

## PRB Meeting Update

by Kyle Lutz, WUD Technical Assistance Provider

The Producer Review Board met on February 5th in Modesto at 10am. Eleven voting members were present at roll call for what was nearly a 5-hour meeting. There were about 20 public participants in the audience, which was typical throughout most of 2023. For your reference, you can find the agenda from yesterday's meeting [here](#).

The Producer Review Board began by welcoming its new Board Members, Cal DeJager and Jim Vieira, as well as electing a Chair and Vice Chair. Art Van Beek was successfully nominated and reelected as Chair by an 11-0 vote. William Dyt was successfully nominated and reelected as Vice Chair by an 11-0 vote. The minutes from previous meetings in October and November were voted on and approved as well. As a follow-up to a previous discussion on the QIP 5-year effectiveness survey, a presentation was made by board member Konyn regarding tying quota payments to class 1 revenues and eliminating the Regional Quota Adjusters (RQAs). The contents can be found on pages 14-15 in the [agenda packet](#).

This sparked a lengthy discussion among the PRB board and audience members. When asked, CDFA staff and council speculated that changing the language and calculations involving these items would constitute a substantial change to the QIP, which would require holding a referendum. More information about this is expected to be available at the next PRB meeting after CDFA staff has an opportunity to investigate further. CDFA staff plans to be available to discuss potential changes with Dyt and Konyn prior to the next meeting to have something more detailed to discuss.

Following this discussion, a motion was made for the PRB to request assistance from the Secretary to tie quota to class 1 revenue (without future proposed federal order changes artificially inflating the prices) and eliminate RQAs. The motion passed 9-3. Since the roll call at the beginning of the meeting, the number of voting PRB members present increased by one, making a total of 12 voting members present.

The next agenda item was a presentation on the producer list updating process. Concern has been expressed at previous PRB meetings about producer information such as names, addresses, and contact information not being up to date. During this meeting, CDFA staff provided a detailed explanation of how producers can update their information.

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## Weekly Update Delivery Options

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## Come See us at the World Ag Expo!

It's that time of year! If you are visiting the World Ag Expo in Tulare, stop by our booth, where we will have gifts for WUD members.

Seminars will be hosted at our booth and will cover topics such as Lecheros Unidos, environmental updates, dairy economics, and free legal advice from Raimondo and Associates. See the seminar schedule to plan out your visit:



### TUESDAY 2/13

- 11:00am – 1:00pm: Learn about Hiring with Lecheros Unidos
- 1:00pm – 3:00pm: Chat with the CEO, Anja Raudabaugh
- 3:00pm – 5:00pm: Environmental In-The-Know, Paul Sousa

### WEDNESDAY 2/14

- 10:00am – 12:00pm: Dairy Economics with Tiffany LaMendola
- 1:00pm – 3:00pm: Environmental In-The-Know, Paul Sousa
- 3:00pm – 5:00pm: Chat with the CEO, Anja Raudabaugh

### THURSDAY 2/15

- 10:00am – 2:00pm: Free Legal Advice with Anthony Raimondo of Raimondo and Associates

## Groundwater Recharge Session Announced at World Ag Expo

**Wednesday, February 14**  
**11:30 AM – 12:25 PM PST**  
**Seminar Trailer 3**

Presented by Western United Dairies and the Almond Alliance, Anja Raudabaugh and Aubrey Bettencourt will dive into California's water sustainability, exploring innovative strategies and emphasizing the crucial role of groundwater recharge in ensuring resilience and productivity for the state's agriculture.

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## (continued) PRB Meeting Update

If you would like to request to have your records updated with CDFA, contact QAP staff at 916-900-5012 or email [Pooling@cdfa.ca.gov](mailto:Pooling@cdfa.ca.gov). On page 24 of the agenda packet is the Request Records Update Authorization Form that you will need to complete. The form must be mailed or scanned and emailed to CDFA; photographs of the completed form are not acceptable. CDFA also reported that the list is updated daily with information from several sources, including processors. This presentation was followed by a discussion about whether the names and addresses on the list were public information. CDFA legal staff opined that the names and addresses on the producer list were confidential and not available to the public.

Next on the agenda was a financial audit report for the QIP. All QIP transactions going back to the start of the QIP in November of 2018 were reviewed. The most significant issue discovered was that some checks written by CDFA have remained uncashed for more than 3 years, totaling \$299,514. More details can be found on page 34 in the agenda linked above.

Under items 5.d. and e. on the agenda, discussion was had about language from a potential STOP QIP petition #7 that was likely to be rejected by CDFA as it was seeking re-approval of the QIP, which is not authorized under the QIP. There are two referendum options under the QIP: one for the termination of QIP and the other for its amendment. There was a lengthy discussion of past petitions submitted by STOP QIP, why previous petitions were deemed not valid, how the department will proceed, and how groups who want to submit petitions will proceed.

The meeting then moved to a QAP financial discussion on the equalization fund and reserves. CDFA started this discussion by presenting a spreadsheet that was not included in the original meeting packet, which you can find linked [here](#). CDFA mentioned that the equalization fund had been mostly paid in by processors, which drew vehement opposition from one board member. CDFA continued that the legislation that enabled QIP also allowed for some of the funding from the previous state order to be used by the QIP. This funding is currently being used by QIP as reserves, which has allowed QIP to run without increasing the assessment. The conversation on this topic was not clear and did not align with previous statements by CDFA on this topic so a question was asked from the audience if this funding was the same funding that CDFA had previously stated required legislation to be released. CDFA responded that these are completely different funds and that a process was still required for the other funding to be accessed. After some discussion, CDFA indicated that it may be appropriate for the PRB to propose a series of motions which the board elected to do. The first was to authorize CDFA to gather additional California milk production and utilization data to operate the QIP, including information that could be required for future changes to the QIP. There was a discussion about using the information produced by USDA to administer the FMMO, but CDFA staff responded that that information was gathered to administer the FMMO and would not work for CDFA's purposes. The second was for the PRB and the Department to develop a policy on reserves, including what level of reserves CDFA should keep in the QIP. The motion recommends to the Secretary generate statements that are customized to the QIP program and develop a policy on reserves. This motion passed 12-0. CDFA staff mentioned that action on the assessment rate would not be necessary for another 2 to 4 months based on the current reserves and the practices of using "offsets," which reduces the required level of reserves.

What constitutes a hardship and how the language within the QIP can be interpreted continues to be discussed among the PRB board, as it has been at previous meetings.

*(continued on page 4)*

## (continued) PRB Meeting Update

Following a discussion by the PRB and hearing input from the public participants, CDFA responded with their interpretations of the language within the QIP around hardships which has been consistent with previous meetings held in 2023. Following these discussions, a motion was made for the PRB to look to the Secretary to look for more direction on the definition of a hardship as well as to table the 10 current hardship requests. The motion passed 6-5. Since the previous vote, the amount of voting PRB members decreased from 12 to 11.

Near the end of the meeting, a discussion was had regarding a past PRB decision on Board Action 2023-13, which was a motion that was made in the October 2023 meeting to request technical and facilitation assistance, which passed 7-3. More details on this can be found in the agenda packet on page 9. The discussion led to a motion to table acting on the vote made on this proposal by the PRB in October 2023. The motion is to table the October 2023 proposal to allow the PRB to attempt to come to a decision themselves in lieu of seeking outside help. The board expressed a willingness to find a solution that reduced expense and time required to arrive at that solution. The motion passed unanimously. •

## New on Seen & Herd: Legislative Triumphs and Industry Insights with Anja Raudabaugh

Anja Raudabaugh was on the Seen & Herd podcast this week, where she dove into the recent board elections, legislative wins, and a preview of the upcoming Farm Show.

Anja discussed the recent board meeting where elections of officers took place, introducing new members and their roles within the organization. She also gave us more information on recent victories in Sacramento, including the defeat of SB 709 and AB 1550 and the ongoing budget battle amidst a challenging economic climate.

Western United Dairies will be at the World Ag Expo next week! See our booth schedule on page two for more information about the seminars we'll be hosting for our members.

Listen to the episode on your favorite podcast platform or on our website at [wudairies.com](http://wudairies.com).

## California Dairy Sustainability Summit | March 26, 2024 | Davis

The fourth [California Dairy Sustainability Summit](#) will be held as a one-day event on March 26, 2024, at the UC Davis Conference Center. The Summit brings together the dairy community, along with policymakers, regulators, researchers, supply chain partners, and other stakeholders to discuss the sustainability of California's family dairy farms. [Conference registration is now open.](#)

For those unable to come in person, [virtual registration](#) is complimentary for all dairy farmers using the code DAIRYFARMER. Virtual registration is also complimentary for all students (code DFASStudent), courtesy of Dairy Farmers of America.

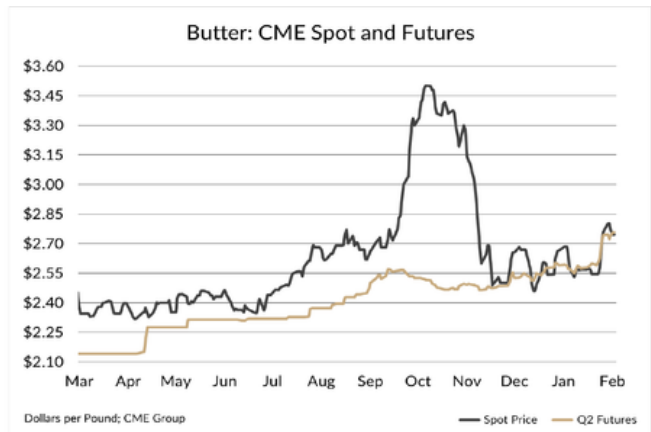
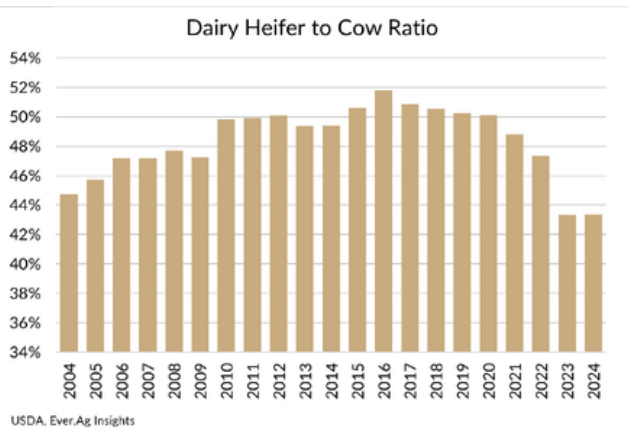


The banner features the California Dairy Sustainability Summit logo on the left, which includes a cow icon and the text 'California Dairy Sustainability Summit'. To the right, it says 'March 26, 2024 UC Davis Conference Center'. A large green banner across the middle reads 'Register Today!'. Below this is a photograph of a black and white cow in a field with solar panels in the background. At the bottom, it says 'Hosted by:' followed by logos for Dairy Cares, California Dairy Quality Assurance Program, California Dairy Research & Promotion, Dairy Council of California, and the 'REAL CALIFORNIA MILK' seal with the slogan 'LOOK FOR THE SEAL.' and the website 'RealCaliforniaMilk.com'.

# WEEKLY MARKET UPDATE


According to USDA’s Cattle report, replacement heifers continue to run on the short side. US January heifer inventory was down 0.4% on the year, while the heifer-to-cow ratio of 43.4% was a 26-year low. Heifers expected to calve slipped 1.1% to the lowest level since 2004.

- After climbing over the \$2.80-per-pound mark, the CME butter market slipped back a bit. But anxiety still swirls around stock availability and inventory-building as the spring holidays get closer. That’s enough to keep prices historically elevated in the \$2.70s for now.
- Decent export business is giving some life to CME cheese markets and driving blocks into the \$1.60s and barrels to the \$1.50s. But contacts also report adequate supplies, raising the question: will the price rally last?
- Milk powder prices at the most recent GlobalDairyTrade Pulse event rose on an auction-to-auction basis. But the movement wasn’t enough to have much impact in Chicago. The CME nonfat dry milk market remains mostly stable. Milk output and powder production are down, but soft export demand is enough to provide headwinds.
- US grain markets searched for direction as reports from South America and uncertain global demand sent mixed signals, but ultimately ended the week lower. Corn dipped to \$4.43 per bushel. Soybeans showed particular weakness, dropping below the \$12-per-bushel mark to settle at \$11.89.
- The Federal Reserve is keeping interest rates steady, though rate cuts are still on the table for later this year. The latest US jobs report was surprisingly strong, showing employers added 353,000 jobs in January, while the unemployment rate was unchanged at 3.7%.
- A payment was triggered in the 2023 DMC program. Dairy producers signed up for the \$9.50 margin protection will see a December payment of \$1.06 per hundredweight on pounds insured.



Dairy Revenue Protection Program			
	Futures	Milk Price (Floor) Guarantee @ 95%	Premium Per CWT (CA)
April - June 2024			
Class III	\$17.94	\$17.04	\$0.24
Class IV	\$20.17	\$19.16	\$0.22
July - September 2024			
Class III	\$18.50	\$17.58	\$0.36
Class IV	\$20.73	\$19.69	\$0.41
October - December 2024			
Class III	\$18.44	\$17.51	\$0.47
Class IV	\$20.71	\$19.67	\$0.56
January - March 2025			
Class III	\$18.02	\$17.12	\$0.49
Class IV	\$19.09	\$18.14	N/A
April - June 2025			
Class III	\$18.00	\$17.10	\$0.58
Class IV	\$18.16	\$17.25	N/A

\*As of 2/2/2024 for 95% coverage, 1.0 Protection Factor



Tiffany LaMendola  
209.768.6313

CME Commodity Prices					
	Blocks	Barrels	Butter	NDM	Dry Whey
Jan-29	\$1.6425	\$1.5500	\$2.8025	\$1.2250	\$0.4500
Jan-30	\$1.6475	\$1.5300	\$2.8025	\$1.2300	\$0.4525
Jan-31	\$1.6500	\$1.5200	\$2.7650	\$1.2300	\$0.4700
Feb-01	\$1.6675	\$1.5400	\$2.7450	\$1.2300	\$0.5025
Feb-02	\$1.6500	\$1.5500	\$2.7450	\$1.2250	\$0.5075
Average	\$1.6450	\$1.5380	\$2.7720	\$1.2280	\$0.4765
Weekly Change	0.1125	0.0800	-0.0150	0.0050	0.0650

Order 51: Latest Prices					
	Oct	Nov	Dec	Jan	Feb
Class I LA	\$21.77	\$22.05	\$22.06	\$20.78	\$20.29
Class II	\$21.95	\$21.21	\$19.88	\$20.04	
Class III	\$16.84	\$17.15	\$16.04	\$15.17	
Class IV	\$21.49	\$20.87	\$19.23	\$19.39	
PPD	\$1.76	\$1.42	\$1.51		
Blend: LA*	\$18.60	\$18.57	\$17.55		
Blend: Tulare*	\$18.10	\$18.07	\$17.05		

\*Does not include Quota Deduction

USDA Dairy Margin Coverage (per CWT)					
	Month	All Milk	Feed	Margin Estimate	Indemnity Estimate @ 9.50 Margin
2024 Program	Jan-24	\$ 19.63	\$ 10.97	\$ 8.66	\$ 0.84
	Feb-24	\$ 20.34	\$ 10.90	\$ 9.45	\$ 0.05
	Mar-24	\$ 20.74	\$ 10.82	\$ 9.91	\$ -
	Apr-24	\$ 20.77	\$ 10.88	\$ 9.88	\$ -
	May-24	\$ 20.74	\$ 10.94	\$ 9.80	\$ -
	Jun-24	\$ 20.82	\$ 11.01	\$ 9.81	\$ -
	Jul-24	\$ 20.96	\$ 11.09	\$ 9.88	\$ -
	Aug-24	\$ 21.33	\$ 11.14	\$ 10.19	\$ -
	Sep-24	\$ 21.71	\$ 11.18	\$ 10.53	\$ -
	Oct-24	\$ 21.99	\$ 11.20	\$ 10.79	\$ -
	Nov-24	\$ 22.20	\$ 11.25	\$ 10.95	\$ -
	Dec-24	\$ 21.76	\$ 11.30	\$ 10.47	\$ -

Estimates only. As of 2/2/2024 and based on futures markets which can change daily.

