

FAQ's QUOTA IMPLEMENTATION PLAN (QIP)

When will the QIP go into effect? *The QIP will only go into effect if the QIP passes a referendum of eligible California producers **AND** a CA FMMO is approved.*

Who will be assessed to administer a stand-alone quota program and fund quota premiums? *All Grade A California producers who ship milk to a California plant.*

Why will there be an assessment to fund quota premiums? *USDA did not incorporate quota into the Proposed California Federal Order pricing and pooling system. Rather, they gave the producers the choice to have the State of California administer a quota program and deduct the necessary funds from producer milk checks.*

How much will the quota assessment be? *The initial assessment will not exceed \$0.0436 per pound of solids not fat. Or approximately \$0.3800 per cwt, assuming 8.7 pounds of solids not fat per cwt*

What will the quota payment be? *Producers owning quota will still be paid the \$1.70/cwt minus the applicable RQA's. The same RQA's will be applied as occurs today.*

Are Regional Quota Adjusters (RQA's) still part of the stand-alone quota program? *Yes, the current RQA's will be applied, see Article 8 of the QIP.*

What is the time line for the referendum? *Referendum ballots will be mailed to eligible producers sometime within the first two weeks of October. Producers have 60 days to vote and return their ballots. After the vote is certified, the results will be announced.*

What are the requirements for the referendum to pass? *At least 51% of the eligible producers must vote **AND** votes in favor must be submitted by either 65%, or more, of those who voted and produce at least 51% of the milk produced by those who voted **OR** 51%, or more, of those who voted and produce at least 65% of the milk produced by those who voted.*

If I have 5 dairies, will I receive 5 ballots? *No, you will receive one ballot. Producers that own more than one dairy will be entitled to one vote. The volume of milk produced on all of the producer's farms and delivered to California plants will be combined to ensure the volume of milk represented meets the voting thresholds.*

Can quota be bought and sold? *Yes, producers can still buy and sell quota.*

Will the Department issue brand new quota? *No, the Department will not issue brand new quota in the future. Any existing quota which has reverted back to the Department will be allocated to qualified new producers.*

What is the producer survey in Article 11? *The Producer Review Board will conduct a producer survey at least every 5 years to evaluate the effectiveness of the Plan.*

Can changes be made to the QIP? *Yes, non-substantive changes can be made after consultation with the Producer Review board. Substantive changes or significant amendments require a producer referendum.*

What is the administrative assessment in Article 9? *The administrative assessment will be used to cover the cost of administering the QIP by the Department.*