

Updates on work of the subcommittees.

Farmer Subgroup

VT Farm and Forest Viability and NOFA-VT have made contact with all Horizon Farmers. About half of the farms are working with VT Farm and Forest Viability on financial planning, possible other ag enterprises and making the milk and the farm as attractive as possible to a new buyer (considering grass based only, milk quality and any adjustments to infrastructure that might be needed). Milk volume total for the Vermont Horizon Farms is 25,822,000 pounds per year. New Hampshire has two farms and a total of 1,500,000 pounds per year.

The Task Force discussed a possible bridge program to maintain the organic price if a new organic market is not available as of September 1, 2022. There may be some options that would pay in the acceptable range but might not be ready to take on milk right on September 1, 2022.

Here are some basics calculations for this potential program.

Bridge Program calculations	
Assumptions	
\$16.93	conventional 5-year average SUP for Boston Location – Federal Order Price 2016 - 2020
\$36.59	Average Pay Price from UVM study for organic cost of production 2014 – 2018
\$19.66	Difference
\$17.69	assistance at 90% of difference
\$15.73	assistance at 80% of difference
\$13.76	assistance at 70% of difference
\$11.80	assistance at 60% of difference
\$9.83	assistance at 50% of difference

Payment calculations

Vermont Farms and milk volume			New Hampshire Farms and Volume		
21	Farms		2	farms	
25,822,000	yearly volume		1,500,000	yearly volume	
Assistance rate	total \$ per year	dollars/farm/yr.	Assistance rate	total \$ per year	dollars/farm
100%	\$5,076,605.20	\$ 241,743.10	100%	\$294,900.00	\$ 147,450.00
90%	\$4,568,944.68	\$ 217,568.79	90%	\$265,410.00	\$ 132,705.00
80%	\$4,061,284.16	\$ 193,394.48	80%	\$235,920.00	\$ 117,960.00
70%	\$3,553,623.64	\$ 169,220.17	70%	\$206,430.00	\$ 103,215.00
60%	\$3,045,963.12	\$ 145,045.86	60%	\$176,940.00	\$ 88,470.00
50%	\$2,538,302.60	\$ 120,871.55	50%	\$147,450.00	\$ 73,725.00

This is a proposal and has not been funded. The information will be provided to the Vermont Legislature (fund Vermont Farms only) and to USDA as a possible program for all impacted farms across NY, VT, NH and ME. It was requested by the group that a calculation be completed to show the impact on different size farms – 25 cows, 50 cows, 75 cows, 100 cows, 150 cows and 200 cows. Work will be completed prior to submission to the Vermont Legislature and USDA.

Regional Subgroup

The Regional Subgroup provided an update on activities. USDA is providing extensive support and the Northeast Dairy Business Innovation Center is the co-lead for the activities. Within his regional group there are several subgroups working on recommendations for USDA. These subgroups include:

- Institutional Procurement
- National Policy
- Distribution
- Processing
- Market Development
- Farm Viability

Some of the ideas that are being discussed include:

- Trucking and distribution – training of truckers, hour of operation limits
- Processing – scaling up, investments needed, markets and labor
- Farm viability – rural roads, farmer driveways (funding)
- Institutional procurement – working with FINE New England on a survey of all institutional buyers (hospitals, colleges, large employers) to determine interest in organic and meeting price requirement
- Federal Policy – strengthen organic regulations, more organic dairy products into feeding programs (School Lunch, WIC and SNAP Benefits) and Federal Milk Marketing Orders

The work is on-going, and recommendations are due to USDA in early December.

Processor Survey for Vermont

The Agency of Agriculture surveyed dairy processors that hold a milk handlers license with Vermont – some of these processors who responded may be out of state. The data below shows some interest, and the Agency is following up with those that answered yes to get further information and to determine what can be shared.

In the next year would you be looking to increase your milk processing production? Answered: 44

Response	Percent	Total
Yes	34.09%	15
No	40.91%	18
Maybe	25.00%	11
Total		44

Do you feel you have the market demand to support expanding your production to process organic milk and/or milk into a value-added product at this time? Answered: 44

Response	Percent	Total
Yes	34.09%	15
No	36.36%	16
Maybe	29.55%	13
Total		44

If you selected yes or maybe to question #3: What price ranges per hundredweight would you be willing to pay for milk, if it met your processing standards (select all that apply): Answered: 19 Skipped: 25

Response	Percent	Total
\$20 - \$30	31.58%	6
\$31 - \$37	47.37%	9
\$38 -\$45	15.79%	3
+ \$45	5.26%	1
		19

What kind of assistance from private or public resources would you need in order to expand milk production? Please provide details and comments for each of these items as they apply to your facility in the fields below.

Answered: 31 Skipped: 13

Answer Choices	Percentage response	Total
Market development (creating a new product line, marketing, & identifying new or expanded markets to sell into)	58.06%	18
Research & Development (new product line or diversifying an existing product line)	38.71%	12
Distribution assistance (hauling and delivering of finished product, shipping, audits to meet certain food safety standards to sell into certain food systems)	61.29%	19
Financial planning (business planning, cost analysis etc)	48.39%	15
Infrastructure (facility expansion, equipment needs, labor, wastewater, potable water, etc)	90.32%	28
Capital Investments (access to loans, grants, operating capital for an expansion)	64.52%	20
Milk Hauling (hauling of milk from farms to processing facility, cleaning of milk tankers, storage of trucks, outsourcing milk hauling, labor availability)	67.74%	21

A team will come together to write up the potential options for farmers for sharing in February 2022.

Farmer Concern

An issue was raised that farmers were concerned that if it became known that they were working with another entity to purchase their milk that they would be released from Danone Horizon prior to September 1, 2022. The Agency followed up with Danone Horizon and received the following response.

From the notice to Danone Horizon farmers dated August 18, 2021

To help facilitate a smooth transition, we offer to enter into a new one-year contract with your dairy farm on our standard template (“New Agreement”). Please see attached. This New Agreement does not have renewal language and by signing it, you will agree in the New Agreement that your date of last pickup will be August 31, 2022. Additionally, if you have an opportunity or desire to explore a different path or new buyer prior to the New Agreement ending, we are committed to supporting you in that endeavor and will work with you to terminate the New Agreement early upon your 30 days’ prior notice.

Further information was sent by Danone Horizon to an organization in New York state:

“With respect to the confidentiality provision in the agreement, we want to clarify that such provision protects the confidentiality of information as it particularly relates to our business (e.g., our prices, volume requirements, quality standards) however, that does not in any way preclude producers from sharing information about their farms and operations including, but not limited to, the number of cows they have, the

volume of milk they can produce, details about their facilities or operation, or the price they expect to receive for their milk.”

Farmers can discuss new market opportunities with other buyers of milk and will not lose their market with Danone Horizon prior to September 1, 2022. If farmers still have concerns, they can contact Greg Wolf, Danone Horizon at (330) 280-2724 or Gregory.WOLF@danone.com or Max Dawes at (614) 940 4687 or maxwell.dawes@danone.com.

Next meeting will be on January 7, 2022, from 10 to 11:30 a.m.