

Vermont Milk Commission Minutes
June 10, 2019
Vermont Agency of Agriculture, Food and Markets – 2nd floor conference room
Montpelier, Vermont

Present: Chair Anson Tebbetts, Jane Clifford, Linda Berlin, Senator Bobby Starr, Representative Terry Norris, Jerry Booth, Reg Chaput

Staff: Diane Bothfeld

Meeting was called to order at 9:05 a.m.

Chairperson Tebbetts welcomed the commission members and had all commission members and assembled meeting participants introduce themselves.

Catherine Deronde, Agri-Mark, Inc. provided information on current milk prices, international markets, dairy product inventories and the on-going tariff situation and the impact on dairy. Prediction for milk prices is higher for 2019 with an average of \$17.46 for the Middlebury, Vermont location. The impact of tariffs on US dairy product is evident through the percentage of exports by volume – 14% through the first quarter of 2019 versus 19% in 2018. A positive on the world-wide market is that the EU surplus inventory of dried milk powder has been depleted and is not over-hanging the global milk market.

Wendy Wilton, State Director, USDA Farm Services Agency provided a presentation on the Margin Coverage Program that was approved in the 2018 Farm Bill. Sign up for this program will begin on June 17 and farmers will have until September 20, 2019 to sign up and pay for the insurance program. Many improvements were made to this program and if payments are warranted, they will be retroactive until January 1, 2019. Refunds to dairy farmers for premium payments between 2014 and 2017 are also available to farmers if the program did not provide payments. Farmers can take a payment of 50% of premiums in cash or 75% of premiums if the funds are applied to the purchase of insurance in 2019. Also, if farmers sign up for insurance for all 5 years of the Farm Bill, there is a 25% discount on the total premium. All Vermont farmers will need to determine what is the best route forward but there are several options. USDA Farm Services staff have been trained on this program and have computer tools to allow farmers to look at many scenarios for coverage.

Laura Ginsburg, Vermont Agency of Agriculture, Food and Markets discussed the Dairy Innovation Grant application. This USDA grant is for \$500,000 and if accepted will put the state into the program for the next 2 to 3 years at a higher level of funding. The activities must benefit multiple states and several New England states are willing to support this grant. The five areas of this grant are as follows:

Objective 1 – Market Research and Consumer Opportunities – focus on goat and sheep milk and value-added cow milk

- Upcoming consumer preferences and trends
- ~~Who are consumers of different products and how to engage each market segment~~



- Current market gaps/market assessment
- Build out FSMIP funded work on regional specialty cheese market (MDAR and Mass. Cheese Guild are partners in this work)
- Focus on the product regional producers have the capacity to make: cheese, ice cream, butter, fermented/probiotic dairy (yogurt, kefir, others)

Objective 2 – Producer/Processor Market Development

- Strategy 1 – copy Dairy Experience Forum: training on how to talk about dairy, products, and production to different consumer groups. What are the best ways to speak to each generation of dairy consumer?
- Strategy 2 – Product market relevancy: day long event with break outs for specific product focus (cheese, ice cream, butter, fermented/probiotic). Focus on branding, packaging, look and feel of products on the shelf and how they speak to the consumer. Very different in the dairy case vs. the cheese case
- Grant money to producers for: marketing, packaging, product development, brand development, trade show pavilion in years 2-3

Objective 3 – Production Training for Cheese

- Training on FSMA guidelines, partner with Omar Oyarzabal from UVM – sanitation, microbiology, food safety, systems operations, best practices
- Tour/workshops at existing facilities, such as Jasper Hill’s microbiology lab and caves, production facilities that make specialized cheeses like Spring Brook
- Sensory evaluation courses for cheesemakers/cheesemongers
- Contracting with an educator to offer specialty cheese classes, potentially replicating some of the work VT Institute for Artisan Cheese undertook

Objective 4 – Grazing Transition

- Intensive cohort style workshop on cost of production, business drivers, and understanding of how farm systems cost/complement each other
- Dairy grazing field days on a variety of operations – small, organic, large, conventional
- Walk through one-on-one with technical assistance provider to understand what a grazing transition will entail – pasture health, supplies needed, diet changes
- Flexible grant funding – pay for additional technical assistance not currently covered by other accessible sources

Objective 5 – Distribution and Supply Chain Innovation

- Strategy 1 – Supply chain
 - Supply chain innovation for specialty cheese processors
 - What does implementation phase look like – custom trucking/milk hauling (e.g., buying vs. contracting)
 - Aging capacity
- Strategy 2 – Increase sales by enhancing distribution models
 - Distribution development: mixed pallet, online sales via retailer or direct to consumer
 - Intensive relationship development between store/company buyer and processor
 - Highlight areas of success and how to build on this

The Vermont Milk Commission was asked for a letter of support. Motion was made by Senator Starr to write a letter of support for the grant application with a second from Reg Chaput. The Milk Commission approved this motion to provide a letter of support for this grant.

Joe Tisbert, Mary White and Jackie Folsom from the Vermont Farm Bureau addressed the group on recent activities at Vermont Farm Bureau to support the dairy industry and the Milk Commission's proposal for a Growth Management Plan. Mr. Tisbert introduced Mary White as Secretary for the Farm Bureau in the state and also responsible for re-activating the dairy committee for Vermont Farm Bureau. Ms. White provided activities that she is undertaking with the committee and on a National basis. Ms. White will be bringing the dairy committee together this summer for informal barbeques and information around the dairy industry and would like members of the Milk Commission to attend if possible.

Ms. White is also embarking on a letter writing campaign to all the Farm Bureau offices in the nation with a letter supporting a dairy growth management plan. Wisconsin Farm Bureau is also interested and either will write their own letter or join with Vermont. Letters will be sent to the state president, dairy committee chair if available and state secretary. The Vermont Milk Commission was asked for a letter of support to add to the letter's written to all State Farm Bureau offices. Motion was made by Senator Starr to provide a letter of support from the Vermont Milk Commission to the Vermont Farm Bureau to be sent to all State Farm Bureau offices with a second from Jerry Booth. Motion was approved by the Milk Commission and a letter will be drafted and sent by staff.

Ms. Folsom provide information on the work of the American Farm Bureau. A national level group has been convened to review and make recommendations on potential changes to the Federal Milk Marketing Order. Scott Mason from New Hampshire Farm Bureau has been appointed to this national board and would like to work with Vermont on any potential changes proposed. He would like to meet with the Milk Commission in the future to discuss what is being proposed.

Diane Bothfeld, Vermont Agency of Agriculture, Food and Markets discussed the three visits with dairy cooperative boards which include Agri-Mark, Inc. St. Albans Cooperative Creamery, Inc. and Dairy Farmers of America Northeast Regional Board. All the dairy cooperatives were very respectful and the discussion were very informative. The cooperative did not endorse the Milk Commission Growth Management plan and discussed concerns for getting such a plan approved at the national level. Milk Commission members would like to hear directly from Cooperative representatives of plans to assist dairy farmer members into the future. The next meeting will be in early fall and cooperative representatives will be invited to present their thoughts.

Public Comments were taken.

Stephanie Walsh from DFA commented that USDA has just begun collecting data on a higher value alfalfa and this data has not yet been used in the calculation of the feed price for the Dairy Margin Coverage program.

Jackie Folsom stated that cooperative leadership does not change often, and the ideas may have become stale. It is hard for dairy farmer members to move ideas forward with in the cooperative model with stagnant leadership. State of Vermont support for dairy industry prices is not enough. Ms. Folsom supports that state of Vermont activities on water quality.

Catherine Deronde – Agri-Mark Inc. is not completely out of the picture if there is a specific plan that starts to move forward, then Agri-Mark could be supportive. Agri-mark, Inc. will not currently take the lead on a growth management program at this time. There is great concern and fear in the farming community on how such a plan would work and how it would impact individual farmers.

Meeting was adjourned at 11:50 a.m.