

Report of the Dairy Task Force December 2005

As prepared for the Dairy Task Force by UVM College of Agriculture and Life Sciences, UVM Extension, Vermont Agency of Agriculture, Foods and Markets, Vermont Department of Economic Development, Vermont Farm Bureau and Vermont's Dairy Farmers

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Introduction

In the spring of 2005, Governor James Douglas and Secretary of Agriculture Steve Kerr announced the formation of the Dairy Task Force. The task force was called together to address the changing trends in the dairy industry in Vermont. The group's experience, resources and knowledge were used to develop a plan that can begin to revitalize Vermont's dairy industry. The mission of the Dairy Task Force is to develop a set of strategies to improve the vitality, longevity and profitability of Vermont's dairy industry.

The Dairy Task Force was charged by Governor Douglas and Secretary of Agriculture Steve Kerr to ensure that Vermont has a profitable and vibrant dairy industry with the primary focus on improved financial returns to dairy farmers. The task force developed a set of initiatives that would coordinate the agricultural organizations in the state, being ever mindful of financial constraints, to address the goals.

The members of the Dairy Task Force have diverse backgrounds and represent all aspects of the dairy industry and State Government in Vermont. The group recognized that a united dairy industry in Vermont would allow for growth and opportunities. The task force will work toward acting as the coordinated voice for the Vermont dairy industry.

Dairy farmers in Vermont have struggled with price volatility and rising cost of production. Prices are not the only change in the dairy industry. Through a survey of dairy processors, demand for dairy products continues to grow in Vermont and the Northeast and these processors would like the milk to come from local farms to support this increase. The processing of all components of milk in Vermont must be brought into balance to ensure profitability for the industry.

New York, Pennsylvania and Vermont together produce 16% of the total milk in the United States. Work is underway in Pennsylvania to enhance their dairy industry and New York State is exploring opportunities within their dairy industry as well. A regional approach is a way for the three states to work together to use their collective energy to strengthen the dairy industry. Pennsylvania and Wisconsin have taken the lead in coordinating support for their respective state dairy industries and the Dairy Task Force has benefited from their insights.

The Dairy Task Force was established to examine ways to stabilize dairy farmer net income, balance supply and demand for milk, and raise public awareness of the relevance and social importance of dairy farming in Vermont. "Agriculture Means Business" for the state of Vermont and the dairy industry ties the land and farmers to Vermont dairy processors that provide thousands of jobs for the state. The Dairy Task Force has examined the issues and this report addresses goals, strategies and recommendations to meet the changing trends in Vermont's dairy industry.

Status of the Dairy Industry

In the past ten years, Vermont's dairy industry has changed in many ways. The number of dairy processors has declined, the cooperatives that market milk for Vermont's Farmers have formed new alliances for marketing milk and the number of dairy farms in Vermont has declined while at the same time, approximately 100 dairy farms have implemented organic production methods. These trends made evident the need for a Dairy Task Force to review the industry as a whole and to provide direction for the future of the dairy industry in Vermont.

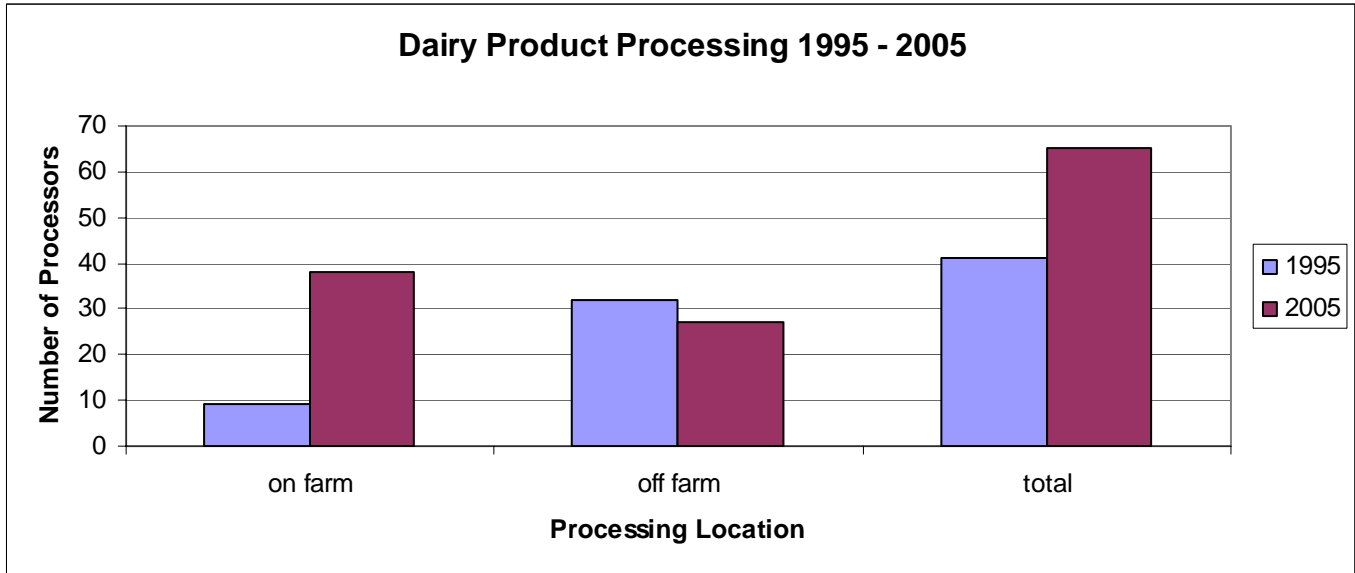
Dairy processing in Vermont covers all types of dairy products. There are several off-farm dairy processors in Vermont and many on-farm processors as well. Off-farm processors are often counted as manufacturing in Vermont. In 1995, there were 32 off-farm dairy processors in Vermont making the following products: ice cream, cheddar cheese, Italian style cheese (mozzarella and provolone), cream cheese, fluid milk, baby formula, dips, yogurt, butter and nonfat dry milk powder. The employment in dairy processing in Vermont in 1995 was 1,958. These jobs provided over \$56 million in gross wages for Vermonters. In 1995, the use of the components of milk, cream and skim milk, were in balance within Vermont and the Northeast. The two products of milk separation are cream and skim milk. Ice cream manufacture utilized the cream and other manufacturers utilized the larger portion of skim milk.

In 1995, on-farm processing was just beginning to take hold with nine on-farm processors of dairy products in Vermont. These on-farm processors produced the following dairy products: yogurt, fluid milk and cheese. In 1995, organic milk was being processed in Vermont into fluid milk and butter beginning a new trend for the Vermont dairy industry.

As has been the trend in many manufacturing sectors, consolidation has occurred in the dairy processing industry. Companies have merged or been bought out and that has effected the number of dairy processors in Vermont. In 2005, there are 27 off-farm dairy processors in Vermont. The number of employees in dairy processing in the state in 2004 (2005 not available until June 2006) was 1,752. These jobs provided over \$70 million in gross wages for Vermonters. The product mix produced in Vermont has remained the same from the off-farm dairy processors but their number has declined. A decline in the number of in-state off-farm dairy processors has an effect Vermont's dairy farmers. Raw milk from the farm must travel greater distances to dairy processors increasing hauling costs to Vermont's farmers.

A secondary affect of the decline in the number of off-farm dairy processors is in the use of the components of milk. The consolidation of milk processing in Vermont and the Northeast effected the utilization of milk components. Fewer processors utilized skim milk by working through new consolidated plants to use components of milk in house. The demand for cream continued to increase in Vermont but the ability to market the skim milk resulting from separation became more challenging. There are a declining number of processors using skim milk with a continued need to produce ever more cream for ice cream processors. A lack of market for skim milk decreases dairy farmer income in Vermont. A loss of dairy processing in the state also affects Vermont's economy due to the loss of good paying jobs.

On-farm dairy processing has increased dramatically since 1995. In 2005, there are 38 on-farm processors of dairy products in the state. The product mix has expanded and now the following dairy products are produced by on-farm processors: blue cheese, Gouda cheese, Colby, cheddar cheese, Italian style hard cheeses (Parmesan and Romano), organic fluid milk, organic ice cream and yogurt. The growth in on-farm processing meets a niche market for a variety of cheese styles and a growing demand for artesian cheese in major markets in the Northeast. The growing demand for organic milk and dairy products has fueled the on-farm processing of organic milk in fluid, yogurt, cheese and ice cream. Dairy farmers have chosen to produce products on-farm as a means to add value to their raw milk and to acquire control over the sale and price of those products. On-farm processing and sale of dairy products has been a viable alternative for Vermont's dairy farmers.



Source – Vermont Agency of Agriculture, Foods and Markets

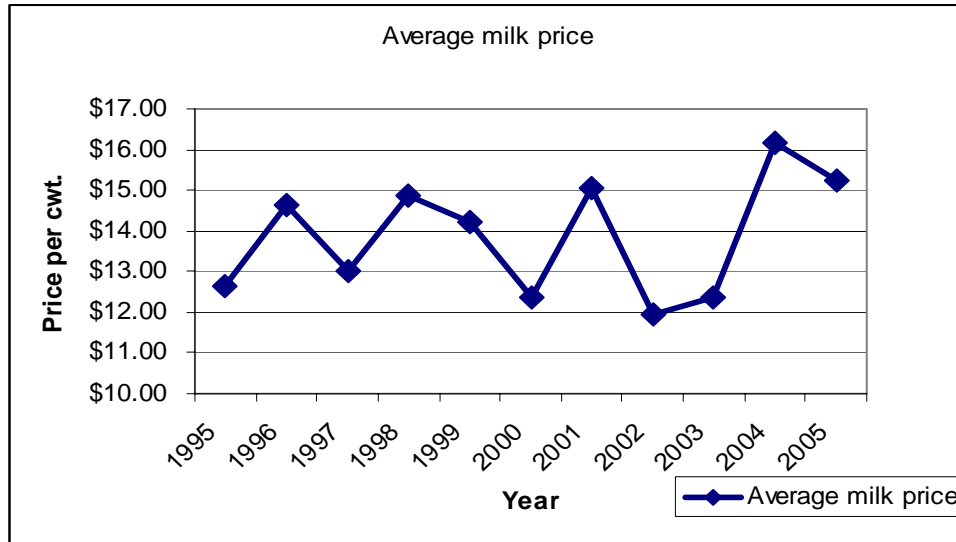
There are four main cooperatives marketing milk and providing services to Vermont’s dairy farmers – Agri-Mark, Inc., Dairy Farmers of America, Dairylea and St. Albans Cooperative Creamery, Inc. These cooperatives market 75-80% of dairy farmer’s milk in Vermont. The remaining 20-25% of dairy farmers market their milk independently to buyers of milk such as Thomas Dairy, Booth Brothers and Dairy Marketing Services. Dairy Marketing Services is a milk marketing group formed through a partnership of dairy cooperatives to market milk to dairy processors in the Northeast. Each cooperative would like to grow its milk supply and continues to rely on dairy farmer equity for investment in processing and brand growth.

The four dairy cooperatives and Dairy Marketing Services all have dairy farmer members in New England, New York and Pennsylvania. Work to enhance the dairy industry in New York and Pennsylvania is underway. A Memorandum of Understanding has been drafted to allow the states of New York, Vermont and Pennsylvania to work together more closely to enhance the region’s dairy industry. The three partners will work together to share technology, training opportunities and information that will benefit the regional dairy industry.

The three state region produces 16% of the nation’s milk supply and is within a short distance to the population corridor from Portland, Maine to Washington, DC. This population corridor is home to over one quarter of the US population. Vermont has 27 off-farm processors, New York has over 100 off-farm dairy processors and Pennsylvania has over 80 off-farm dairy processors all of which provide jobs and stability for the rural economies for these three states. These processing facilities provide balance for milk utilization to the region’s milk supply but there is concern of processors leaving the region if milk production continues to decline. These three states need to support and grow their dairy processing capacity. There is opportunity in working together on a regional approach to enhancing the dairy industry.

Vermont’s dairy farmers have struggled with milk price volatility and rising cost of production in the past 10 years. Milk price volatility presents the largest hurdle for all dairy farmers making it difficult to

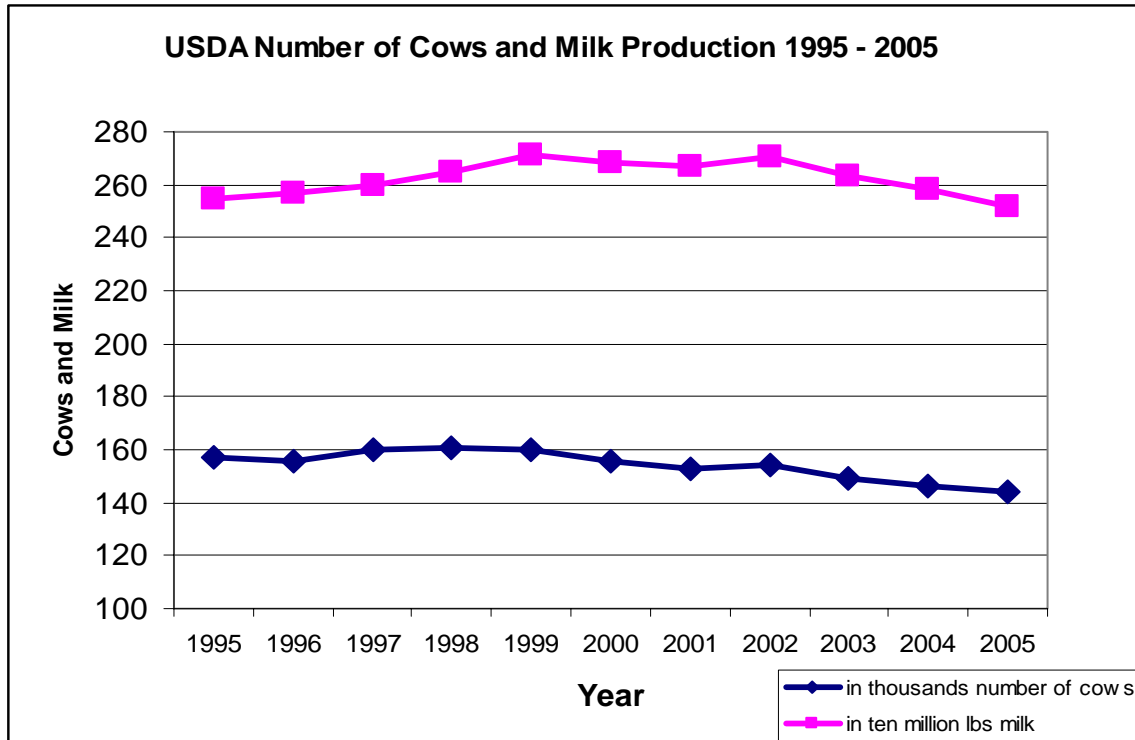
budget and to make financial decisions that affect the farm. Milk price volatility has increased in both frequency and amplitude with little indication of a change in that trend. The Cooperative’s Working Together Program administered by the National Milk Producers Federation has worked to stabilize milk prices through herd buyouts and assistance with export of cheese and butter. The chart below shows the average milk price volatility from 1995 through October of 2005.



Source Federal Milk Market Administrator Average Milk Price for St. Albans Location

Due to the volatile milk prices and other factors affecting Vermont’s dairy farmers (retirement due to age, lack of interested parties to buy farm or next generation), the number of dairy farms in Vermont has declined. In 1995, Vermont had 2,047 dairy farms. There are 1,259 dairy farms in Vermont through October of 2005. Milk production for the state in 1995 was at 2,545 billion pounds as published by USDA. Milk production hit a high in 1999 at 2,710 billion pounds and has retreated since that time to an estimated 2005 volume of 2,520 billion as shown through USDA data. Similarly, a decline in the number of dairy cows in the state has occurred. In 1995, USDA data shows 157,000 cows in the state of Vermont. The number of cows hit a high in 1998 of 161,000 cows and has declined steadily to an estimated 143,000 in 2005. The number of dairy farms and cows has declined in the state. The milk production has declined but at a rate that shows the remaining cows are making more milk per cow.

Another indication of changes in Vermont’s dairy industry is the number of cows on each farm. Dairy farms in Vermont have gotten larger in the last 10 years. In 1995, the number of cows per farm was 75. In 2005, the number of cows per farm is estimated at 114 cows. Over 12% of Vermont’s dairy farms now have over 200 cows and those farms produce over 60% of the state’s milk production. The chart below shows information on number of cows and milk production.



Source USDA

The cost of producing milk is increasing each year without sufficient concurring increases in milk price in the Northeast and Vermont. USDA calculates operating costs on Vermont dairy farms and two main costs for dairy farmers are feed and fuel/lubricant and electricity. In 1995, the average total feed costs (roughages, grain, pasture, milk replacer) were \$6.73 per hundredweight. In 2005, the average through October was \$7.65 per hundredweight. The price of fuel has increased greatly since 1995. The cost per hundredweight of fuel/lubricant and electricity in 1995 was \$0.65/cwt and in 2005 through October \$0.85/cwt. These are just two of the many items that have increased in cost for dairy farmers.

A growing market with a steady milk price became available to Vermont dairy farmers in the early 1990's. Organic milk production and a market for the organic milk became available in 1994. It began modestly with 3 organic dairy farms and has grown to approximately 100 farms in 2005. The organic milk market requires dairy farmers to obtain and maintain USDA organic certification of their land and milk production practices. The organic market provides those farmers with a stable and premium milk price for the length of the delivery contract. The demand for organic milk continues to increase and more organic milk is needed. A recent study of Vermont and Maine Organic Dairy Farms shows financial challenges. In the first year of a multiyear study, 1/3 of the farmers saw a positive return on equity. The demand for organic dairy products increases each year and it is estimated that in 2005, the Northeast organic milk market was deficient by 10 million pounds of milk per month. This amount of milk could be produced by 100 farms producing 100,000 pounds per month. Certified organic milk production methods are not suited for every farm operation but have provided a viable option for many of Vermont's dairy farmers.

The decline in the number of farms, cows and milk production in the state is of great concern to milk processors, cooperatives and the agricultural related businesses that serve dairy farmers.

The Dairy Task Force

The Dairy Task Force was formed in the spring of 2005. The group is composed of representatives from the industry including dairy farmers, dairy suppliers, dairy processors, dairy cooperatives and organizations associated with agriculture in the state including Farm Bureau, UVM Extension, University of Vermont and the Vermont Agency of Agriculture. The work of the Dairy Task Force proceeded in four steps.

1. Gathering information on the status of the dairy industry in Vermont and the Northeast.
2. Formation of goals to enhance the viability, longevity and profitability of the Vermont dairy industry.
3. Formation of committees to provide and prioritize strategies to meet the goals.
4. Ongoing work of the Dairy Task Force to monitor implementation of strategies and evaluate effectiveness. Dairy Task Force will provide input for adjustment of strategies to continue to meet goals.

Through these means, the Dairy Task Force ensured a balanced approach to the issues facing Vermont's dairy industry. The Dairy Task Force formulated goals to improve the vitality, longevity and profitability of Vermont's dairy industry.

The Goals of the Dairy Task Force

- To reduce costs, increase returns and increase profitability of Vermont dairy farmers as measured by return on assets to 8%.
- To increase the dairy herd in Vermont to 150,000 animals.
- To enhance the dairy industry in Vermont by attracting strategically important dairy processing to the state, developing new opportunities for existing dairy processors and to assist with innovation and growth of those processors.
- To enhance the image and attitude of Vermont's dairy industry and dairy products for dairy farmers, the dairy industry, related agricultural businesses and the general public.

Each subcommittee met to discuss the goals of the task force and to determine potential strategies to achieve these goals. Several strategies were discussed and each committee prioritized to three potential strategies. The three potential strategies for each committee are listed below. For a full listing of all potential strategies please see Appendix I.

Business Management Committee Strategies

Public Relations

- ❖ Environment that will allow dairy farms to flourish and to view dairy farms as businesses.
- ❖ Comparing state of Vermont dairy industry against rest of the nation to attract new dairy businesses.

Modernization of Dairy Farms

- ❖ Document 6 to 8 profitable business models for use by new farmers or farmers wanting to change their operations.
- ❖ Improve profitability of Vermont Dairy Farms

Superior Technical Assistance

- ❖ Continue and Enhance Farm Viability Program in Vermont
- ❖ Provide an environmental specialist
- ❖ Provide a dairy ombudsman
- ❖ Organize and implement a series of sophisticated speakers for Vermont dairy farmers

Economic Development Committee

Economic Value of Dairy to the State of Vermont

- ❖ Analyze the dairy industry in Vermont to determine economic worth to state, strengths, and weaknesses at micro and macro levels – farmers, dairy processors, cooperatives and related agriculture business. Identify action plans.

General Economic Development

- ❖ Recruit strategically important companies that have needs for currently underutilized components of farm output – skim milk potential for yogurt production.

Dairy Farm Economic Development

- ❖ Build the benchmark of the dairy industry. Compile basic information about the dairy industry in Vermont that can maintain young dairy farmers in Vermont and attract other dairy farmers from other states to move here.

Government, Community Relations and Information Committee

Image and Attitude of Dairy Industry in Vermont

- ❖ “Agriculture Means Business for Vermont” Use this slogan as often as possible and to have mini-signs for legislators’ desks on the first day of the session this year.
- ❖ Four audiences - farmers, dairy cooperatives and processors, consumers and government (Legislature, State Agencies, Governor’s Cabinet) as primary audiences.
- ❖ The Vermont Legislature should receive issue papers about dairy agriculture during the Legislative session. Information to be provided to media outlets as well.
- ❖ Meet with editorial boards throughout VT to discuss importance of agriculture and how to connect or provide contact people.
- ❖ Coordinate information to legislators with on farm tours. Allow legislators to view new technologies, improvements to farming operations, management techniques and discuss the implementation with dairy farmers.
- ❖ Promote the importance of dairy products in a healthy diet.

Education Committee

- ❖ Coordination of Vermont's multiple services and providers.
- ❖ Determine potential to network service providers to improve services to Vermont dairy farmers
- ❖ Case histories that outline how a business made a change and was successful.

Dairy Task Force

- ❖ On-farm processors survey to determine needs and opportunities.
- ❖ Dairy Task Force the unified voice of the dairy industry in Vermont. The voice of the dairy industry.
- ❖ Immediate needs team for dairy farmers.

Details and action steps were then organized for each prioritized strategy. Similar strategies from the various committees were combined. A work plan for 2006 has been developed. The goals and strategies for the Dairy Task Force are listed below. For further details and implementation steps see 2006 Work Plan for the Dairy Task Force.

➤ **Goal -- To reduce costs, increase returns and increase profitability of Vermont dairy farmers as measured by return on assets to 8%.**

- **Continue and Enhance Vermont Farm Viability Program** - Farm Viability Program uses consultants to provide technical assistance tailored to a farmer's needs to fulfill specific business goals.
- **Ease of Transfer of Assets for Vermont's Dairy Farmers** - To reduce taxes to Vermont's dairy farmers for capital gains during the transfer of the farm to a new farmer.
- **Continue and Enhance Farm Labor Management** - Work with existing agricultural organizations in the state to provide information and training to Vermont's dairy farmers on farm labor issues.

Goal - To increase the dairy herd in Vermont to 150,000 animals.

- **Dairy Ombudsman to assist dairy farmers in information collection, training opportunities and location of consults** – Dairy farmers with good management skills and solid financial dairy operations desire more advanced information and training opportunities and access to consultants to improve business operations.

- **Utilization of Dormant Farm Land** – There is a great opportunity to bring dormant farmland and buildings back into active dairy production in Vermont. Dormant farms with intact buildings can be transitioned to organic dairy production more easily than some conventional farms. The transition of existing dairy farms can take up to three years, while dormant farm land may be able to be transitioned in one year or less to organic production. Attracting new farms to Vermont would add farms and cows to Vermont and would be a benefit to rural communities and Vermont’s economy through the multiplier affect of dairy farmer income.

Goal - To enhance the dairy industry in Vermont by attracting new dairy processing to the state, developing new opportunities for existing dairy processors and to assist with innovation and growth of those processors.

- **Build a benchmark on Vertical Integration and Broader Market for Vermont Dairy Industry** - Analyze the vertical integration of dairy farms, dairy cooperatives and dairy processors in Vermont and determine the broader market affect on the dairy industry.
- **Recruitment of a Strategically Important Dairy Processor to Vermont** - Vermont Department of Economic Development and Vermont Agency of Agriculture, Food and Markets will utilize recruitment methods designed to bring other businesses to Vermont to attract a strategically important dairy processor to the State.
- **On-Farm Dairy Processing: Needs and Opportunities** – The number of on-farm dairy processors has increased by 32% since 1995. What are the needs and opportunities for growth of these on- farm processors?

➤ Goal - To enhance the image and attitude of Vermont’s dairy industry and dairy products for dairy farmers, the dairy industry, related agricultural businesses and the general public.

- **Impact of Dairy on Vermont’s Economy** - An economic study will be completed covering all aspects of the dairy industry in Vermont. The report will be valuable for use with many audiences and will be utilized by the media.
- **Image and attitude of the dairy industry in the state of Vermont** - The image and attitude of the Vermont dairy industry will be improved through use of the media, a speakers’ bureau to provide information to business organizations, farm tours and increased information to state government on positive dairy activities.

- **Key Messages for the Dairy Task Force and Dairy Industry** - Dairy Task Force members will utilize existing expertise to formulate key messages and to obtain training on media relations. The Dairy Task Force will be the united voice for Vermont's dairy industry.
- **Evaluation of Vermont Agricultural Services and Providers** - Understand what services and service providers are available to dairy farmers through a survey of in-state agricultural organizations.
- **Dairy Products and a Healthy Diet** - Provide information and presentations to Vermont School Board Association, Vermont School Nutrition Association, Vermont School Nurse Association, Vermont Department of Education and the media on the importance of dairy in a healthy diet.

Next Steps

The task of setting goals and the strategies to achieve those goals is an important first step for the Dairy Task Force. The Dairy Task Force will continue its activity and the committee structure will become prominent.

The four committees of the Dairy Task Force; Business Management, Economic Development, Government/Community Relations and Information, and Education, will guide the implementation of these strategies. The goals and strategies will be published and an invitation to the agricultural community to take part in a committee will be extended. These volunteers will bring their enthusiasm, contacts in the dairy industry and interest in a vital, profitable dairy industry to the committees of the Dairy Task Force. The committees will then work to coordinate the activities of the agricultural organizations in Vermont to implement the strategies to reach these goals.

The regional approach to enhancing the dairy industry will also be in the forefront through finalizing the Memorandum of Understanding between New York, Pennsylvania and Vermont. Committee chairs and staff will meet with representatives from the three states to determine strategies to work together on training and technology opportunities and information sharing. Vermont can benefit from the on-going work in Pennsylvania and can assist New York in beginning the process to enhance their dairy industry.

The full Dairy Task Force will meet to review the progress of the committees, to act as a voice for the Vermont dairy industry and to evaluate the status of the dairy industry in Vermont. The task force will also discuss a model for the future structure for 2007. There is much to do and the first steps have been achieved. The time is here to continue this vital work for Vermont's dairy industry.

Summary

The Vermont dairy industry faces trends that are of concern to the state and its economy. The decline in the number of cows in Vermont due to dairy farms exiting the business and the increasing need by dairy cooperatives and processors for more milk were the main concerns for the Dairy Task Force. The goals set by the Dairy Task Force and the strategies to achieve these goals will stabilize dairy farmer net income, balance supply and demand for milk, and raise public awareness of the relevance and social importance of dairy farming in Vermont.

The Dairy Task Force will continue to meet and work on the collaboration of all Vermont's agricultural organizations, State Government, dairy cooperatives, dairy processors and dairy farmers to meet the goals of the task force. The Dairy Task Force will also encourage and implement a regional approach with New York and Pennsylvania to strengthen the regional dairy industry. The implementation of these strategies will be monitored and the results will be evaluated to determine effectiveness. The Dairy Task Force will monitor and adjust work on strategies to improve the likelihood of success.

Summary of goals and strategies for the Dairy Task Force

Goal -- To reduce costs, increase returns and increase profitability of Vermont dairy farmers as measured by return on assets to 8%.

- **Continue and Enhance Vermont Farm Viability Program**
- **Ease of Transfer of Assets for Vermont's Dairy Farmers**
- **Continue and Enhance Farm Labor Management**

Goal - To increase the dairy herd in Vermont to 150,000 animals.

- **Dairy Ombudsman to assist dairy farmers in information collection, training opportunities and location of consults.**
- **Utilization of Dormant Farm Land**

Goal - To enhance the dairy industry in Vermont by attracting new dairy processing to the state, developing new opportunities for existing dairy processors and to assist with innovation and growth of those processors.

- **Build a benchmark on Vertical Integration and Broader Market for Vermont Dairy Industry**
- **Recruitment of a Strategically Important Dairy Processor to Vermont**
- **On-Farm Dairy Processing: Needs and Opportunities**

Goal - To enhance the image and attitude of Vermont's dairy industry and dairy products for dairy farmers, the dairy industry, related agricultural businesses and the general public.

- **Impact of Dairy on Vermont's Economy**
- **Image and attitude of the dairy industry in the state of Vermont**
- **Key Messages for the Dairy Task Force and Dairy Industry**
- **Evaluation of Vermont Agricultural Services and Providers**
- **Dairy Products and a Healthy Diet**

The Dairy Task Force

Roger Allbee, Farm Services Agency
Leon Berthiaume, St. Albans Cooperative Creamery, Inc.
Jo Bradley, Vermont Economic Development Authority
Jim Bushey, Vermont Feed Dealers Association
Jane Clifford, Clifford Farm
Ransom Conant, UVM 2+2 Program Student
Jed Davis, Cabot Creamery Inc.
Rocki-Lee DeWitt, Dean UVM School of Business
Jackie Folsom, Vermont Farm Bureau
Walt Gladstone, Dairy Farmer
Willie Gibson, Northeast Organic Farmers Association of Vermont
Leon Graves, Dairy Marketing Services
Adrian Grundy, Star Hill Dairy LLC
Clark Hinsdale, II, Dairy Farmers of America
Amy Huyffer, Strafford Organic Creamery
Rachel Johnson, Dean UVM College of Agriculture and Life Sciences
Steve Kerr, Vermont Agency of Agriculture, Food and Markets
Sara Kittell, State Senator
David Lane, Vermont Agency of Agriculture, Food and Markets
Doug Lantagne, UVM Extension Interim Director
John Malcom, State Representative
Cindy Masterman, Horizon Organic
Ralph McNall, St. Albans Cooperative Creamery, Inc.
Peter Miller, CROPP Organic Cooperative
Dean Moreau, Yankee Farm Credit, ACA
Bill Paine, Green Mountain Dairy Federation
Ethan Parke, Vermont Housing and Conservation Board
Bob Parsons, UVM Extension
Kylie Quesnel, Perry Brook Farm
Mike Quinn, Department of Economic Development
Daniel Scheidt, Ben & Jerry's Homemade, Inc.
Harvey Smith, State Representative
Robert Starr, State Senator
Kent Underwood, Woodstock Water Buffalo Company
Bob Wellington, Agri-Mark, Inc.
Jon Wright, Taylor Farm

Committee Assignments

Steve Kerr – Secretary of Agriculture and Dave Lane, Deputy Secretary of Agriculture provided support and information to each committee.

Business Management Committee

- ❖ Jon Wright – Chair – Taylor Farm
- ❖ Jo Bradley – Manager, Vermont Economic Development Authority
- ❖ Rocki-Lee DeWitt – Dean School of Business Administration, UVM
- ❖ Walt Gladstone – Dairy Farmer
- ❖ Dean Moreau – Yankee Farm Credit, ACA
- ❖ Ethan Parke – Farm Viability Program Coordinator
- ❖ Harvey Smith – Dairy Farmer and State Representative
- ❖ Kent Underwood – Dairy Manager, Woodstock Water Buffalo Company

Economic Development Committee

- ❖ Mike Quinn – Chair – Commissioner Vermont Economic Development Department
- ❖ Leon Berthiaume – General Manager, St. Albans Cooperative Creamery, Inc.
- ❖ Jim Bushey – Vermont Feed Dealers Association
- ❖ Willie Gibson – Dairy and Livestock Advisor, NOFA-Vermont
- ❖ Clark Hinsdale- Dairy Farmers of America
- ❖ John Malcolm – Dairy Farmer and State Representative
- ❖ Ralph McNall – Dairy Farmer and President, St. Albans Cooperative Creamery, Inc.
- ❖ Daniel Scheidt – Ben & Jerry’s Homemade, Inc.
- ❖ Robert Starr – State Senator
- ❖ Robert Wellington – Senior Vice President, Agri-Mark, Inc.

Education Committee

- ❖ Doug Lantagne – Chair – Extension Interim Director, UVM Extension
- ❖ Ransom Conant – Dairy Farmer
- ❖ Amy Huyffer – Strafford Organic Creamery
- ❖ Sara Kittell – State Senator
- ❖ Bob Parsons – Associate Professor of Farm Management, UVM Extension

Government/Community Relations and Information Committee

- ❖ Jane Clifford – Co-Chair – Dairy Farmer
- ❖ Jackie Folsom – Co-Chair – Dairy Farmer and President, Vermont Farm Bureau
- ❖ Adrian Grundy – Star Hill Dairy, LLC
- ❖ Roger Albee – State Executive Director, USDA Farm Services Agency
- ❖ Jed Davis – Director of Marketing, Cabot Cooperative Creamery, Inc.
- ❖ Leon Graves – Director of Industry Affairs, Dairy Marketing Services
- ❖ Rachel Johnson – Dean of Agriculture and Life Sciences, UVM
- ❖ Cindy Masterman – Producer Relations Manager, Horizon Organic
- ❖ Peter Miller – East Regional Pool Coordinator, CROPP Organic Cooperative
- ❖ Bill Paine – Executive Director, Green Mountain Dairy Federation
- ❖ Kylie Quesnel – Dairy Farmer

Acknowledgements

The Dairy Task Force and the Vermont Agency of Agriculture deeply appreciate all of the participants and partners that provided their insights and knowledge to the task force.

The Dairy Task Force would like to thank Gary Heckman, Executive Director of the Pennsylvania Dairy Center of Excellence for his time and insight into the workings of the Pennsylvania Dairy Task Force and Center of Excellence.

We are grateful to the following organization for their donations of space for our meetings.

Ben & Jerry's Homemade, Inc.
Vermont Farm Bureau
Yankee Farm Credit, ACA

Appendix I

Each subcommittee met to discuss the goals of the task force and to determine potential strategies to achieve these goals. Several strategies were discussed and each committee prioritized to three potential strategies to provide to the full task force. The full list of strategies is listed below with the three potential strategies for each committee indicated with a star.

Business Management Committee

Public Relations

- ❖ Environment that will allow dairy farm to flourish and to view dairy farms as businesses
- ❖ Comparing state of Vermont dairy industry against rest of the nation to use to attract new dairy businesses

Modernization of Dairy Farms

- ❖ Document 6 to 8 profitable business models for use by new farmers or farmers wanting to change their operations
- Upgrade the infrastructure for agriculture
- Improve technology utilization on Vermont farms
- ❖ Improve profitability of Vermont Dairy Farms

Superior Technical Assistance

- ❖ Continue and Enhance Farm Viability Program in Vermont
- Continue and enhance Dairy Profitability Enhancement Teams
- Continue and enhance Dairy Discussion Groups
- ❖ Provide an environmental specialist
- ❖ Provide a dairy ombudsman
- Provide information on generational transfer assistance
- Provide assistance and information on farm processing for value added products
- ❖ Organize and implement a series of sophisticated speakers for Vermont dairy farmer

Economic Development Committee

Economic Value of Dairy to the State of Vermont

- ❖ Analyze the dairy industry in Vermont to determine economic worth to state at micro and macro levels – farmers, dairy processors, cooperatives and related agriculture business.

General Economic Development

- Long-term contracts and or hedging techniques to improve profitability, stability/predictability for one or more segments of the industry.
- ❖ Recruit strategically important companies that have needs for currently underutilized components of farm output – skim milk potential for yogurt production.
- Is there a market for a Vermont branded fluid product? What would be the investment needed to develop the market? How long to build market self sufficiency? ROI?
- Determine where the needs/interests of farmers/co-ops/converters/manufacturers intersect to mutual benefit. Where do they diverge? How can the divergences are minimized. Identify issues that the various members of the Vermont Dairy economy have in common with industry in general.
- Canada as a relief valve for dairy supply
- New capitalization strategies for the industry

Dairy Farm Economic Development

- ❖ Build a benchmark of the dairy industry? What is the basic information about the dairy industry in Vermont that can maintain young dairy farmers in Vermont and attract other dairy farmers from other states to move here?
- Mold economies of scale to a Vermont size? Why should “we” consider “large” farms bad? Who is “we” anyway?
- Increase bargaining and aggregate purchasing of inputs for dairy farms.

Government, Community Relations and Information Committee

Image and Attitude of Dairy Industry in Vermont

- ❖ “Agriculture Means Business for Vermont” Use this slogan as often as possible and to have mini signs for legislators’ desks on the first day of the session this year.
- ❖ Four audiences - farmers, dairy cooperatives and processors, consumers and government (Legislature, State Agencies, Governor’s Cabinet) as primary audiences.
- ❖ The Vermont Legislature should receive issue papers about dairy agriculture during the Legislative session. Information to be provided to media outlets as well.
- ❖ Meet with editorial boards throughout VT to discuss importance of agriculture and how to connect or provide contact people.
- ❖ Coordinate information to legislators with on farm tours. Allow legislators to view new technologies, improvements to farming operations, management techniques and discuss the implementation with dairy farmers.
- Link Web sites maintained around the state by different organizations more closely to improve one stop shopping for information. Try to put together one stop shopping but always a potential to miss something or not have all the information.
- Diversified agriculture – provide information on success and how to but to take into consideration all aspects (pros and cons). All four audiences.
- More opportunities for farmers to meet legislators and hear the issues from the farmers. Currently Farm Bureau daytime meeting and county meetings, Green Mountain evening meeting and some young farmers meetings with legislators. Are there other opportunities?

Education Committee

- ❖ Coordination of Vermont’s multiple services and providers.
- ❖ Determine potential to network service providers to improve services to Vermont dairy farmers
- ❖ Case histories that outline how a business made a change and was successful.
- Need to focus our efforts in a particular area (environmental)?
- Need to add additional members before proceeding.
- Farmer needs integrated information.
- Farmers require relationship building to gain confidence in trying new ideas.
- ❖ Case histories that outline how a business made a change and was successful,