair petition process which would allow producers to present and address concerns. However, in making the most appropriate determination, I must consider unforeseen circumstances and/or reasons that may have been unknown to the PRB or CDFA.

Recently, information has come to my attention that Petition No. 5 was one of six alternative petitions which, in 2021, had been simultaneously prepared, disseminated and signed, for later periodic submission. I regard such an approach as inconsistent with the objectives regarding petitions and referenda, and an abuse of the process. The use of pre-printed dates, in Petition No. 5 and other submitted petitions, had been of concern, and identified as a potential reason for disqualification by CDFA in response to earlier submitted petitions. This is now exacerbated by evidence that the pre-printed "June 1, 2023" appearing on each submitted petition, is not only inaccurate, but could actually be a date that is off by a measure of approximately 18-23 months from the times when the petitions may have been actually signed.

Accordingly, contrary to the PRB's recommendation, I am compelled to deem Petition No. 5 disqualified. I advise members of the industry that the best practice is to refrain from including preprinted signatures, in order to allow CDFA to more clearly determine the authenticity and reliability of each submitted petition. Prospective authors of petitions are further advised to consider drafting or circulating one petition at a time, rather than packets of multiple alternatives, in order to avoid creating confusion and uncertainty within the California dairy industry.

Yours truly,

Karen Ross  
Secretary

Enclosure





## Petition to Reapprove the QIP # 6

November 3, 2023

Madame Secretary,

We the undersigned, Petition the Secretary to call a referendum to reapprove the Quota Implementation Plan.

Assessment funded programs at CDFA are required to be reviewed every 5 years to determine if industry supports the continuation of the program. CDFA holds a continuation hearing where witnesses provide testimony regarding whether the program should be continued.

If the hearing record contains overwhelming support for the continuation of the Stand-Alone Quota Program, the Secretary will announce its continuation. If the hearing record contains a mixture of both support and opposition, CDFA will hold a producer referendum to determine if the Stand-Alone Program will continue.

The Secretary shall submit the referendum in the same manner as provided for its initial approval, under Article 11 Section 1103 of the QIP Plan.

**Dairy Name** \_\_\_\_\_

**Address (no PO Box#)** \_\_\_\_\_  
\_\_\_\_\_

**Owner – Producer** \_\_\_\_\_

**Signature** \_\_\_\_\_ **Date** November 3, 2023

**Pool Producer State #** \_\_\_\_\_ **Avg. Monthly Milk Volume (cwts.).** \_\_\_\_\_





CALIFORNIA DEPARTMENT OF  
FOOD & AGRICULTURE

Karen Ross, Secretary

January 23, 2024

**Sent Via Email to: haycraiggordon@aol.com**

Mr. Craig Gordon  
StopQIP  
2915 Kings River LN  
Ontario, CA 91761

Dear Mr. Gordon,

We are contacting you regarding the petition to call a referendum to reapprove the Quota Implementaiton Plan (QIP) titled "Petition to Reapprove the QIP #6" submitted by StopQIP and received by the California Department of Food and Agriculture (CDFA) on November 28, 2023. In summary, the petition:

1. Petitions the Secretary to "call a referendum to reapprove the Quota Implementation Plan." It also states that "Assessment funded programs at CDFA are required to be reviewed every 5 years to determine if industry supports the continuation of the program. CDFA holds a continuation hearing where witnesses provide testimony regarding whether the program should be continued. If the hearing record contains overwhelming support for the continuation of the Stand-Alone Quota Program, the Secretary will announce its continuation. If the hearing record contains a mixture of both support and opposition, CDFA will hold a producer referendum to determine if the Stand-Alone Program will continue."
2. The petition also states that "The Secretary shall submit the referendum in the same manner as provided for its initial approval, under Article 11 Section 1103 of the QIP Plan."

Currently QIP does not include language that would to allow CDFA to conduct a continuation process periodically or otherwise; it only contemplates amendment and termination of the program. Additionally, Petition No. 6 includes pre-printed dates, and it was recently brought to CDFA's attention that Petition No. 6 was one of six alternative petitions which, in 2021, had been simultaneously prepared, disseminated and signed, for later periodic submission. Said petition mechanics are not acceptable; please refer to the letter Secretary Ross sent to you and the members of the Producer Review Board on December 16, 2023 for more details.

In view of the absence of authority under QIP to conduct a continuation referendum and the mechanics used to collect signatures for Petition No. 6 CDFA denies the petition.

Finally, we would like to remind you that the Quota Implementation Petition Procedures indicate a petition shall include:

- the producer name,
- producer number under the QIP program,



Mr. Craig Gordon  
January 23, 2024  
Page 2

- physical dairy ranch address,
- signature of the producer, and
- and original signature date that reflects the true date the producer signed the petition.

The procedures to submit petitions can be found at the following link:

[https://www.cdfa.ca.gov/dairy/pdf/QIP\\_PetitionProcedures.pdf](https://www.cdfa.ca.gov/dairy/pdf/QIP_PetitionProcedures.pdf)

With this correspondence we are closing the process associated with the above named petition.

Sincerely,

**Kathy Diaz** Digitally signed by Kathy Diaz  
Date: 2024.01.23 12:56:05 -08'00'  
Kathy Diaz, Director  
Marketing Services Division