



WESTERN**UNITED**DAIRYMEN

April 18, 2016

John Suther, Hearing Officer
Members of the Hearing Panel
California Department of Food and Agriculture
1220 N Street
Sacramento, CA 95814

Re: Post-Hearing Brief for the April 11, 2016 Class 4b Hearing

Dear Members of the Hearing Panel:

We thank you for the opportunity to file this post-hearing brief to amplify portions of our testimony presented in Sacramento on April 11, 2016.

Due to increased costs, notably because of environmental regulations, escalating feed costs and the drought, California dairymen have lost much of their competitive position relative to the rest of the nation. Failing to capture the value of whey, which has turned out to be a very marketable product, is hurting their competitiveness further.

California is losing dairies at an alarming rate

It was mentioned at the hearing that the current loss rate of dairies is not abnormal. In fact, at least one processor made a statement that it's the little, underperforming farms going out of business. We find that statement disturbing. As shown by the data we submitted in our testimony at the hearing, the average dairy size in California went from 1,217 cows per dairy in 2014 to 1,215 cows in 2015. If only the "little" dairies were going out of business, the average herd size would have gone up. The current financial challenges are experienced by dairies of all sizes, with the lower prices received in California putting dairies of all sizes at a disadvantage with dairies in neighboring states.

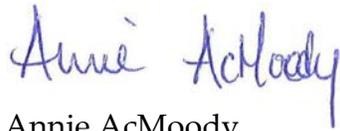
We would also like to re-emphasize the magnitude of this issue by providing an additional comparison. From 2012-2015, the state lost 125 dairies. This represents a loss of 8%. According to CDFA data provided for the hearing, there were 59 cheese

plants in the state during the period November 2015-January 2016. This compares to 57 cheese plants in the first quarter of 2012 (the last time CDFA provided analysis for a hearing on Class 4b prior to 2015). This in turn is a *gain* of nearly 4%.

California dairy families need a better way to capture value from whey and we believe the proposal submitted by California Dairy Campaign, Milk Producers Council and Western United Dairymen would provide a more equitable method of doing so. Therefore we urge the Department to adopt that proposal on permanent basis.

We thank you for the opportunity to file a post-hearing brief and look forward to the Department's hearing determination.

Sincerely,



Annie AcMoody
Director of Economic Analysis
Western United Dairymen