



CALIFORNIA DEPARTMENT OF  
FOOD & AGRICULTURE

Karen Ross, Secretary

May 20, 2016

Dear Dairy Industry Stakeholders:

Today, I have ordered a permanent change to the dry whey scale of the Class 4b pricing formula, effective June 1, 2016. Once dairy product markets improve, this adjustment will provide a needed increase in revenue to producers to promote a stable milk supply.

I still believe adjustments to the pricing formulas are inadequate to address long-term structural challenges facing the dairy industry. However, we must continue to respond to changing conditions in our industry by using the only tools available through the current milk pricing system.

Financial conditions for producers in California and the U.S. are especially challenging right now due to declining milk prices caused by strong global milk production; high levels of dairy product inventories; and, decreased dairy product sales to key import countries. I also realize that manufacturers of California's dairy products have made significant investments in this state and they are operating within a much more competitive environment due to weakened global demand. Milk prices and marketing conditions are not expected to recover until the balance between global supply and demand improves.

As I have frequently stated, we must collaboratively work together to address the issues impacting our industry. Although there could be potential changes pending decisions at the federal level, we must not let that stall efforts now to work within the limitations of the pricing system to promote long-term growth and prosperity of the California dairy sector. Our dairy families and processors who have committed to California deserve no less.

Yours truly,

Karen Ross  
Secretary

