



December 15, 2015

Milk Producer Vote
To Consider the Merger of the California Milk Advisory Board (CMAB)
And the California Manufacturing Milk Advisory Board (CMMAB)*
Voting Deadline: January 13, 2016

TO ALL CALIFORNIA MILK PRODUCERS:

Why is a Producer Vote Being Conducted by CDFA?

The California Department of Food and Agriculture (CDFA) recently conducted a public hearing during which it received testimony on the possible merger of the California Milk Advisory Board (CMAB) and the California Manufacturing Milk Advisory Board (CMMAB). The CMAB is the state milk marketing program currently funded by Grade A milk producers and the CMMAB is the state milk marketing program currently funded by Grade B milk producers. This merger was recently endorsed by both the CMAB and the CMMAB as a means to increase efficiency and reduce administrative costs. All of the hearing testimony submitted regarding the proposed merger was supportive. Because of the support expressed for the merger, CDFA is conducting a vote of all California milk producers to determine if the industry wishes to implement a merged milk marketing program. If the merger vote passes, the CMAB will be amended so as to apply to all milk produced in California and the CMMAB will be terminated. If the merger vote does not pass, the CMAB and the CMMAB would continue operating as two separate programs.

Description of the Proposed Merged Program

- The proposed merged program would be nearly identical to the current CMAB except that it would apply to both Grade A and Grade B producers and not just to Grade A producers.
- The CMAB and the CMMAB contain the same authorized activities (research, education and promotion). The proposed merged program would contain the same authorized activities with no deletions and with no additions.
- The CMAB and CMMAB contain a 10 cent/cwt. assessment rate cap and for many years their assessment rates have been set at 10 cents/cwt. level so as to maximize the 10-cent assessment credit available to regional programs against the mandatory 15 cent/cwt. federal milk assessment. The proposed merged program will have the same assessment rate cap of 10 cents/cwt. and for 2016 will have its assessment rate set at the 10 cents/cwt. level.
- All California milk producers regardless of their milk grade would be eligible to serve on the board of directors of the proposed merged program.
- The merged program document is viewable at <http://www.cdfa.ca.gov/mkt/mkt/ordslaws.html>

Voting Materials

- Enclosed are a ballot and a return envelope for your use in this vote.

Over



Voting Period

In order for your ballot to be counted, it must be properly signed, completed and received by CDFA or postmarked no later than **January 13, 2016**.

Criteria for Voting Approval

CDFA is conducting two separate referenda; one for Grade A producers and a second for Grade B producers. In order for the proposed merged program to go into effect, it must be approved in both the Grade A referendum and the Grade B referendum. The following criteria must be met in order for each respective referendum to pass.

At least 40% of the milk producers for each respective grade must cast valid ballots and one of the following must occur for each respective grade.

- a) At least 65% of the milk producers who vote in the referendum must vote in favor of merging the CMAB and the CMMAB and they must account for at least 51% of the total quantity of milk produced during the past year by all milk producers who vote. **OR**
- b) At least 51% of the milk producers who vote in the referendum must vote in favor of merging the CMAB and the CMMAB and they must account for at least 65% of the total quantity of milk produced during the past year by all market milk producers who vote.

Please note that milk producer cooperatives authorized to bloc vote on behalf of their members may choose to do so for this industry vote.

A summary of the referendum results will be announced following the tabulation of the ballots. Individual votes will be kept confidential. If you have questions about this referendum, please call Dennis Manderfield of this office at 916-900-5018.

Sincerely,



Robert Maxie, Chief
Marketing Branch

Enclosures

**The CMAB and the CMMAB are both state marketing programs, operating under the oversight of CDFA, that conduct research, education and generic promotion activities on behalf of California milk producers. The CMAB is funded by a mandatory producer assessment on all Grade A milk produced in California, while the CMMAB is funded by a mandatory producer assessment on all Grade B milk produced in California. The assessment rate for both programs is \$0.10/cwt. of milk produced which serves as a credit against the mandatory federal \$0.15/cwt. producer assessment of the National Dairy Promotion and Research Board.*