

TESTIMONY VERMONT SENATE AGRICULTURE COMMITTEE

JANUARY 18TH 2024.

Senator Robert Starr, Chair

Senator Brian Collamore, Vice-Chair

Senator Richard Westman

Senator Brian Champion

Senator Irene Wrenner, Clerk

Good morning, Chair Starr, and members of the committee,

It is a pleasure to talk to you today. I am John Roberts, Vermont State Executive Director of the Farm Service Agency, (FSA), of the US Department of Agriculture, (USDA).

2024 will be a significant year for me, as it marks 50 years since I moved to Vermont from Great Britain, to marry a Vermont girl I'd been courting for two years and starting as a Vermont farmer. My wife and I ran a dairy farm in Cornwall, Vermont, in Addison County for nearly 40 years. We sold our herd of registered Brown Swiss in 2012, after which I worked for the Vermont Agriculture Agency for 6 ½ years. I then was Executive Director of the Champlain Valley Farmer Coalition for nearly 2 years before being asked to take my present position.

FSA is the agency that farmers go to for farm purchase loans, farm operating loans and guaranteed loans. We have more than \$40 million, in guaranteed loans, and between \$70 and 110 million, in farm purchase and operating loans.

In the Program side of FSA, we also do several programs from conservation to facility storage loans, which can be anything from a bunker silo to store silage, a milk bulk tank, a sap tank, or a crate to put harvested apples in.

What has been most significant this year has been the role FSA has played in assisting farmers to recover from the flooding, excessive moisture, freezing in May 2023 and now high winds and snow just recently. The latter event we are still gathering information from producers as to the extent of damage. I have heard reports of trees and limbs down in sugar bushes. Our damage response is mostly confined to crops and fields. FSA does not have programs, currently, for

infrastructure damage, like a barn roof blowing off. Our emergency response tends to be slow, and we are still processing applications for almost all the different disasters that have taken place this year. At this time, I do not have a monetary number, as we are still dealing with producers but under the five different disaster programs that cover crop losses for specialty crops, crop losses for grazing and stored feed, assistance to forestry operations, and losses for livestock deaths or fruit tree losses, both of which were very low. Overall, we are processing nearly 500 different claims, throughout the state.

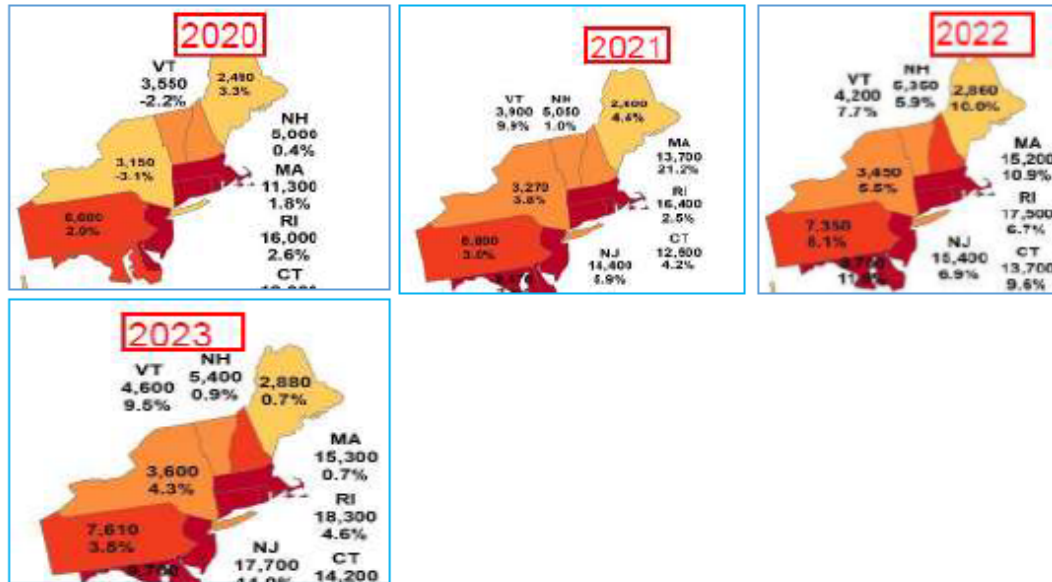
On our regular programs Dairy Margin Coverage DMC, has been a useful tool for farmers, mostly conventional. With 428 farmers participating, paying \$1.449 Million in premiums, they have received \$26.75 Million.

ODMAP, Organic Dairy Market Assistance Program has also been helpful, but I wasn't able to come up with accurate numbers before this meeting. When I have them, I will submit them.

Both programs will continue but because of problems with the continuation of the Farm Bill for one year, they will be a delay in the process, though I expect it to be backdated to January 1st.

As a farmer I am rather disappointed in the speed of our response, especially when we know that climate change is going to mean more events at shorter intervals. Unfortunately, our disaster programs are not activated until a disaster has been assessed and the type of response has been authorized from Washington. I am working with Washington on a plan to provide financial assistance to farmers who are short of livestock feed, or quality has been diminished but at this point there is nothing to announce though I am hopeful. It is trying to thread Vermont's specific needs through the needle of existing programs that were not specifically designed for the situation we are presented with. There are a lot of I's to dot and t's to cross.

with average value per acre of \$4,600. Between 2020 at \$3,350 to 2023 at \$4,600 results in a 9% compound annual price inflator over the three years.



Dairy Industry Snapshot-Nov 2023

Avg. Price per Cwt.	2021	2022	2023 June Forecast	2023 October Forecast	2024 October Forecast
Boston Blend Price ¹	17.84	24.96	20.07	19.78	19.98
Avg. WNY Blend ²	16.87	23.92	18.84	19.04	N/A
USDA All-Milk Price ³	18.53	25.34	19.95	20.40	20.30

August U.S. milk production decreased 0.3% from August 2022. The national dairy herd decreased by 15,000 head from the prior year, production per cow was flat.

- Y-O-Y increases in production in the Northeast, New York (3.8%) Pennsylvania (0.5%), and Vermont (0.9%) had increases.
- Milk prices have declined considerably from their highs in 2022. Boston Blend price averaged \$20.17 in August, down substantially from the peak of \$26.36 in 2022. Prices are expected to run in the low \$20's for the rest of 2023, and average \$19.78 for the year.
- Input costs have risen, tightening margins for dairy producers. Labor, feed and other costs have risen significantly over the last two years, and while milk prices have declined significantly, input costs have generally remained

Western Vermont (Champlain Valley Counties) Agricultural Market

The agricultural real estate market driven by a small number of large dairies aggressively expanding their operations. The recent run-up in milk and commodity prices and the CAFO requirements (concentrated animal feeding operation) had all added to the strong demand for productive farmland.

Often farms come on the market once a generation as the older farmer retires often lacking an heir to take over the operation, offering neighboring farmers opportunities to bid on the property. Farm and farmland prices have been steadily rising with a very active market for farms with the development rights retired through a PDR (purchase of development rights) program.

Agricultural Economy: The local agricultural economy in Vermont's counties of Franklin, Grand Isle and Addison of the Lake Champlain Valley / New York border including the northeastern New York county of Clinton is primarily livestock (mostly dairy, some beef and sheep), small fruit (apples), vegetable and field crops.

The forecast is stable demand for milk and milk by-products, plus expanded crop acreage for non-food related uses has increased the prices for productive agricultural land in the region. Prices paid for good productive "add-on" farmland in these counties with the DR intact brackets \$4,000 per acre to over \$6,000 per acre while farmland with the DR retired range from \$2,000 to over \$4,000. The large or "jumbo" farm economy consists of a small number of "big players" in the farmland and farm real estate market accounting for the large percentage of the farm sales over the last few of years, most of which are by private treaty. Recently "niche" buyers have entered the market particularly in parts of Addison County in proximity to Middlebury and Chittenden County close to the Burlington upscale market paying what appears to be premium prices.

The accompanying maps of Northeastern US illustrates the average price of farmland, giving the annual change in prices for Vermont between mid-2019 and mid-2023⁴. The 2020 map shows a 2.2% decrease in value from 2019, 2021 map illustrates 9.9% increase from mid-2020, mid-2022 map a 7.7% increase and mid-2023 a 9.5% increase