



NEWS SPLASH

DAIRY INSTITUTE OF CALIFORNIA

Contact: Rachel Kaldor
916-441-6921

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California milk processors call for a “major shift” in the whey scale used in the state’s 4b milk pricing formula

SACRAMENTO — The Dairy Institute of California, which represents the state’s dairy processors, filed a proposal today with the California Department of Food and Agriculture (CDFA) calling for a major shift in the “whey scale” used in the state’s 4b milk pricing formula. This and other proposals will be presented at a hearing scheduled by the CDFA for June 3, which is expected to draw representatives from the state’s milk producers, cooperatives and processors.

“We’re proposing that California update its whey scale in the 4b formula to reflect today’s market realities,” said Rachel Kaldor, Executive Director of the Dairy Institute of California.

“The current scale is based on the price of ‘dry whey,’ which is completely out of step with today’s market,” said Kaldor. “Our proposal would update the scale by basing it on the cost of producing liquid ‘whey protein concentrate’ (WPC), so the formula fairly and accurately represents the real value of whey byproducts in the marketplace.”

Kaldor said it “makes no sense” to base the scale on dry whey.

“Today’s small and medium-sized cheese makers and other milk processors typically don’t make dry whey,” said Kaldor. “They make some form of liquid whey, and sell it at a price linked to whey protein concentrate. This is today’s market reality, and California’s 4b formula should reflect this. Even Wisconsin sees the need to move in this direction, where its cheese makers are starting to call for a similar change in the federal system.

“Using the outdated dry whey scale can overvalue the price of milk California processors have to pay, making them increasingly non-competitive in today’s national and international markets,” said Kaldor. “You can’t sustain a system that sets milk prices higher than the value processors can derive from the products they make. Under a system like that, everybody loses.”

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