



# Milk Producers Council

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For Immediate Release

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## PRESS RELEASE

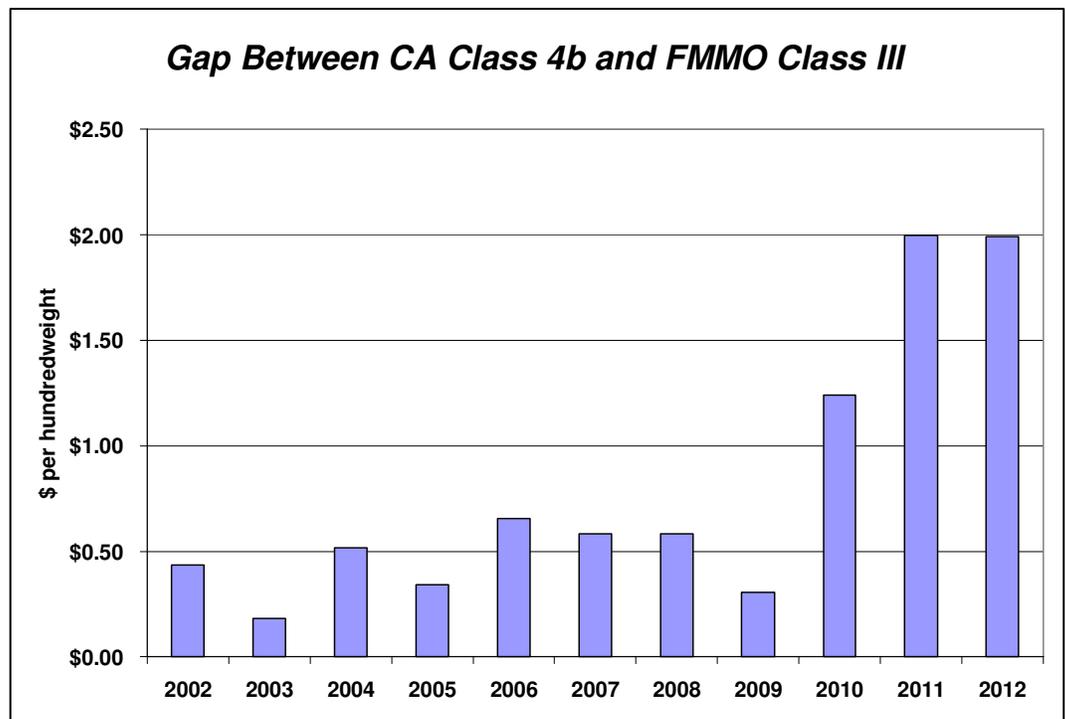
### Legal Action Filed Against CDFA on Behalf of California Dairy Families

**CALIFORNIA** – Today, legal action was filed in Superior Court of California (San Bernardino County), stating that the California Department of Food and Agriculture (CDFA) failed to follow the law in refusing to bring California’s Class 4b price into better alignment with the prices being paid by cheese manufacturers around the country. The “Writ of Mandamus” was filed on behalf of Milk Producers Council, Dairy Farmers of America, Security Milk Producers Association and California Dairy Campaign.

The legal action stems from an administrative hearing held by CDFA on May 31-June 1, 2012. That hearing was held to consider changes to the formula used by CDFA to calculate California’s “Class 4b” monthly minimum price. The Class 4b price announced each month is the minimum price that must be paid for milk being sold to cheese manufacturers. California law requires CDFA to calculate prices that are in a “reasonable and sound economic relationship” with what comparable milk is sold for around the country.

“This issue is simple and straightforward. The law is very clear that the prices announced by CDFA must be in reasonable alignment with prices paid for comparable milk produced and sold around the country,” said Rob Vandenheuvel, General Manager of Milk Producers Council. “CDFA is violating that law and rewarding our cheese manufacturers – including several huge national and international corporations – with a state-sponsored discount on the milk they buy, all at the expense of roughly 1,600 California dairy families that deserve a fair price for their milk.”

A vast majority of the U.S. dairy industry outside of California operates in Federal Milk Marketing Orders (FMMO), which calculate a national “Class III” price that must be paid by cheese manufacturers regulated under the FMMO. When comparing these two monthly prices over the past 10 years, a disturbing trend has developed since 2010. CDFA has a history of discounting the Class 4b price below the FMMO Class III price, but that discount has blown up in



(more)

size since 2010 (see chart). The gap in 2010 was about \$1.24 per hundredweight, and since the beginning of 2011, the California Class 4b price has averaged **\$2.00 per hundredweight below the FMMO Class III price.**

**What does this mean in real dollars for California's dairy families?** An average-sized California dairy, milking 1,000 cows, lost about **\$380,000 of much-needed revenue that, under the law, should have been paid for their milk since January 2010,** simply because CDFA's pricing policy fails to maintain a reasonable relationship with comparable milk prices around the country. Cumulatively, that equates to **more than \$590 Million** that was due to California's dairy families and was instead retained by our State's cheese manufacturers. California's dairy farms, of which 99 percent are family owned, are facing record high feed costs and cannot afford to sustain this state-sponsored discounting of milk. In fact, a recent article in the *Fresno Bee* indicated that in the past eight months, 28 dairies in the San Joaquin Valley have filed for bankruptcy.

The documents filed with the court this morning will be available online in the coming days at <http://www.milkproducers.org>.

*End*