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Agenda VT Milk Commission

April 15, 2019 – 2:30 to 4:30 p.m.

Agency of Agriculture, Food and Markets – 2nd floor conference room

1. Update on dissemination of Milk Commission Report and response – 2:30 p.m.
 - a. Meeting with Co-ops
 - b. Webinar and video presentation
 - c. Petition from Northern Tier Dairy Summit
 - d. Dairy Together – Wisconsin Farmers Union
2. Industry Update – 2:50 p.m.
 - a. Milk Prices
 - b. Exports
 - c. Farm Bill Implementation
 - d. Federal Legislation
 - e. State Legislation
 - f. Summit Outcome
3. Presentation and Discussion of initiatives to assist Dairy Farmers – 3:25 p.m.
 - a. DairyVision
 - b. Pro-Dairy
4. Public Comment – 3:45 p.m.
5. Approve Minutes from Meeting on January 15, 2019 – 3:55 p.m.
6. Commission Discussion – Next Steps – 4:05 p.m.

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Agency of Agriculture Food & Markets

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Minutes Vermont Milk Commission
January 15, 2019
Agency of Agriculture Food and Markets in Montpelier

Meeting convened at 9:30 a.m. by Chair Tebbetts

Commission members: Jerry Booth, Jane Clifford, Paul Doton, Harold Howrigan, Anson Tebbetts and Linda Berlin

Absent: Senator Starr, Reg Chaput and Representative Lawrence

Staff – Diane Bothfeld

The Milk Commission reviewed the minutes from the December 12, 2018 meeting. Paul Doton made a motion to approve the minutes as presented with a second from Jerry Booth. The minutes were approved.

The Milk Commission reviewed and discussed the report and recommendations for the Vermont Legislature and the Congressional Delegation.

The report will be reviewed and finalized by January 30, 2019. Copies will be provided to the Vermont Legislature and the Congressional Delegation and presented at the Vermont Farm Show Dairy Update on January 31, 2019.

The Milk Commission will request an audience with the Congressional Delegation and with the appropriate committees of the Vermont Legislature.

Public Comment was set for noon. There were no public comments.

The meeting was adjourned at 12:15 p.m.



Vermont Dairy Cow Operations by County - 2019

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County	Jan.	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	prior month	since Jan.	Ave. #
Addison	107	107	106	104									-1.9%	-2.8%	106
Bennington	12	12	12	12									0.0%	0.0%	12
Caledonia	54	54	54	53									-1.9%	-1.9%	54
Chittenden	37	37	37	37									0.0%	0.0%	37
Essex	14	14	13	13									0.0%	-7.1%	14
Franklin	125	124	124	121									-2.4%	-3.2%	124
Grand Isle	13	13	13	13									0.0%	0.0%	13
Lamoille	25	25	25	25									0.0%	0.0%	25
Orange	63	63	63	64									1.6%	1.6%	63
Orleans	116	116	115	115									0.0%	-0.9%	116
Rutland	51	49	49	49									0.0%	-3.9%	50
Washington	32	32	32	30									-6.3%	-6.3%	32
Windham	23	23	23	23									0.0%	0.0%	23
Windsor	28	28	28	28									0.0%	0.0%	28
TOTAL	700	697	694	687									-1.0%	-1.9%	695

Average number of dairy farms in 2011 – 996, 2012 – 972, 2013 -939, 2014 -880, 2015 – 853, 2016 -838, 2017 – 796 & 2018 - 725

Dairy Cow Farms By Size – Milking cows

	LFO – over 700	MFO – 200 – 699	SFO –under 200	Total
2011	18	148	830	996 yr ave.
2012	17	145	810	972
2013	17	142	780	939
2014	25	129	726	880
2015	26	127	700	853
2016	27	138	673	838
2017	32	117	250 CSFO -647	796
2018	34	104	273 CSFO - 587	725

CSFO as of January 31, 2018. Certified Small Farms have 50 milking cows to 199 cows.

Vermont Dairy Data – April 13, 2019

Category	2010	2011	2012	2013	2014	2015	2016	2017	2018	1 st Q 2019	2 nd Q
Ave. Milk Price	\$16.07	\$19.99	\$17.98	\$19.60	\$23.63	\$16.49	\$15.25	\$16.78	\$15.44	\$16.10	
Class III price	\$14.41	\$18.37	\$17.44	\$17.99	\$22.34	\$15.80	\$14.87	\$15.92	\$14.61	\$14.30	
MILC Payment – USDA	\$0.02	\$0.00	\$0.7281	\$0.2586	\$0.00	MPP Margin level	\$8.01	\$9.68	\$7.53	\$8.10	
# of VT Cow Dairy Farms	1,015	996	972	939	880	853	838	796	725	697	687
Milk Production USDA	2.52b lbs.	2.54b lbs.	2.56 b lbs.	2.615 b lbs.	2.672 billion	2.666 Billion	2.724 billion	2.728 Billion	2.680 Billion	220 million	
Ave. # of cows in VT USDA	137,000	134,000	133,000	133,000	132,000	132,000	130,000	128,667	126,833	126,000	
Ave. # of cows/ farm	133	135	138	142	150	155	155	162	175	181	
Certified Organic Cow Dairy Farms	203	204	205	198	184	184	203	199	190	190	
Off-Farm Dairy Processors	26	27	29	36	58	64	78	79	83	83	
On-Farm Dairy Processors	40	53	54	59	62	71	67	68	63	63	
Total Dairy Processors	66	80	83	95	120	135	145	147	146	146	

Greatest Cow numbers 154,000 in 2002. Total Dairy Processors in 2002= 58



Leon Berthoume
 03/15/19

Year	Class I	Class II	Class III	Class IV	Butterfat	Protein	Other Solids	Producer Price Diff Boston	Boston Statistical Uniform Price	Coop Avg at Boston	MPP/DMC Margins
2010	\$ 18.60	\$ 16.02	\$ 14.41	\$ 15.09	\$ 1.85	\$ 2.31	\$ 0.1777	\$ 2.51	\$ 16.92	\$ 17.61	\$ 8.25
2011	\$ 22.38	\$ 19.62	\$ 18.37	\$ 19.04	\$ 2.15	\$ 2.97	\$ 0.3434	\$ 2.28	\$ 20.64	\$ 21.48	\$ 8.82
2012	\$ 20.71	\$ 16.64	\$ 17.44	\$ 16.01	\$ 1.72	\$ 3.04	\$ 0.4063	\$ 1.19	\$ 18.63	\$ 19.36	\$ 5.32
2013	\$ 22.09	\$ 19.42	\$ 17.99	\$ 19.05	\$ 1.66	\$ 3.30	\$ 0.4029	\$ 2.26	\$ 20.25	\$ 21.13	\$ 7.15
2014	\$ 26.54	\$ 23.34	\$ 22.34	\$ 22.09	\$ 2.38	\$ 3.79	\$ 0.4684	\$ 1.94	\$ 24.28	\$ 25.46	\$ 13.31
2015	\$ 19.59	\$ 15.48	\$ 15.80	\$ 14.35	\$ 2.30	\$ 2.24	\$ 0.1867	\$ 1.35	\$ 17.14	\$ 18.15	\$ 8.30
2016	\$ 18.05	\$ 14.35	\$ 14.87	\$ 13.77	\$ 2.31	\$ 2.10	\$ 0.0910	\$ 1.03	\$ 15.90	\$ 16.93	\$ 8.17
2017	\$ 19.70	\$ 16.04	\$ 16.17	\$ 15.16	\$ 2.61	\$ 1.87	\$ 0.2519	\$ 1.26	\$ 17.44	\$ 18.71	\$ 9.71
2018	\$ 18.09	\$ 14.80	\$ 14.61	\$ 14.23	\$ 2.53	\$ 1.65	\$ 0.1474	\$ 1.48	\$ 16.09	\$ 17.39	\$ 7.53
2019E	\$ 19.46	\$ 16.63	\$ 15.71	\$ 16.05	\$ 2.56	\$ 1.80	\$ 0.2045	\$ 2.26	\$ 17.76	\$ 18.85	\$ 9.10
10 Year Avg	\$ 20.52	\$ 17.23	\$ 16.77	\$ 16.48	\$ 2.21	\$ 2.51	\$ 0.2680	\$ 1.76	\$ 18.50	\$ 19.51	\$ 8.57
Last 5 Year Average	\$ 18.98	\$ 15.46	\$ 15.43	\$ 14.71	\$ 2.46	\$ 1.93	\$ 0.1763	\$ 1.48	\$ 16.87	\$ 18.01	\$ 8.56

Utilization Percentages

	Class I	Class II	Class III	Class IV
2010	42.7	21.3	24.5	11.6
2018	32.1	24.0	26.7	17.2

Average Components

	Butterfat	Protein	Other Solids
2010	3.70	3.05	5.72
2018	3.86	3.09	5.75

Month	Butterfat	Protein	Other Solids	Producer Price Diff Boston	Boston Statistical Uniform Price	Boston Actual/Estimated with Components	Estimated DMC Margin*	Estimated DMC Payment
	3.50	2.99	5.69					
Jan	2.50	1.19	0.29	\$ 2.46	\$ 16.42	\$ 17.84	\$ 7.99	\$ 1.51
Feb	2.53	1.18	0.26	\$ 2.76	\$ 16.65	\$ 18.07	\$ 8.22	\$ 1.28
Mar	2.55	1.63	0.22	\$ 2.13	\$ 17.17	\$ 18.59	\$ 8.75	\$ 0.75
Apr	2.54	1.87	0.18	\$ 17.09	\$ 17.09	\$ 18.31	\$ 9.00	\$ 0.50
May	2.54	1.86	0.18	\$ 17.38	\$ 17.38	\$ 18.24	\$ 8.90	\$ 0.60
Jun	2.55	1.83	0.18	\$ 17.56	\$ 17.56	\$ 18.20	\$ 8.92	\$ 0.58
Jul	2.56	1.90	0.19	\$ 17.90	\$ 17.90	\$ 18.38	\$ 9.12	\$ 0.38
Aug	2.56	1.95	0.19	\$ 18.28	\$ 18.28	\$ 18.85	\$ 9.31	\$ 0.19
Sep	2.57	2.00	0.19	\$ 18.69	\$ 18.69	\$ 19.48	\$ 9.55	\$ -
Oct	2.61	2.05	0.19	\$ 18.82	\$ 18.82	\$ 20.15	\$ 9.76	\$ -
Nov	2.64	2.06	0.19	\$ 18.72	\$ 18.72	\$ 20.53	\$ 9.82	\$ -
Dec	2.56	2.08	0.19	\$ 18.52	\$ 18.52	\$ 20.25	\$ 9.84	\$ -
2019 Average	2.56	1.80	0.20	\$ 14.19	\$ 17.76	\$ 18.91	\$ 9.10	\$ 0.48

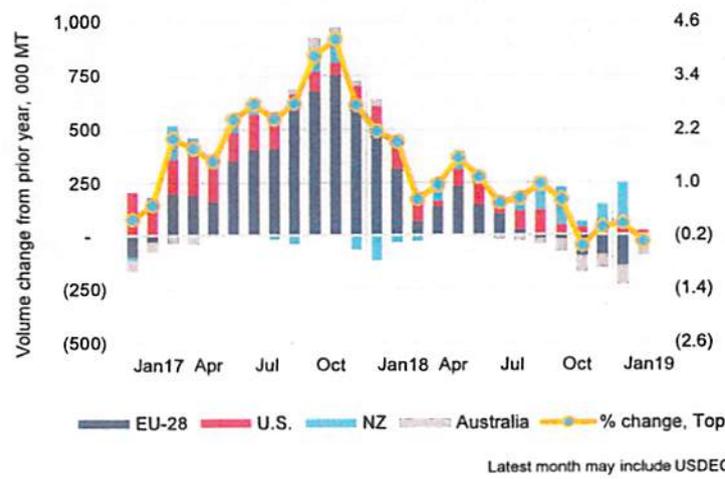
*From USDA Margin Protection Program Decision Tool April 12, 2019

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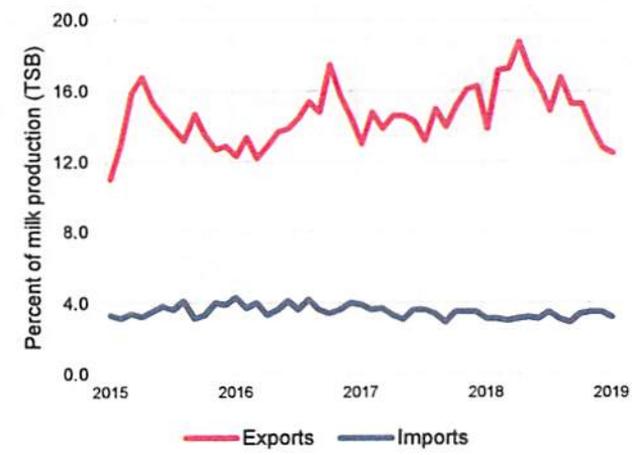
Dairy Data Dashboard

April 2019

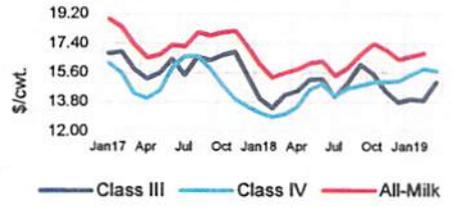
Milk Production Change from Prior Year, Top 4 Global Suppliers



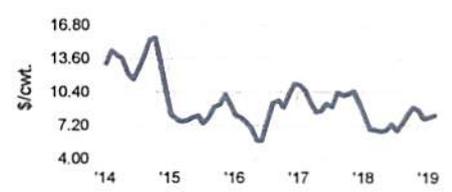
U.S. Exports and Imports as % of Milk Production



U.S. Milk Prices

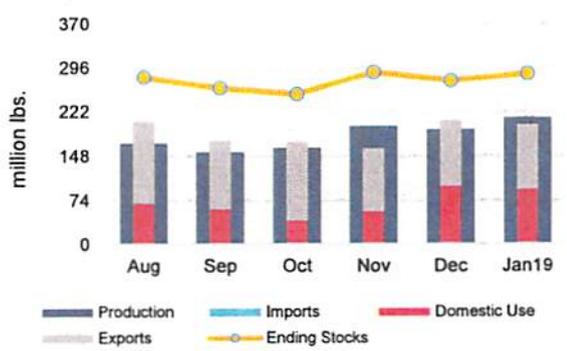


U.S. Income over Feed Costs

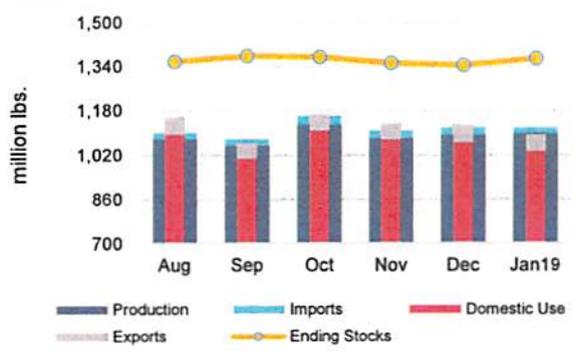


U.S. Supply and Demand

NDM/SMP



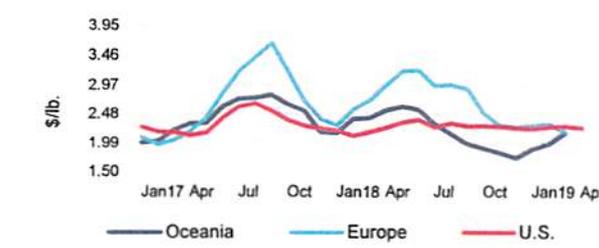
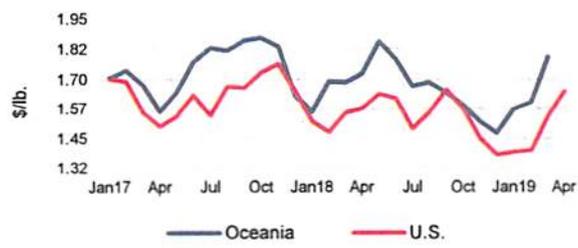
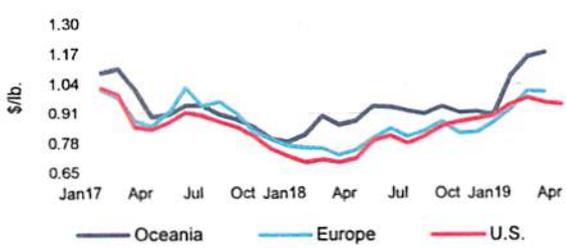
Cheese



Butter



Prices



Liz Gleason
DairyVision VT
4/15/19

DairyVision VT

Current and Future Goals
April 2019 - update

To support Vermont's Dairy industry, DairyVision VT will:

- Assist Dairy farmers in developing an honest and in-depth assessment of their businesses. These will be farmers who enjoy good management of their dairies but need to take steps that are necessary to compete in today's highly competitiveness dairy industry
- Identifies strategies that will work to profit individual dairies, whether that be by diversification, down-sizing, increasing production or partnering with neighboring operations all in an effort to remain competitive in today's dairy industry.
- Work with farmers to implement priorities identified as essential to the success of their dairies by advocating with them to their lenders and other key people.
- Increase public awareness of dairy as an industry that provides a very positive impact on the Vermont economy, environment and lifestyle and deserving of the financial support necessary to keep our dairy industry stable and financially viable.
- To insure that DairyVision VT is a financially stable organization in its own right.
- Work to insure that DairyVision VT is highly successful and respected by both the dairy community and other industry stakeholders

3 to 5 YEAR OUTLOOK TO ACHIEVE GOALS

DairyVision VT will strive to achieve the following goals:

- Assist 36 farms yearly through on-farm with technical support and assistance. This will be accomplished by hiring a full-time coordinator and identifying multiple service providers.
- Fully develop the DairyVision VT brand so it is recognized within the dairy community
- Become the preferred provider of in-depth technical assistance for the dairy industry
- Provide on-going education on dairy business, environmental issues, risk management options and other issues facing the dairy industry.

EXPECTED OUTCOMES

Through participation in DairyVision VT, it is anticipated enrolled farms will:

- Increase the leadership and general management skills of the participants which will in turn improve the lives of family members, employees and all others associated with the dairy
- Stop the decrease of dairies that is currently happening in the State. This erosion of working dairies will lead to major changes to Vermont's landscape in the next 30 to 50 years that will greatly impact tourism and recreation in Vermont and thus, Vermont's financial viability.
- Improve the quality and lives of on-farm employees (satisfaction, livability)
- Contribute to job growth across the dairy sector (including processing, marketing, input suppliers and service producers)

Rick Zimmerman
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Northeast Agribusiness & Feed Alliance

April 2019

Vermont dairy producers are recognized as national leaders in the adoption of new technology and management practices for the efficient production of high-quality milk. Investments in buildings, equipment and technical assistance support farms as they strive to adopt practices that address environmental conservation, animal care, and employee wellness. Despite the professionalism and success of a core group of Vermont dairies, the state ranks in the middle of US states for per cow production.

In 2018 Vermont milk production represented 1.28% of the national total. The average annual per cow production of 21,102 pounds places Vermont at 18th in the nation. Average production for the eleven states in the northeast region is 21,935 pounds per cow with New York leading the region at 23,885 pounds of milk per cow per year (a full 12% more milk per cow than Vermont farms).

Vermont farmers are fortunate to have access to technical assistance through a variety of public and private resources to build awareness of practices, implement change, and evaluate the efficiency of their businesses and effectiveness of management strategies. Despite the wide range of services available, there is still an unmet need for technical providers, of the highest possible professional caliber, to assist farmers as they identify, implement, and evaluate changes to their farms.

PRO-DAIRY, a program serving New York dairy farmers and supported by state funds, is a model that holds significant promise for Vermont's dairy farmers. We, the leaders of Vermont's dairy industry, believe that implementation of Vermont PRO-DAIRY can serve Vermont dairy farmers and play a significant role in assuring economic sustainability in Vermont's dairy industry.

The PRO-DAIRY Model

The purpose of PRO-DAIRY is to facilitate economic development by increasing the competitiveness and sustainability of dairy farm businesses through industry-applied research and educational programs that enhance farm profitability while advancing dairy producers and agribusiness professionals' knowledge, skills and enthusiasm.

For over 30 years PRO-DAIRY has linked dairy farmers and agribusiness professionals to critical research and resources, giving them the information they need to build and manage robust businesses. PRO-DAIRY's contributions to educational programming and applied research have helped farmers implement practices for efficient milk production. With support from PRO-DAIRY, New York has been a national leader in dairy growth for the past 10 years.

From 1992 through 1996 UVM Extension adopted some of the practices and educational programming created by PRO-DAIRY for dairy farmer education in Vermont. The format was highly regarded by Vermont farmers as evidenced by strong attendance and positive evaluations. Staffing changes led to adjustments in UVM Extension's services and the PRO-DAIRY model was dropped from UVM Extension programming.

The strength of PRO-DAIRY lies in the quality of the employees and their ability to focus their expertise on farm-level economic development and environmental stewardship.

Proposed Development of Vermont PRO-DAIRY

An annual investment in professional resources for business management, facilities design, and animal management will position Vermont's dairy industry to be the robust economic engine it has long been known for. An economic development investment into Vermont's largest industry is the right priority for the State that has developed a brand around its rural economic character. This investment would protect and grow this brand that is known worldwide.

High quality business management assistance, especially for complex farm management and transfer issues, is limited in Vermont. Farmers often hire out-of-state consultants, or take advantage of PRO-DAIRY programs in New York, to get the information they need. Employment of a farm business expert with experience in farm transfer issues is needed in Vermont.

Design and management of specialized dairy buildings and related facilities contributes to animal wellbeing, environmental protection and business success. Vermont dairy farmers will benefit from a publicly funded position to assist with upgrades and assessment of existing facilities and design of new facilities.

Care and management of dairy animals across their entire life from birth to removal from the herd is paramount for successful farms. A position to assist farmers in identification, adoption and evaluation of new management practices will benefit farm profitability and animal wellbeing.

Recommendation

Leaders in Vermont's dairy industry requests a \$1.3 million in the FY 2019/20 state budget to support the salary, fringe benefits, administrative and operating expenses for four years to support three PRO-DAIRY professionals for three years. It is suggested that the funds be appropriated to a not-for-profit entity such as VHCB that will contract for services upon receiving guidance from an industry advisory group.

When successful, the Vermont dairy and agribusiness community will be prepared to lobby the State Legislature for this program in future budget cycles.

For more information:

Rick Zimmerman, Executive Director
Northeast Agribusiness and Feed Alliance
rzimmerman@zga-llc.com, 518 426 0214

PRO-DAIRY: Essential to the Empire State



Funding PRO-DAIRY is critical for the New York Dairy Industry



PRO-DAIRY is a nationally recognized extension and applied research program that has provided business, environmental, and production management-related educational programs to New York dairy farms of all sizes for 30 years. New York's dairy farms provide a strong foundation to the state's economy and are the largest segment of New York agriculture, generating nearly \$4 billion annually in farm gate revenue and upwards of \$12 billion overall.

FUNDING PRO-DAIRY AT \$1.25 MILLION IN THE ENACTED BUDGET

PRO-DAIRY specialists work with dairy farmers, agribusiness professionals, and extension educators across the state to improve dairy farm profitability and meet business and personal goals. From 2017-18, 115 farms -- representing nearly 120,000 cows -- that worked with PRO-DAIRY specialists on the Cornell Dairy Farm Business Summary and Analysis Program reinvested more than \$105 million in their businesses and increased jobs by nearly 2%.

Now In its fifth year, the **Dairy Acceleration Program** with funds from the Department of Agriculture and Markets has assisted nearly 200 dairy farms with strategic business planning for their farm and through the Environmental Protection Fund nearly 300 small to mid-size farms with environmental planning. The cost associated with professional planning is a barrier for many dairies, particularly those with fewer than 300 cows. The Dairy Acceleration Program helps farms engage the services of business and environmental planning professionals. Applications to the Dairy Acceleration Program reflect the current economic climate in the dairy industry, and the program has evolved to meet applicant needs, providing opportunities for business analysis to improve operational efficiencies, benchmarking to uncover opportunity areas for improvement, and strategic planning for the future and to support the next generation on the farm.

PRO-DAIRY RESPONDS TO CHALLENGING ECONOMIC TIMES IN THE NEW YORK DAIRY INDUSTRY

PRO-DAIRY's expertise in business management, cropping systems, and herd management was harnessed once again to help our New York farms manage through these challenging times. Under the theme of "Managing in Challenging Times", PRO-DAIRY specialists prepared materials focused on "Ten Key Herd Management Opportunities During Low Margin Times", "Feeding Strategies During Challenging Times", "Key Opportunities to Optimize 2018 Crop Production Efficiency", "Do's and Don'ts for Dairy Farmers Facing Financial Difficulty", "Low Price Margin Herd Health Do's and Don'ts", and "Understanding Your Break-Even Cost of Production". This expertise reached the NY dairy industry in many ways—from direct contact with dairy farmers to engagement with allied industry professionals, consultants, and extension educators, and through active work with dairy industry organizations. Articles were shared through PRO-DAIRY's online newsletter and social media, circulation 4,600; on PRO-DAIRY's website, 50,000 unique visitors annually; and published in *Progressive Dairyman*, circulation 9,100 Eastern US farms, plus 3,200 additional in NY and VT.

For more information contact Dr. Tom Overton, Director, at tro2@cornell.edu or (607) 255-2878

PRO-DAIRY Specialists provide expertise in farm-level economic development, environmental stewardship, on-farm renewable energy, and develop future farm leaders in New York by:

- Assisting farmers and allied industry in regulatory compliance to meet new requirements related to CAFO and farm safety training to meet new OSHA standards;
- Developing professional skills of owners and employees through the Cornell Dairy Executive Program, the Academy for Dairy Executives, Break-Thru Management Teams, and a growing online program presence;
- Inspiring young people through the Junior Dairy LEADER program to seek further education at SUNY colleges and Cornell, leading to careers related to dairy farming and allied agribusiness in New York;
- Collaborating with nearly 150 businesses and organizations to provide leadership within New York's dairy industry.