

**Testimony of  
California Dairy Producer Scott Magneson  
Cressey, CA**

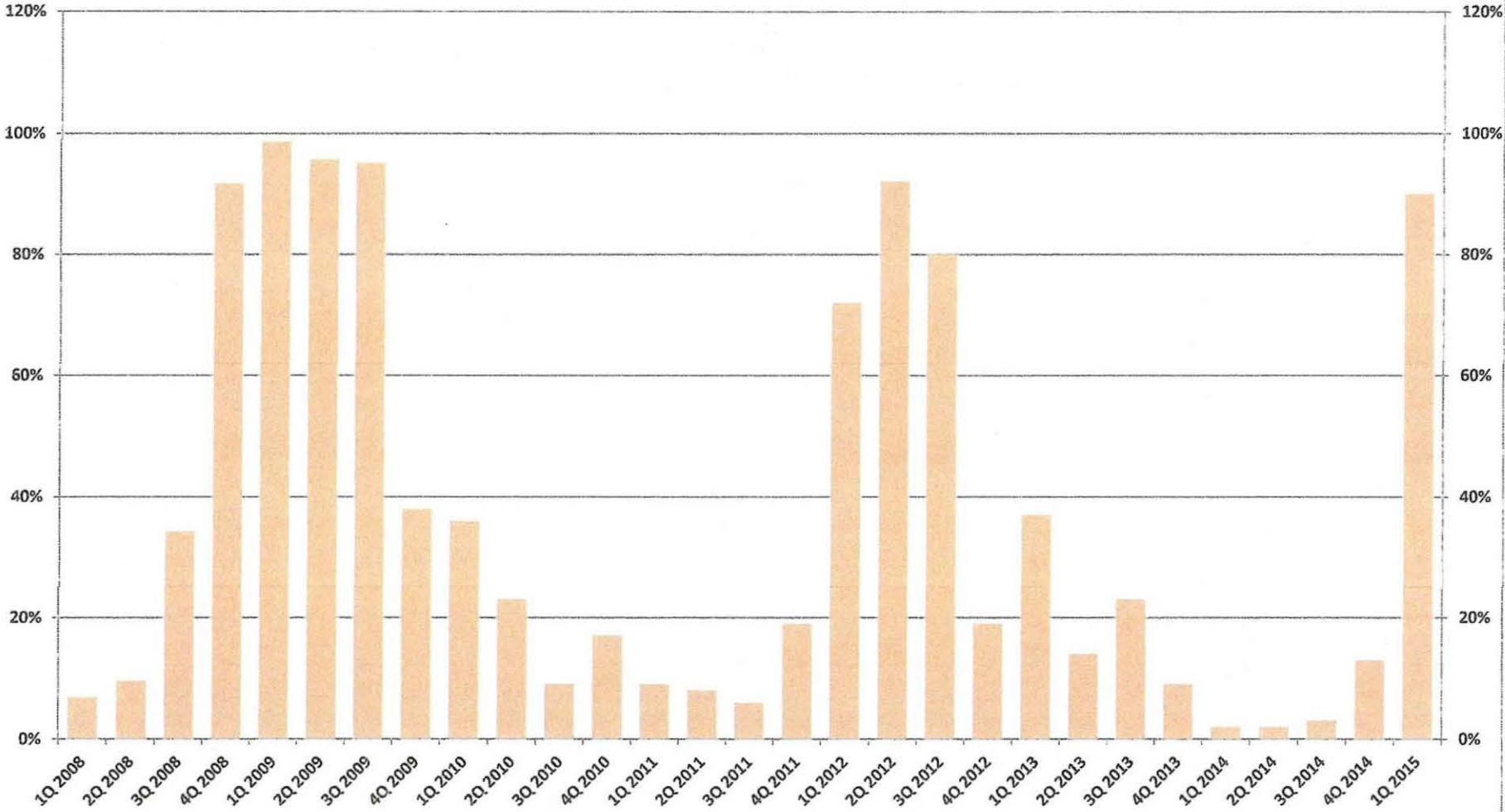
My name is Scott Magneson and I am a dairy producer from Ballico, California where I own and operate a 650 cow organic dairy operation. I currently serve on the boards of the California Dairy Campaign and the California Farmers Union. The California Dairy Campaign is a grassroots organization of dairy producers and a member organization of the California Farmers Union, a state chapter of the National Farmers Union.

I greatly appreciate the opportunity to testify here today in strong support of the federal order proposal put forward by the state's cooperatives including California Dairies, Inc., Dairy Farmers of America, Inc., and Land O'Lakes, Inc. It is my hope this proposal will provide dairy producers in our state milk prices that are in line with those paid to dairy producers throughout the federal order system. One important aspect of their proposal is that it will maintain our state quota system which dairy producers have invested in over many years.

Many dairies have gone out of operation in California due to the failure of our state system to calculate prices that are fair compared to other states. Based on CDFA's 2015 1<sup>st</sup> quarter cost of production feedback sheets for the North Valley, 90% of the dairies on the study had a negative net income. The California discount has cost the average sized dairy producer in our state more than \$1.2 million just since January 2011. The gap between our prices and federal order prices has been a significant reason for the closure of so many dairies across our state. Many of the dairy producers who remain question whether they will continue in part because of the price disparity. The price disparity has also created an unfair hardship when it comes to the newly adopted "safety net", the Margin Protection Program. Producers in California, because of our lower prices, must purchase a costly higher level of coverage in order to receive the same benefit as dairies in the Federal Orders. The fact that milk pricing is different here makes it difficult for dairy producers to implement risk management strategies.

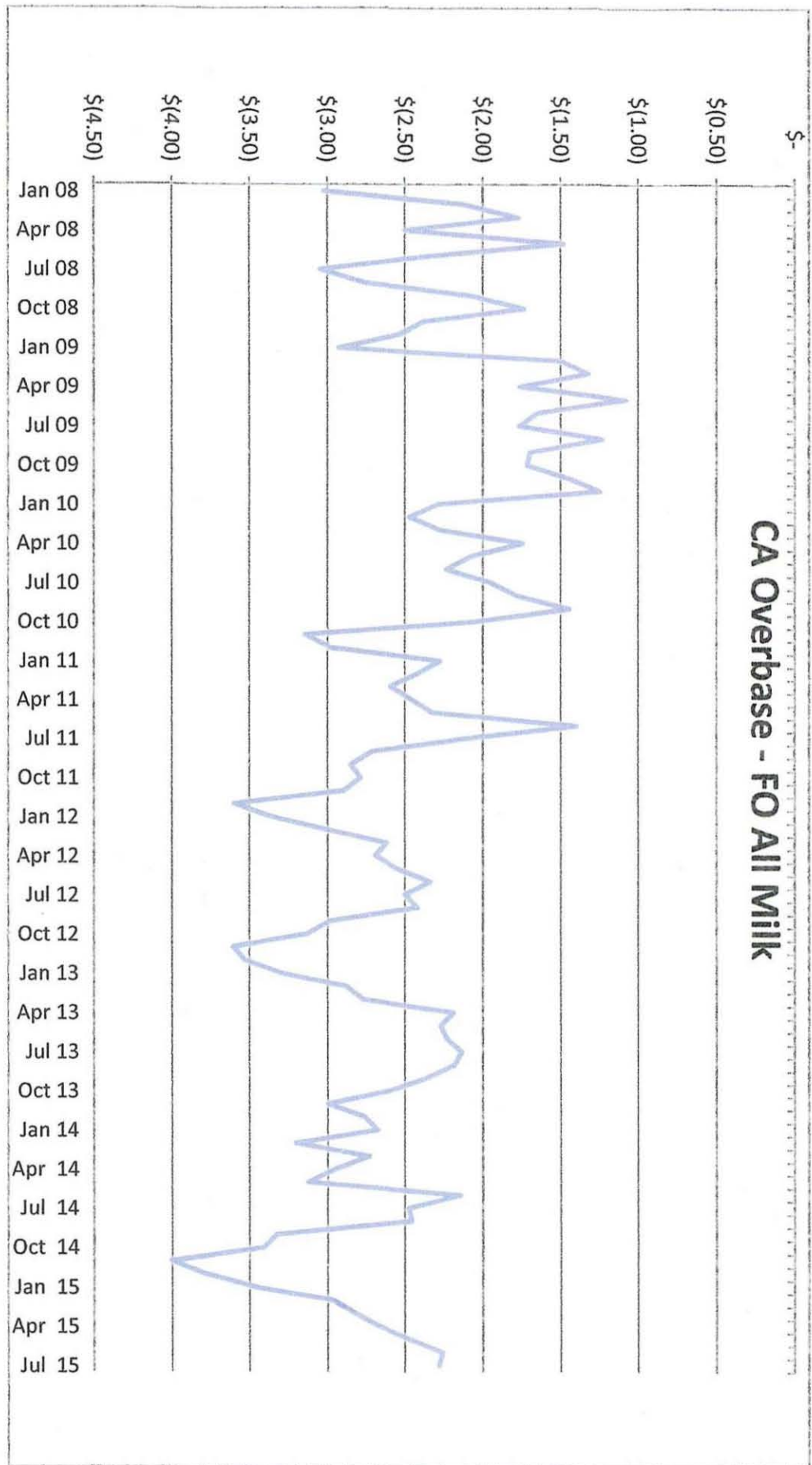
I and many other dairy producers in our state have long understood that we are at a great disadvantage compared to dairy producers in the rest of the country due to our state marketing system. Our current system does allow for more hearings, but frequently the results have not benefited dairy producers. In contrast, the federal milk marketing order system encompasses a comprehensive and transparent hearing process which is fact based and maximizes dairy producer participation. We welcome this hearing process and I thank USDA for moving forward to consider a federal order for California. I look forward to the adoption of the cooperative's proposal. Thank you.

### North Valley Cost Survey - Percent of Dairies with a Net Loss



Source: CDFA Cost of Production Feedback; Includes organic herds

# CA Overbase - FO All Milk



Losses based on California's class utilization and the Federal Order Class prices

	Difference Less Overbase	Annual Average	Herd Size (head)		Herd Average (Lbs.)	
			1,000	20,000	Monthly	Annual
			Monthly Total	Annual Totals		
2009 January	(0.66)		\$	(11,033)		
2009 February	(1.19)		\$	(19,896)		
2009 March	(0.68)		\$	(11,270)		
2009 April	(0.62)		\$	(10,406)		
2009 May	0.12		\$	2,043		
2009 June	(0.99)		\$	(16,528)		
2009 July	(0.63)		\$	(13,819)		
2009 August	(0.33)		\$	(5,521)		
2009 September	(0.78)		\$	(13,065)		
2009 October	(0.41)		\$	(6,908)		
2009 November	(0.58)		\$	(9,626)		
2009 December	(0.54)	\$ (0.63)	\$	(9,078)	\$	(125,105.55)
2010 January	(1.00)		\$	(16,736)		
2010 February	(0.93)		\$	(15,479)		
2010 March	(1.09)		\$	(18,222)		
2010 April	(1.20)		\$	(19,935)		
2010 May	(1.47)		\$	(24,521)		
2010 June	(1.38)		\$	(23,004)		
2010 July	(0.81)		\$	(13,434)		
2010 August	(0.66)		\$	(10,988)		
2010 September	(0.53)		\$	(8,906)		
2010 October	(1.04)		\$	(17,286)		
2010 November	(1.68)		\$	(28,248)		
2010 December	(1.46)	\$ (1.11)	\$	(24,378)	\$	(221,136.81)
2011 January	(1.07)		\$	(17,869)		
2011 February	(0.84)		\$	(13,987)		
2011 March	(1.37)		\$	(22,763)		
2011 April	(1.37)		\$	(22,857)		
2011 May	(1.58)		\$	(26,315)		
2011 June	(0.73)		\$	(12,132)		
2011 July	(1.22)		\$	(20,371)		
2011 August	(1.67)		\$	(27,801)		
2011 September	(1.53)		\$	(25,516)		
2011 October	(1.67)		\$	(27,751)		
2011 November	(1.59)		\$	(26,521)		
2011 December	(2.05)	\$ (1.39)	\$	(34,225)	\$	(278,088.82)
2012 January	(1.76)		\$	(29,253)		
2012 February	(1.96)		\$	(32,686)		
2012 March	(1.31)		\$	(21,822)		
2012 April	(1.55)		\$	(25,836)		
2012 May	(1.13)		\$	(18,806)		
2012 June	(0.80)		\$	(13,287)		
2012 July	(1.36)		\$	(22,731)		
2012 August	(1.17)		\$	(19,508)		
2012 September	(1.45)		\$	(24,215)		
2012 October	(1.34)		\$	(22,410)		
2012 November	(1.47)		\$	(24,420)		
2012 December	(1.65)	\$ (1.41)	\$	(27,504)	\$	(282,456.96)
2013 January	(1.64)		\$	(27,331)		
2013 February	(1.17)		\$	(19,546)		
2013 March	(1.20)		\$	(20,015)		
2013 April	(0.84)		\$	(14,026)		
2013 May	(1.48)		\$	(24,632)		
2013 June	(1.43)		\$	(23,915)		
2013 July	(1.73)		\$	(28,830)		
2013 August	(1.40)		\$	(23,253)		
2013 September	(1.26)		\$	(20,965)		
2013 October	(1.45)		\$	(24,085)		
2013 November	(1.28)		\$	(21,034)		
2013 December	(1.29)	\$ (1.35)	\$	(21,507)	\$	(269,137.73)
2014 January	(1.11)		\$	(18,497)		
2014 February	(1.73)		\$	(28,866)		
2014 March	(1.16)		\$	(19,337)		
2014 April	(1.76)		\$	(29,263)		
2014 May	(2.01)		\$	(33,426)		
2014 June	(1.54)		\$	(25,596)		
2014 July	(2.26)		\$	(37,721)		
2014 August	(1.40)		\$	(23,322)		
2014 September	(1.70)		\$	(28,333)		
2014 October	(1.69)		\$	(28,167)		
2014 November	(1.94)		\$	(32,333)		
2014 December	(1.80)	\$ (1.67)	\$	(30,000)	\$	(334,862.25)
2015 January			\$	-		
2015 February			\$	-		
2015 March			\$	-		
2015 April						
2015 May						
2015 June						
2015 July						
2015 August						
2015 September						
2015 October						
2015 November						
2015 December						
	Per CWT	Per COW	TOTAL			
From Jan 2009	\$ (1.26)	\$ (1,510.79)	\$	(1,510,788)		
From Jan 2011	\$ (1.46)	\$ (1,164.55)	\$	(1,164,546)		

Herd size	Since Jan 2011
500	\$ (582,273)
1,000	\$ (1,164,546)
1,500	\$ (1,746,819)
2,000	\$ (2,329,092)