

**ORDER REVISING QUOTA PREMIUM ASSESSMENT TO BE PAID UNDER
CHAPTER 3.5, PART 3, DIVISION 21 OF THE CALIFORNIA FOOD AND
AGRICULTURAL CODE**

WHEREAS, Division 21, Part 3, Chapter 3.5, Section 62757 of the Food and Agricultural Code of the State of California allows the Secretary to establish a standalone quota program if a federal milk marketing order (FMMO) is established in California; and,

WHEREAS, California dairy producers approved an FMMO via referendum as conducted by USDA and confirmed on June 7, 2018, and the FMMO for California became effective November 1, 2018; and

WHEREAS, California dairy producers approved a standalone quota program via referendum conducted in 2017, certified on January 5, 2018, and as a result California's standalone quota program became effective November 1, 2018; and

WHEREAS, the standalone quota program provides for a quota program administration assessment to cover the cost of managing the Quota Administration Program (QAP); and

WHEREAS, in 2023 the Department suspended the program administration assessment for one-year effective September 1, 2023, and then further extended the suspension from September 1, 2024 until a time when the financial needs of the program required the reinstatement of said assessment; and

WHEREAS, in January 2026 the Department determined that since regular budget expenditures have increased since 2023, as well as due to the costs associated with developing a new computer system to track and settle transactions related to the Quota Implementation Plan (QIP), and that expenditures are likely to increase again due to litigation; and

WHEREAS, effective February 1, 2026 the Department revised the administration assessment rate to \$0.0039 per hundredweight of assessable milk to align reserves with current and anticipated expenses; and

WHEREAS, on February 2, 2026 during a duly scheduled meeting of the Producers Review Board (PRB), the Board recommended to the Secretary refunding to producers the remaining funds from the Milk Pooling Branch by utilizing them for QAP administrative expenses; the PRB also recommended suspending the Quota Administrative Assessment effective March 1, 2026; and

WHEREAS, the Department has considered the Board's recommendation and determined that:

- the proposal is consistent with the goal of aligning reserves with current and anticipated expenses, and that
- it will result in significant savings (cash and in-kind) to the Program, and that
- using remaining Milk Pooling Branch funds for the administration of the QAP will refund the monies to market milk producers in a manner that will result in savings that are proportional to their production levels, and that
- based on current Program projections there will not be a need to reinstate the administrative assessment until the second half of 2027;

NOW THEREFORE, the PRB's recommendations regarding the use of the Milk Pooling funds and the suspension of the administrative assessment rate are approved, and it is hereby ordered that pursuant to Section 902 of the QIP and by virtue of the authority vested in me by Section 62757 of Chapter 3.5, Part 3, Division 21 of the Food and Agricultural Code, effective March 1, 2026, the quota program administration assessment rate will be set to \$0.0000 per hundredweight of assessable milk. This assessment rate will remain in effect until modified by the Department.

By:

Kathy Diaz

Kathy Diaz, Director
Marketing Services Division

Digitally signed by Kathy Diaz

Date: 2026.02.04 14:51:34 -08'00'

February 4, 2026_

Date