

Report of the Danone Horizon Task Force – February 2022

The Vermont Danone Horizon Task Force has been working toward solutions for the impacted farms since September 2021. There have been many activities and the work is ongoing. The Task Force members represent farmers, industry representatives, agricultural organizations, state government and lenders. This document will provide information on the work completed by the task force and next steps as the Danone Horizon impacted farms have had a contract extension through February 2023. Below is a summary of the activities. These activities will all be reported on in detail in this document.

Task Force Activities and Other Related Activities

- Collection of data on impacted farms – volume of milk and location of farms. Determine the impact and what could be possible for new hauling routes.
- Farmer Resource List – document with immediate resources published in early September 2021
- Survey of all dairy processors in Vermont and surrounding states to determine if additional organic milk was needed or if a new product line for organic dairy products could be added. 44 dairy processors responded and the data is provided in the longer report.
- Formation by request of USDA Secretary Vilsack of a regional working group to put together solutions for the situation in the Northeast for dairy. A list of possible solution was submitted to USDA in December 2021 and USDA has yet to reply. Full list of requests in the longer report.
- Origin of Livestock Rule moved forward at the Federal level – at the office of Management and Budget – a step forward in the process of Federal Rulemaking.
- Vermont Farm Bureau met with counterparts in Maine and New York to discuss the issue.
- Northeast Farmer/Pledge Partnership program. Gary Hirshberg is working with a group in the Northeast to launch a campaign to drive consumer support and purchase of organic dairy products. Launched on January 10, 2022. Hope that driving demand for organic dairy products will increase demand for organic milk from farmers.

Data on Impacted Farms

As of February 2022, there are 23 of the initial 28 farms still marketing milk commercially. Five of the farms have ceased milking cows. The volume of milk from these farms is approximately 25,822,000 pounds per year and the farms are found in nine of the fourteen counties in Vermont. Each of the farms has been contacted by NOFA-VT and Vermont Farm and Forest Viability to determine if there are any specific needs of the farm. Farm and Forest Viability is working with a subset of the farms and would be available to work with all the farms if requested on determining best steps forward for the individual situations for the impacted farms.

Farmer Resource List

A farmer resource list was published shortly after the announcement was made to the Vermont Danone Horizon farms that the contracts would not be renewed. The content of the resource list is shown below:

September 10, 2021

The Vermont Agency of Agriculture, Food and Markets, University of Vermont Extension, and Vermont Farm and Forest Viability Program have put together this guide to provide assistance as you navigate next steps for your family and farm.

*First and foremost – Horizon has stated that the coversheet sent with the contract is not correct. The program does include a winter premium and a quality program, but the information sent to farmers did not include the proper cover page. Farmers **MUST** call*

Danone/Horizon and request the updated cover page that includes information on the winter premium and quality program to be able to receive these premiums.

Max Dawes at (614) 940 4687 or maxwell.dawes@danone.com

OR

Greg Wolf at (330) 289-2724 or Gregory.WOLF@danone.com

If you are feeling stressed, anxious, considering suicide, or overwhelmed with the circumstances, reach out to [Farm First](#). Farm First offers free, confidential services and can work with you and your family regarding family dynamics, mental health, legal, and financial concerns.

Call: (802) 318-5538 during daytime work hours or **Call:** 877-493-6216 to reach our 24/7 hotline

Email: Kevin Channell at KevinC@farmfirst.org - **Website:** www.farmfirst.org

If you would like support around business planning, comparing different market and production strategies, managing your cash-flow, and thinking long-term about your business, reach out to Calley Hastings at the VT [Farm & Forest Viability](#) Program. Farm Viability will provide you with an experienced farm advisor who can meet your specific needs and provide one-on-one assistance free of charge. Farm Viability is also partnering with NOFA-VT to reach out to each Horizon farmer, so you will be receiving a direct call if you have not already.

Contact information – Calley Hastings, calley@vhcb.org, 802-828-3370

Do you have legal concerns regarding the contract you have received and are unsure how to proceed? Contact the [Ag Mediation Center](#) for free, confidential services. Do you have concerns over the contract you received or other financial issues that need to be resolved? The VT Ag Mediation Program offers free mediation services and credit counseling.

Contact Matt Strassberg (www.vtamp.org) for confidential services at

matts@emcenter.org or (802) 583-1100 ext 101.

The Vermont Law School Legal Food Hub can provide pro-bono legal advice to many farmers and processors. This is best applied to business aspects of the farms, contracts, finance, establishment of business entities, labor issues, mediation etc. (just not litigation). This is federally funded and available to farms across the region, not just in Vermont. Contact information is below:

<https://www.vermontlaw.edu/academics/centers-and-programs/center-for-agriculture-and-food-systems/projects/vermont-legal-food-hub>

Whitney Shields, program coordinator - legalhub@vermontlaw.edu - 802-831-1307.

If you know you want to utilize production strategy changes, need assistance with forages or cow health, or have concerns about milk quality, contact the [Dairy Herd Management Technical Assistance Program](#) for free services offered through University of Vermont – Extension.

Contact information – Tony Kitsos, 802-524-6501, tony.kitsos@uvm.edu

Not sure where to start or who to talk to? Call Calley Hastings at Farm Viability to discuss your situation and get connected with the right assistance providers.

Contact for other buyers of Organic Milk in Vermont

*Organic Valley – John Cleary
New England Regional Manager
Organic Valley/CROPP Cooperative
John.cleary@organicvalley.coop
Mobile: 612-803-9087*

*Stonyfield – Jason Johnson
Farmer Relationship Manager
Stonyfield Farm, Inc.
10 Burton Drive, Londonderry, NH 03053
jason.johnson@stonyfield.com
cell: 802-356-0908*

If you kept your membership with a conventional cooperative (DFA, Agri-Mark or NFO), please contact them directly with questions.

Dairy Processor Survey

Survey was prepared and sent out to 170 dairy processors that hold a milk handlers license in Vermont. The survey was also shared with NY, ME and NH so that it could be sent to their state specific processors. The respondents vary in size from local cheese makers looking for milk to large regional processors. Some processors have contacted Secretary Tebbetts directly and did not complete the survey. The data below shows some interest, and the Agency followed 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

The Agency followed up with dairy processors who were interested in processing more milk and organic milk. Many of these processors were small and could not accommodate the full volume of milk produced by an individual farm. Many of these processors would take milk in one or two days per week but did not have capacity and or market for more milk volume. These processors were connected with organic milk buyers and the conventional dairy cooperatives in Vermont to determine if balancing of supply could occur – balancing the supply allows milk to be provided to the processor for one to two days per week and to find a buyer for the milk on the other days of the week. Each of the buyers are willing to investigate these possibilities as they arise.

Secretary Tebbetts, Deputy Secretary Eastman and representatives from the Department of Labor met with dairy processors in Vermont in response to dire labor issues at processing facilities. This is impacting small as well as large processors. Large processors spoke of needing 20 to 50 employees and the lack of employees was impacting processing capacity and the number of shifts that could be managed. Smaller processors spoke of finding people that would work for a period of time but also wanted to “learn their process” for making dairy products and many would leave after that expectation was fulfilled. Continued effort is being made to find

labor and H2A/H2B workers are being utilized to fill some of the gaps. The labor issue is highlighting housing demand in areas where dairy processing facilities are located.

The same issue is impacting the hauling industry in Vermont. Research showed that CDL license training facilities in Vermont are seeing demand, but the graduates are not going to milk hauling companies, especially for on farm pick-up of milk.

These on-going challenges are making it difficult for processors to commit to increasing production in existing facilities.

Northeast Dairy Task Force

By request of USDA Secretary Vilsack, a regional working group was formed to determine solutions for the situation in the Northeast for dairy, organic as well as conventional. The Northeast Dairy Task Force, collaboratively led by Laura Ginsburg – Northeast Dairy Business Innovation Center lead at the Vermont Agency of Agriculture, Food and Markets and Britt Lundgren – Stonyfield Organic director of organic and sustainable agriculture, offered USDA leadership the following recommendations to respond to and support the region's dairy sector in direct response to the cancellation of 89 Danone/Horizon farm contracts. The Task Force had representation from 27 unique organizations including state departments of agriculture, university extension, organic processors, organic associations, farm technical assistance providers, and subject matter experts. Subgroups included institutional market development; processing expansion; distribution logistics; farm viability; and federal response. Marketing and market development ideas were discussed across the Task Force.

Subgroup recommendations:

Recommendations were made on the following subgroup areas:

- Intuitional Market Development – more organic dairy products into institutions (colleges, hospitals, schools, government feeding programs)
- Processing Expansion – existing processor as well as new processors
- Distribution Logistics – milk hauling – drivers, costs, insurance etc.
- Farm Business Viability – investments on the farm (milk storage, driveways), technical assistance and gap payment for farmers.
- Marketing and Market Development – Market Access program enhancement
- Federal Response – Origin of Livestock Rule, Pasture Rule enforcement, analysis of organic milk price and feed costs for possible DMC for organic producers

The full report can be found at <https://agriculture.vermont.gov/administration/danonehorizon-task-force>. As of the writing of this report, a response from USDA has not been received.

The Vermont Congressional Delegation provided information that the Origin of Livestock Rule has moved to the Office of Management and Budget for financial review. This is an important step in the rule making process at the Federal Level.

The Vermont Farm Bureau has been meeting with other Northeastern States to determine how they can assist with the loss of markets for these farms.

Northeast Farmer/Pledge Partnership program.

As of the writing of this report the Northeast Organic Farm Partnership has been launched. Gary Hirshberg is working with a group in the Northeast to drive consumer support and purchase of organic dairy products. The website for the project: <https://www.saveorganicfamilyfarms.org/>

From the Website for Northeast Organic Farm Partnership - *The only long-term solution for these farmers, and all of the region's organic family farmers, is to encourage grocers, food co-ops, restaurants, and foodservice venues to commit to increasing their purchases from the brands who get their milk from these farms.* This program encourages consumers to pledge to increase their purchases of organic dairy products from dairy product makers that procure their milk from Northeast Organic Dairy Farmers. Retail outlets can also take part by selling these dairy products at their stores and using signages that indicates which products meet the requirements.

Next Steps

There is great concern for the Danone Horizon impacted farms in Vermont and throughout the region. The “what if” question looms large – what if there is not a market for all the Vermont farms or the farms in the region. The next steps for the Vermont Danone Horizon task force are as follows:

1. Determine what issues make a farm more attractive to a new buyer of milk
 - a. How can those issues be addressed and can grant funding or loans be secured to assist farmers?
 - b. Convene a meeting of instate foundations and lenders
2. Continue work with Vermont dairy processors
 - a. Implement changes that can allow for additional milk volume
 - b. Work to secure grants and other assistance to processors
3. Support the Northeast Organic Dairy Partnership
 - a. Provide information to consumers on how they can assist
4. Implement the recommendations from USDA
 - a. If funding is associated with the recommendations – Northeast Dairy Business Innovation Center would manage the process

Here are the items that farmers can consider making their farm as attractive as possible for a new buyer of milk.

1. Organic milk buyers are requiring a bulk tank temperature chart recorder. Some older bulk tanks do not have a temperature chart recorder. These can be retrofitted onto older bulk tanks. Contact your equipment dealer as soon as possible because these units may be back ordered.
2. Bulk tanks need to be of a size that supports every other day pick-up. If the bulk tank on your farm does not support every other day pick up of milk then changes will need to be made.
3. Hauling is a big issue for all milk buyer and organic milk is no exception. The days of ten-wheel trucks picking up milk will be ending. All driveways and access points need to accommodate tractor trailers to pick up milk. Changes should be made to driveways and access points to accommodate tractor trailers.
4. Animal well-being standards for the dairy industry are also changing. Headlock type stanchions, either wood or metal need to be replaced on farms.
5. Animal well-being standards are also in place for overcrowding. The number of stalls for cattle should not be exceeded by more than 10%.
6. Grazing is required for organic milk production and some organic buyers have more requirements than others. There are resources at UVM Extension to improve grazing practices on farms and the Agency of Agriculture has funding for improvement in grazing systems.

The Vermont Danone Horizon Task Force will keep working to find solution for the farms in Vermont. There are many things underway, and the farmers will be kept updated as new information or programs come together. Secretary Tebbetts would like to thank all member so the task force for their work on behalf of Vermont Farmer.