



CALIFORNIA DEPARTMENT OF  
FOOD & AGRICULTURE

Karen Ross, Secretary

June 10, 2011

TO ALL INTERESTED PARTIES:

The Department's Dairy Marketing Branch is proposing to make administrative changes to the Class 4a and 4b pricing formulas to include language to implement the collection of security charges provided by the Milk Producers Security Trust Fund (Fund) as found in Section 62561, Article 4, Chapter 2.5, Part 3, Division 21 of the FAC.

The recent financial evaluation of the Fund by an accounting firm (performed every two years) indicated that Section 62561 of the FAC amended the authority of the Department to collect Fund charges on all classes of milk. Fund charges would take effect if the Fund goes below \$30 million. The Stabilization and Marketing Plans for Market Milk for Northern California and Southern California marketing Areas (Plans) are now in conflict with Section 62561 of the FAC.

Originally, money collected for the Fund came from assessments on milk in Classes 1, 2 and 3. However, in 2006 (effective January 1, 2007) A.B. 2343 modified the Fund so that assessments from all classes of milk, including Classes 4a and 4b, are collected.

In order to align the language of the Plans with Section 62561 of the FAC, the Department proposes adding a new paragraph to both the Class 4a and 4b pricing formulas, as follows:

(D)

- (7) For any month in which the Secretary implements the collection of security charges provided for in Chapter 2.5, Part 3, Division 21 of the Food and Agricultural Code, the minimum Class 4a prices shall be increased by the following amounts:
  - (a) For milk fat, three and two-tenths mils (\$0.0032) per pound.
  - (b) For milk solids-not-fat, one and three-tenths mils (\$0.0013) per pound.



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(E)

- (8) For any month in which the Secretary implements the collection of security charges provided for in Chapter 2.5, Part 3, Division 21 of the Food and Agricultural Code, the minimum Class 4b prices shall be increased by the following amounts:
- (a) For milk fat, three and two-tenths mils (\$0.0032) per pound.
  - (b) For milk solids-not-fat, one and three-tenths mils (\$0.0013) per pound.

Should you have any questions, please contact Hyrum Eastman or me at (916) 341-5988.

Sincerely,

A handwritten signature in cursive script, appearing to read "Candace Gates".

Candace Gates, Chief  
Dairy Marketing Branch