



December 2, 2021

Dear Task Force,

Agri-Mark Inc. is the Northeast's premier dairy cooperative. We are owned and operated by 700 dairy farm families across New England and New York. Those farm families supply more than 370 million gallons of farm-fresh milk that we use to make our award-winning Cabot branded cheeses, dairy products and ingredients. Agri-Mark operates three cheese manufacturing facilities located in Cabot, Vermont, Middlebury, Vermont, and Chateaugay, New York, as well as a butter-powder facility in West Springfield, Massachusetts. In addition, Agri-Mark supplies fresh fluid milk to the region's largest dairy processors, and the cooperative manufactures and markets valuable whey proteins around the world.

On behalf of our dairy farmer members, we appreciate the work this Task Force has focused on over the summer. Thank you for the opportunity to involve us in the discussion.

Vermont's dairy industry is struggling. Many of the key issues facing our farmers and dairy businesses have been exacerbated by the pandemic and its prolonged economic impacts. **Today we want to share with you some priority areas that we feel are critical to the success and sustainability of Vermont's dairy industry.**

We have seen steady attrition among our farmer members over the last several years, yet milk production continues to grow. At the same time, fluid milk consumption is on the decline. Regionally we do not have enough processing capacity for the milk that is locally produced. That regional supply and demand imbalance has played a significant role in the industry dynamics of the last few years. There is great optimism as **overall dairy demand is up, particularly for cheese. Agri-Mark and our members are uniquely positioned to take advantage of that trend provided we have the resources and support to grow our cheese production capabilities.**

Looking to the future, our farmer members and our cooperative business need to be profitable and sustainable. Our Agri-Mark members rely on us to secure a market for their milk at a competitive milk price. To do that, Agri-Mark must invest and grow our processing capacity and strengthen and expand our brands. That level of growth requires investment. **Programs and initiatives that encourage and facilitate economic development among dairy cooperatives and the larger dairy sector are essential to the long-term success of Vermont's dairy industry. Potential incentives worth considering include manufacturing credits and tax breaks for businesses that are innovating and expanding capacity.**

The dairy industry is a 24-hour-a-day business, both on our farms and within our manufacturing facilities. The "Great Resignation" has hit us and many other Vermont employers and manufacturers hard this past year. Agri-Mark employs 655 people in Vermont. Those team members staff our two cheese production facilities, a cut and wrap facility, a distribution center, a warehouse, and our corporate headquarters, which are all based within the state. We have faced significant challenges keeping our Vermont facilities fully staffed and operational. We have sought creative solutions such as deploying current employees from other departments to our manufacturing locations as well as utilizing all available programs and recruiting efforts to bring in workers and keep our plants running.

We have felt the labor shortage most acutely at our Cabot, Vermont campus. Between the depopulation of rural areas and the increased competition for jobs, we do not see the labor shortage resolving itself in the short-term. When we are not able to run our plant or our cut and wrap facility, we are not as efficient, productive or profitable. That hinders our ability to invest, grow and evolve our business to better support our farm families. **We encourage the Task Force to consider programs and initiatives that will help find qualified and willing employees to keep our facilities running.** Our



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internal Agri-Mark task force dedicated to addressing our Cabot Campus labor shortages has identified **affordable housing and access to childcare as areas that could greatly influence the labor situation.**

Climate change is at the forefront of our conversations with our customers, our farmers and our consumers. Vermont's dairy industry has been a leader in environmental sustainability and we must keep that momentum going. **Our farmers need programs that foster environmental best management practices, support research and innovation, and provide farmers with the right resources to continue to raise the bar with respect to environmental sustainability.**

There are programs that Vermont could adapt to help more farmers protect their soils, grow healthier crops and new crop varieties, and benefit from what we expect to be a robust carbon reduction/credit market. We ask that the Task Force **consider raising limits on cost-sharing programs offered through the Agency of Agriculture, Food and Markets** to encourage more farmers to utilize these programs. Dairy farmers want to do what is right for the environment, but they often lack the financial resources to make the investment required to make changes or purchase equipment to make those projects a reality. We encourage the Task Force to **consider a mechanism that makes implementing environmental best practices more attainable, such as a revolving/low interest loan program where loan repayments could then support other Vermont farmers.**

Other issues that we think the Task Force should keep in mind as you're considering recommendations include: **expanding rural broadband/internet access, continuing free milk for school lunch and expanding free lunch for all children, and supporting investments in infrastructure to alleviate supply chain pressures.**

The future of Vermont's dairy industry is a top priority for our members and our cooperative. **Addressing priority areas such as economic development for cooperatives and dairy processors, labor shortages, and supporting dairy as a solution to climate change will benefit our farmers, will go a long way toward increasing dairy's economic impact within the state.**

If you would like more information on any of these topics please reach out to us. Enclosed is a listing of more specific improvements for your consideration.

Thank you again for allowing us to provide our perspective on the issues challenging Vermont dairy farmers and processors. We know that you share our vision for a vibrant Vermont dairy industry.

Sincerely,

A handwritten signature in black ink, appearing to read "Catherine de Ronde".

Catherine de Ronde
VP, Economics & Legislative Affairs



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Recommendations for Dairy Task Force

Economic Development

- Offer incentives for companies to increase dairy plant capacity within the state through manufacturing credits or tax breaks.
- Make economic development programs more available and feasible for smaller to medium-sized companies.
- Provide funding for marketing assistance to ensure farmers and companies have the market testing they need to ensure success.

Labor

- Allow the expansion of the remote worker program to workers willing to come for manufacturing or agricultural jobs.
- Encourage the Vermont Housing and Conservation Board to consider using their money for low-cost/sustainable housing in and around manufacturing plants, offering housing at a discount to families working agricultural manufacturing.
- Work on addressing childcare issues in rural Vermont, by working with schools with declining enrollment to utilize their space and workforce to establish childcare centers.

Environment

- Raise the limits on cost sharing programs through the Agency of Agriculture, Food and Markets to encourage more farmers to use these programs. For instance, the current cost share limit on cover cropping is \$8,000 which only covers 266 broadcast acres or 177 of drilled. This money is enough for small farms, but many larger farms could utilize assistance in increasing their cover crop acreage.
- Have all farm permits designate a field or fields that are properly located as emergency spreading options for farms outside of the manure spreading ban. This would save work for the Agency in bad years and would allow farmers to react to weather issues on a timely basis.
- Set up a revolving/low-interest loan program for farmers to afford environmental practices.

School Nutrition

- Continue to expand free milk for school lunch and include children who bring lunch from home.



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