



WESTERN**UNITED**DAIRYMEN

September 8, 2016

Governor Edmund G. Brown  
State of California  
State Capitol Building, First Floor  
Sacramento, CA 95184

**Re: AB 1066 (Gonzalez) – REQUEST FOR VETO**

Dear Governor Brown,

Western United Dairymen, a trade association representing the state's dairy families, strongly opposes AB 1066 as we firmly believe its implementation would severely harm California dairy families and therefore the economy of California.

According to California Department of Food and Agriculture (CDFA) data, labor costs at the dairy represent 10% of the total cost of production. With dairy farm margins that averaged -\$3.37 per hundredweight of milk produced in 2015, it is not difficult to see that any increase in the cost of labor would be catastrophic for producers already struggling to make ends meet. Put another way, a loss of \$3.37 per hundredweight represented a loss of over \$950,000 for the average family dairy last year. According to our estimate based on CDFA data stating that the average dairy farm worker currently works 56 hours per week, the increased cost of labor for the average dairy would total over \$60,000 per year – money dairy families don't have.

This leaves dairy operations with two choices: cutting production and cutting employees, or cutting employees' hours. Either way, the outcome for dairy farm workers is painful. Unlike many other agriculture-related jobs, most of these employees have year-round full-time positions. According to CDFA data, the average dairy farm worker makes \$14.11 per hour. If that dairy farm worker's hours went from 60 hours per week to 40 hours, he would lose close to \$15,000 per year. This represents a 33% pay cut.

According to a study conducted by the University of California Agricultural Issues Center (AIC) for the California Milk Advisory Board (CMAB) in 2015, 189,000 jobs in California are associated with the dairy industry. Losing California dairy farm families does not only mean a family losing employment: it has a ripple effect that is felt throughout the state. Bankers, feed suppliers, veterinarians, farm workers, dairy processing facilities, plant workers, equipment dealers, accountants are all tied to the number one agricultural commodity in the state. Unfortunately, the California dairy industry in recent years has been hit on many fronts, creating unsustainable margins that have forced many families out of business.

Low prices exacerbated by a pricing system that places California producers at a disadvantage to neighboring states, combined with higher costs of production fueled by a drought and uniquely strict environmental regulations has made it unbearable for over 22% of the operations in the state in the past seven years. AB 1066, with its associated costs, would be the straw that breaks the cows' back

for many operations that are barely holding on. In the first five months of 2016 alone, 53 dairies left the state's dairy herd bringing the total to 1,385 farms.

California's economy depends on the dairy industry. According to the aforementioned UC Davis study, California's dairy families are responsible for generating \$65 billion in economic activity in the state.

The responsibilities necessary to properly take care of dairy cows, which require daily attention, do not fit in the one size fits all approach of AB 1066. This issue is of the uttermost importance and must be dealt with taking into account the unique nature of the California's dairy industry. We would welcome the opportunity to participate in an open discussion with your office and the legislature moving forward to ensure the interest of dairy farm families and their employees are taken into consideration in a reasonable manner.

California dairy farm families depend on a veto on AB 1066 to survive.

Very truly yours,



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Frank Mendonsa  
President  
Western United Dairymen