

Task Force to Revitalize the Vermont Dairy Industry

*Presentation to the House Agriculture Committee
January 11, 2022*

Daniel Smith, Esq., Co-Chair

Basic Task Force Timeline

- Feb 2020: Joint Agriculture Committee Hearing on VT dairy industry transformation and proposed state price regulation
- May 2020: Act No. 129, Sec. 31 creates Task Force and directs Department of Financial Regulation Report
 - (1) evaluation of the long-term sustainability of Vermont dairy farming
 - (2) recommendations for *revising regulated dairy pricing* and other state market regulation
- Jan 2021: DFR Report submitted
- May 2021: Task Force begins work
- Dec 2021: Task Force presents report to Legislature

Annotated Task Force Timeline

- Feb 2020: Joint Hearing on state milk market regulation

Covid Pandemic erupts

- May, 2020: Act No. 129, Sec. 31

- Jan 2021: DFR Report submitted

- ***March 2021: American Rescue Plan Act enacted***

- May, 2021: Task Force begins work

- ***Nov 2021: Infrastructure, Investment, and Jobs Act enacted***

******* \$2.6 Billion in Federal Funding Coming to Vermont *******

- Dec 2021: ***Task Force presents initial report with short and long-term proposals; recommends extension***

DFR Report Findings

The Department does not take a position on the sustainability of the FMMO system as a whole, but rather agrees that changes to its pricing formulas may help ensure more adequate prices for all of Vermont's dairy farmers.

- (A) Risk management and hedging
- (B) State milk marketing orders
- (C) Regional compact
- (D) Supply management
- (E) Increased focus on organic
- (F) Increased support for innovation and farm management

State Marketing Order

- First confirmation of industry transformation – finding that 58% of Vermont raw milk production is now used by in-state milk plants
- Only considered price regulation of in-state raw milk production used to produce finished goods also consumed in-state

Task Force Recommendations

Immediate and shorter-term proposals

- Risk Management and Hedging
 - Dairy Margin Coverage Program
 - Dairy Revenue Protection Program
- Infrastructure improvement
- Address milk transportation challenges
- Address industry labor challenges
- State purchasing
- Succession planning
- **Capitalize on ARPA and IAJA funding**
 - ✓ Financial Evaluation

Longer-term structural change

- Further evaluation of:
 - *In-state price regulation*
 - *Raw milk use tax*
 - Extensive testimony confirms transformation of Vermont industry
 - ✓ FMMO stats show 65% of pooled VT raw milk now used in-state
 - Legal review still needed
- New and expanded manufacturing/processing capacity