

The Department received requests on November 3rd and 4th 2009 for additional information regarding the background material released. It was requested that the information presented in Table 6 be extended to include at least every quarter of 2007 as well as the first two quarters of 2008. It was also requested that the actual data used to produce Figure 9 be made available in tabular form.

The Department extended the period analyzed in Table 6 to the first quarter in 2006. It can be found under Revised Table 6. The estimated gain or loss in the 3rd Quarter of 2008 was revised to show a positive gain.

The Department also created another table similar to Table 6 to show the estimated gain or loss of dairy producer income using a different indicator of revenue, the mailbox price (Table 6a). Finally, the data used to create Figure 9 was put in tabular form (Table 7).

The information on Table 6 and 6a is a projection based on the quarterly sample of approximately 10% of the dairies in the state (160 dairies). Using the derived cost of production and either the blend or mailbox price, we are estimating the gain or loss of revenues relative to cost. It is an estimate – we have no actual data on how each and every dairy operation is being impacted by their prices relative to their costs.

Table 6a - Estimated Gain or Loss of Dairy Producer Income, January 2006 - June 2009

Based on CDFA Production Cost Survey Data

Statewide Blend Price Less Cost of Production						
Quarter	Year	NASS Cow Numbers (In Thousand Head) ¹	Average Gain or Loss Per Cow (In \$/Per Month) ²	Total Estimated Loss of Dairy Producer Income by Quarter (In Actual Dollars) ³	Estimated Percentage of Dairies Experiencing Loss of Income ⁴	Estimated Percentage of Dairies Experiencing Positive Income ⁴
1st Quarter	2006	1,779	\$2.13	\$11,350,638	43%	57%
2nd Quarter	2006	1,785	(\$28.90)	(\$154,741,864)	86%	14%
3rd Quarter	2006	1,772	(\$27.70)	(\$147,278,943)	85%	15%
4th Quarter	2006	1,782	(\$16.86)	(\$90,158,426)	74%	26%
1st Quarter	2007	1,795	\$6.26	\$33,715,289	20%	80%
2nd Quarter	2007	1,806	\$72.20	\$391,186,191	2%	98%
3rd Quarter	2007	1,819	\$117.32	\$640,204,600	1%	99%
4th Quarter	2007	1,830	\$99.43	\$545,979,463	3%	97%
1st Quarter	2008	1,840	\$42.44	\$234,284,016	13%	87%
2nd Quarter	2008	1,846	\$22.89	\$126,798,663	22%	78%
3rd Quarter	2008	1,845	\$1.05	\$5,825,034	44%	56%
4th Quarter	2008	1,843	(\$41.20)	(\$227,794,800)	87%	13%
1st Quarter	2009	1,813	(\$101.52)	(\$552,167,280)	94%	6%
2nd Quarter	2009	1,825	(\$87.65)	(\$479,883,750)	94%	6%

¹ National Agricultural Statistics Service estimated cow numbers for California

² Gross pool value after RQA and transportation allowance adjustments less CDFA Cost Of Production sample average cost by quarter (not including ROI and RFM)

³ Average gain or loss per cow times the number of cows estimated by NASS

⁴ Based on producers participation on CDFA Cost of Production cost study sample

Revised Table 6 - Estimated Gain or Loss of Dairy Producer Income, January 2006 - June 2009

Based on CDFA Cost of Production Survey Data

Mailbox Price Less Cost of Production						
Quarter	Year	NASS Cow Numbers (In Thousand Head) ¹	Average Gain or Loss Per Cow (In \$/Per Month) ²	Total Estimated Loss of Dairy Producer Income by Quarter (In Actual Dollars) ³	Estimated Percentage of Dairies Experiencing Loss of Income ⁴	Estimated Percentage of Dairies Experiencing Positive Income ⁴
1st Quarter	2006	1,779	\$10.35	\$55,234,109	43%	57%
2nd Quarter	2006	1,785	(\$20.59)	(\$110,271,346)	86%	14%
3rd Quarter	2006	1,772	(\$20.38)	(\$108,368,616)	85%	15%
4th Quarter	2006	1,782	(\$9.02)	(\$48,214,105)	74%	26%
1st Quarter	2007	1,795	\$13.65	\$73,531,420	20%	80%
2nd Quarter	2007	1,806	\$75.86	\$411,009,414	2%	98%
3rd Quarter	2007	1,819	\$119.19	\$650,438,188	1%	99%
4th Quarter	2007	1,830	\$103.85	\$570,235,837	3%	97%
1st Quarter	2008	1,840	\$48.68	\$268,701,184	13%	87%
2nd Quarter	2008	1,846	\$27.89	\$154,459,115	22%	78%
3rd Quarter	2008	1,845	\$7.72	(\$162,230,850)	44%	56%
4th Quarter	2008	1,843	(\$31.52)	(\$227,794,800)	87%	13%
1st Quarter	2009	1,813	(\$92.69)	(\$552,167,280)	94%	6%
2nd Quarter	2009	1,825	(\$78.30)	(\$479,883,750)	94%	6%

¹ National Agricultural Statistics Service estimated cow numbers for California

² Gross pool value after RQA and transportation allowance adjustments less CDFA Cost Of Production sample average cost by quarter (not including ROI and RFM)

³ Average Gain or Loss per cow times the number of cows estimated by NASS

⁴ Based on producers participation on CDFA Cost of Production cost study sample

Estimated Dairy Cow Value Loss				
Quarter	Year	NASS Reported California Cow Numbers (In Thousand Head)	Change Dairy Cow Replacement Value from August 2009 Less August 2008 ¹	Total Decrease in California Herd Value (In Actual Dollars)
2nd Quarter	2009	1,825	(\$700)	(\$1,277,500,000)

¹ Based on NASS California cow replacement value estimates

Table 7 - Adjusted California Mailbox Milk Price¹ and California Cost of Production
January 2004 through June 2009

		Adjusted Mailbox price \$/cwt	Cost of Production \$/cwt	Cost of Production + ROI & RFM ² \$/cwt	Mailbox Price Less Costs \$/cwt	Mailbox Price Less Costs+ROI & RFM ² \$/cwt
1Q	2004	13.58	11.31	12.87	2.28	0.72
2Q		17.51	11.40	13.13	6.12	4.39
3Q		14.45	11.54	13.18	2.91	1.27
4Q		15.29	11.90	13.57	3.40	1.72
1Q	2005	14.82	11.84	13.37	2.98	1.44
2Q		14.15	11.72	13.25	2.43	0.90
3Q		14.31	12.22	13.86	2.09	0.45
4Q		14.47	12.43	14.15	2.05	0.32
1Q	2006	12.60	12.01	13.52	0.57	-0.92
2Q		11.29	12.43	13.94	-1.14	-2.64
3Q		11.53	12.71	14.26	-1.18	-2.73
4Q		12.91	13.41	14.97	-0.52	-2.06
1Q	2007	14.09	13.31	14.87	0.76	-0.78
2Q		17.65	13.49	15.25	4.15	2.40
3Q		20.74	14.01	15.98	6.71	4.76
4Q		20.91	15.03	16.99	5.86	3.91
1Q	2008	18.02	15.34	17.31	2.66	0.72
2Q		17.65	16.14	18.04	1.50	-0.39
3Q		17.61	17.17	19.21	0.44	-1.60
4Q		15.54	17.33	19.58	-1.79	-4.04
1Q	2009	11.51	16.67	18.51	-5.16	-7.00
2Q		11.14	15.37	17.12	-4.23	-5.98

¹Adjusted Mailbox Price: Cost of Production Sample Mailbox Price + Marketing Costs

²ROI - Return on Investment; RFM - Return on Management