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June 3, 2020

Greetings to the Senate Agricultural Committee,

Thank you Chairman Starr, and the rest of the Senate Ag committee for your time. I am E.B. Flory and serve as the Dairy Section Chief at VAAF. Since COVID-19 first took hold of our world, our dairy section team have been on the front lines helping to keep our dairy food supply safe and available for all consumers.

COVID-19 has impacted many sectors in our State, but the impact to dairy farmers and processors has been particularly severe as they rack up increasing losses, continue to operate, and are unable to mitigate their expenses. In Vermont, our dairy farms make up over 80% of Vermont's farmland and contribute \$3 million in cash circulation each day in Vermont. Dairy accounts for [70% of Vermont's](#) Agricultural sales with over \$1.3 billion in dairy products and by-products sales each year. Of this \$1.3 billion annual sales, artisan cheese makers account for the largest amount for one product category at \$650 million. This number exceeds the direct sales value of fluid milk by over 50%. Overall, dairy generates \$2.2 billion in economic activity in Vermont each year.

Due to COVID-19, I cannot easily explain how grave the situation is for our farmers and processors, but many are clinging to a thread. Since March 1st we have lost 17 dairy farms, including 14 farms we lost in just the last month. That equates to 2% of total dairy farms in Vermont. Those farms consisted of 4 SFOs, 8 CSFOs, and 5 MFOs. We are in a time of unprecedented crisis and our largest agricultural sector is confronting its greatest risk in decades.

Beyond our dairy farmers, COVID-19 devastated one market—our value-added dairy processors--that has been the shining light of our dairy industry for many years. Our Vermont dairy processors produce world-renowned cheese, butter, yogurt, and ice cream, and many of their markets disappeared overnight. The Vermont Cheese Council released a survey showing that cheese makers lost 25-90% of their markets because of the pandemic. Our processors are broadly experiencing this market drop which is also contributing to the rapid milk price declines for our farmers. The Vermont Cheese Council has estimated that over \$10 million of lost sales occurred in April. Cheese makers are responding by selling off cattle or entire herds or not purchasing milk from neighboring farms to meet the loss in market demand. Long term, this will cause cheese makers to be under smaller cash flows with businesses that were already on narrow budget constraints. For each cheese maker reducing milk, processing levels will result in less cheese being put away. The trickledown effect is less cheese to sell and reduced cash flow for the future. If sales continue to remain at this level of loss through the rest of this year, cheese makers will have to cut employees, downsize operations, and currently 10% are looking to possibly close their doors permanently.

The market trend impacting cheese makers can also be felt across all our dairy processors and is



playing a large part in the price suffering our dairy farmers are facing. Approximately 54% of the licensed dairy processors in the state register at the smallest level of production at 500lbs or less of milk processed daily. These processors create the majority of our diverse dairy products in the marketplace. They also include some cheese processors that pay grass based dairy farmers \$30 a hundred weight or more for non-organic milk. These processors allow small dairy farms to not only survive but thrive. 31% of our processors are in the range of 500lbs to 10,000lbs of milk processed daily. The last four categories of processors combine for approximately 15% of our dairy processors.

Vermont's dairy processors are a hard earned success story, and their many small operations make huge economic impacts in their rural communities. Their diversity in size and high-quality nutritious products created with Vermont milk provides a steady and reliable food supply for all Vermonters to have access to be food secure. Without these processors, our milk will leave the State in larger quantities and make Vermont more reliant on large supply chains to bring in food for our citizens. These operations also provide needed employment in our rural communities. During COVID-19, Vermont's dairy processors have done all they can to protect their employees' health and safety and to maintain our critical food supply.

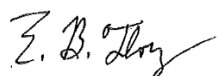
Our dairy processors have created a culture that many other states have tried to imitate. None are able to replicate the artisan dairy community that defines Vermont dairy. I see individuals moving from other states to Vermont to become part of this unique community. Just last year, we had a father and daughter team move from Massachusetts to start a goat dairy and cheese processing facility. They uprooted their families to make new roots and invest in Vermont. I myself sought out Vermont and its dairy landscape to make my permanent roots and invest in a dairy culture that I believe in.

Our dairy farmers are floundering from a 26% price drop caused by the pandemic. Many of our processors lost their markets, are coping with additional expenses, and need to pivot, adapt, and begin distributing into new markets. Our processors will play an integral part in the future of Vermont agriculture. Our farmers need processors to turn their milk into products that consumers will purchase in established and newly developed marketplaces. This adaptability includes additional costs for new equipment necessary to package final products differently to be shipped directly to consumers.

As the dairy section chief and someone who regularly works with dairy farmers and processors, I have a close-up view of the pandemic's impact on dairy. The economic free-fall is unprecedented in my experience, and I am extremely concerned that, without assistance, many of our farmers and processors will not survive this public health and economic crisis. The news from our farms—as partially evidenced by our 17 farm failures—is grim. Vermont relies on dairy for its open lands, rural economic output and jobs, and in many ways, its unique character and way of life.

I encourage you to give due consideration to support Vermont's dairy farms and award winning dairy processors of cheese, butter, yogurt, and ice cream. Thank you for your time and consideration of the current state of Vermont's largest agriculture sector.

Sincerely,



E.B. Flory
Dairy Section Chief, VAAFM