



July 15, 2019

TO ALL INTERESTED PARTIES:

The California Food and Agricultural Code (Code) provides that if a federal milk marketing order is established in California, the Secretary of Food and Agriculture is authorized to establish a stand-alone quota program. It allows for the program to be funded by an assessment on milk produced in the state (FAC 62757).

The Quota Implementation Plan (QIP) was developed after a series of meetings of the Producer Review Board (PRB). Subsequently, a referendum was conducted and was certified by the Department on January 5, 2018. The approved QIP details the operations of a stand-alone-program as authorized in the Code.

Article 9 of the QIP provides for a quota revenue assessment to fund the quota premiums to be paid to quota producers. The rate of this assessment was initially set at \$0.0436 per pound of Solids Not Fat. At that rate, more money has been collected than was needed to pay quota premiums.

To reduce the cash balance in the fund, per a recommendation of the PRB at the June 20, 2019, meeting, the Department is reducing the rate to \$0.0374 per pounds of Solids Not Fat. It is anticipated that this rate will reduce the cash balance to a more appropriate level in twelve months. At that time the Department and PRB will reevaluate the quota revenue assessment level to ensure the rate is set to a level where revenue collection closely equal premium payments.

Attached is the Order changing the assessment rate on milk produced beginning September 1, 2019.

Sincerely,

Donald Shippelhouse, Special Assistant
Marketing Services Division

