



# Vermont Milk Commission Growth Management Plan

Vermont Senate Agriculture Committee

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# Vermont Milk Commission Growth Management Plan

- The Milk Commission recommends a Growth Management Plan that would incorporate many detailed rules and regulations but would need to include the following topic areas:
  - **A dairy farmer governance board working in conjunction with USDA. The National Dairy Board model could be used for farmer representation with addition of a dairy economist and two dairy processors.**
  - **Determination of a base milk volume for individual producers**
  - **Determination of the volume of milk required to meet domestic and export needs as well as a 30-day emergency stock of dairy products, nationally, regionally and to the individual dairy farmer**
  - **A means to provide strong signals to individual dairy farmers that milk over the required domestic and export volume and emergency stock is not desired**
  - **A means for new dairy farmers to join family operations and or start new individual dairy farms.**
  - **Detailed rules and regulations for the merging of dairy farming operations, the dissolution of farm partnerships and other changes in business structures**
- The specific recommendations for a Growth Management Plan include:
  - **Implementation at a national level and must be mandatory for all dairy producers to take part.**
  - **An administrative fee for all dairy farmers and a flat rate is supported.**

		Farm Production					Commercial Use			
Year	Beginning com. stocks [A]	Production	Farm use	Marketing [B]	Imports [C]	Total supply [A+B+C]	Domestic com. Disapp.	Com. exports <sup>2</sup>	Total com. Disapp.	Ending com. stocks <sup>3</sup>
2014	7,577	206,054	964	205,090	5,627	218,294	169,822	39,038	208,860	9,434
2015	9,434	208,597	968	207,629	5,986	223,049	176,561	37,337	213,898	9,151
2016	9,151	212,405	993	211,412	6,500	227,063	178,486	39,052	217,538	9,525
2017	9,525	215,466	979	214,487	6,053	230,065	177,556	40,715	218,271	11,794
2018	11,814	217,568	1,018	217,568	5,465	233,828	178,495	44,652	223,147	10,682
2019	10,682	218,682	1,018	217,364	5,817	233,862	181,898	41,559	223,457	10,223

USDA Annual commercial (com.) disappearance (disapp.), milk in all products, milk-equivalent skim-solids basis, 2013 – 2019 (millions of pounds)



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- Example Farm
- Average size farm in Vermont 170 cows making 3.4 million pounds per year
- Pays a flat administration fee - \$100
- Base is average milk production of the last three years – 3.4 million pounds
- Amount of milk calculated for National need, compared to national base
- Base then distributed to region of the country and to individual farm
- Average Size Vermont prescribed 3.3 million pound base to meet needs.
- Farm needs to reduce production to meet 3.3 million pound prescribed base for calendar year 2019



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- Comparison to prescribed base done on a quarterly basis
- 3.3 million pounds is 825,000 pounds per quarter or 275,000 per month
- January, February and March
- Volume of milk produced is over prescribed base for first quarter.
- Milk checks for January – March will be at the Federal Order announced rate.
- 90 days after end of the quarter, deductions will be made on the milk check to settle the second tier rate.

Month	Milk produced	Prescribed Base	Difference
January	278,000	275,000	3,000
February	270,000	275,000	-5,000
March	279,000	275,000	4,000
	827,000	825,000	2,000



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- Settlement for over Prescribed base for first quarter 2019
- Tier two price shown in table
- Estimated all milk price for January through March is \$16.70
- 2,000 pounds over base at \$6.00/cwt. deduct of \$120
- Money would be deducted over three months in July, August and September - \$40 per month.
- Money is pooled for the calendar year

All Milk Price	Penalty per CWT.- over base milk only
Greater than \$20.00	\$0
\$18.00 to \$19.99	\$4
\$17.00 to \$17.99	\$5
\$16.00 to \$16.99	\$6
\$15.00 to \$15.99	\$7
Below \$15.00	\$8

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- **For the remainder of the year**
- **Farmer maintains milk production within prescribed base.**
- **Total for year is 3,289,000 pounds under the yearly prescribed base of 3.3 million**
- **Farm will take part in the pay back for farms that maintained or were less than prescribed base – share the pool of money paid in.**

Month	Milk Produced	Prescribed Base	Difference
April	277,000	275,000	2,000
May	272,000	275,000	-3,000
June	271,000	275,000	-4,000
	820,000	825,000	-5,000
Month	Milk Produced	Prescribed base	Difference
July	275,000	275,000	0
August	274,000	275,000	-1,000
September	273,000	275,000	-2,000
	822,000	825,000	-3,000
Month	Milk Produced	Prescribed Base	Difference
October	274,000	275,000	-1,000
November	273,000	275,000	-2,000
December	273,000	275,000	-2,000
	820,000	825,000	-5,000



# Vermont Milk Commission Growth Management Plan

- Research that supports supply management
  - **Dr. Mark Stephenson - Wisconsin and Dr. Charles Nicholson - Cornell**
  - **Economic Modeling on supply movement program – did research in 2012 - 13**
  - **Repeated modeling on 2 plans**
- Allowable milk with market access fee – continuous and milk/feed ratio and Dairy Stabilization Program from old Foundations for the Future Plan - NMPF
- The research results make a compelling case for Supply Management:
  - **Increased Net Farm Operating Income**
  - **Increased average milk price**
  - **Reduced volatility**
  - **Reduced the rate of farm losses**
  - **Reduced government expenditures**
  - **slight (single-digit percentage) reduction in dairy product consumption**
- **Research available at <https://dairymarkets.org/supmgt/>**