

RESOLUTION # 15

DAIRY INDUSTRY

1 **WHEREAS**, New Jersey's dairy industry is an important part of the state's
2 agriculture, not only contributing wholesome, locally produced milk and milk products, but
3 also creating demand for field crops used as feed, as well as other industry support sales;
4 and

5 **WHEREAS**, recent years have seen wide market swings, with severe and protracted
6 depressed market prices for milk, combined with periodic spikes in input costs, in conjunction
7 with short-lived spikes in milk prices, resulting in economic hardship for New Jersey dairy
8 farmers; and

9 **WHEREAS**, no less an authority than the United States Secretary of Agriculture has
10 raised concerns that smaller, family-owned dairy farms producing conventional "raw" milk for
11 sale to bulk processors will not be able to maintain viability in a market that is seeing the
12 aggregation of milk taken to processors, and the processing sector itself, concentrated in
13 fewer and fewer hands; and

14 **WHEREAS**, the dairy industry in the United States is one of the most heavily
15 regulated sectors of agriculture, and dairy products, by their very nature, require a
16 marketplace with considerable government oversight to assist in orderly marketing,
17 balancing seasonal supply and demand, and to ensure the quality and consistency of the
18 product on behalf of the consumer; and

19 **WHEREAS**, within the current marketing structure, New Jersey dairy producers have
20 suffered from the lack of a competitive milk market, leaving producers without premiums
21 above Federal Market Minimums, leaving some producers without a viable market, and not
22 allowing new farms to establish in the state and enter into the existing market; and

23 **WHEREAS**, the Department has been working with dairy producers to explore
24 alternative modes of marketing milk outside the traditional route of selling "raw" milk into a
25 bulk-processing system; and

26 **WHEREAS**, those alternative approaches include dairy producers processing and
27 bottling their milk at their own farm location, or, alternatively, seeing several producers band
28 together to process, bottle and market their own milk under a *Jersey Fresh* label; and

29 **WHEREAS**, this approach also can include a farmer contracting independently to
30 have the farm's milk processed and turned into value-added products, such as ice cream, for
31 sale directly to the public through a farm location; and

32 **WHEREAS**, some farmers in New Jersey have seen success pursuing these routes,
33 with one processing and bottling the farm's own milk in re-useable glass bottles and another
34 contracting with a processor to make ice cream from the farm's milk, which is then sold at the
35 farm location directly to the public; and

36 **WHEREAS**, the Department's Division of Marketing and Development encourages
37 the development and expansion of alternative milk production, including the expansion of
38 goat, sheep and water buffalo milk and milk products to supply the diverse markets valuable
39 to New Jersey agriculture; and

40 **WHEREAS**, the creation of opportunities to process New Jersey-produced milk
41 within the state can provide the state's dairy farmers with a chance to control their own
42 destiny and earn significant premiums over the Federal Milk Marketing Order prices; and

43 **WHEREAS**, recent survey work commissioned by the Department found
44 overwhelming consumer interest in a source-verified fluid milk and other *Jersey Fresh* dairy
45 products, and the results of that survey were echoed in an informal survey of the state's
46 major grocery retailers, who indicated a desire to stock such products; and

47 **WHEREAS**, with all agricultural products, the return to the farmer for milk and milk
48 products should be greater the further into the marketing chain the farmer controls the
49 packaging and sale of the milk that his farm produces; and

50 **WHEREAS**, all value-added ventures in agriculture involve a considerable amount
51 of risk, and this level of risk is additionally intense for value-added dairy ventures, which tend

52 to be capital-intensive and require large investments of equity on the part of the principals to
53 establish; and

54 **WHEREAS**, New Jersey is demographically favorably positioned to have on-farm
55 processing of milk other than cow's milk be profitable ventures for dairy farmers looking to
56 diversify, as evidenced by existing successful on-farm operations in distributing sheep milk
57 and yogurt and using the milk of water buffalo to create mozzarella, ricotta and drinkable
58 yogurt; and

59 **WHEREAS**, the state Economic Development Authority has been directed, via
60 statute, to establish a funding pool to aid the state's dairy farmers in acquiring the equipment
61 necessary to modernize their milking operations and to create on-farm-processed milk and/or
62 value-added products; and

63 **WHEREAS**, New Jersey is one of the Northeastern states included as part of the
64 "North East Dairy Innovation Center" as funded by USDA-AMS, and hosted by the Vermont
65 Department of Agriculture; and

66 **WHEREAS**, as part of the Dairy Innovation Center, the Department will be better
67 able to assist all types of dairy producers and dairy businesses through projects that
68 promote the development, production, marketing, and distribution of dairy
69 products, while providing additional support through market research and technical
70 assistance.

71 **WHEREAS**, dairy products, by nature, are perishable and require solid and
72 consistent quality-control procedures, which require considerable investments of time,
73 money, research and effort on the part of the business owners.

74 **NOW, THEREFORE, BE IT RESOLVED**, that we, the delegates to the 107th State
75 Agricultural Convention, assembled in Atlantic City, N.J., on February 9-10, 2022, do hereby
76 strongly urge the New Jersey Department of Agriculture to do the following:

- 77 • Work with the New Jersey Economic Development Authority (EDA) to promptly activate
78 the \$1 million in funding approved by the Legislature and Governor specifically for dairy

- 79 farm equipment purchases so that upgrading of equipment on eligible farms can begin,
80 and to help dairy framers access all other appropriate state and federal government
81 agencies with the goal of maximizing small-business funding program opportunities in
82 order to create value-added dairy processing units that will support and grow the dairy
83 industry in New Jersey.
- 84 • Establish a New Jersey Dairy Innovation Working Group that will be a part of the North
85 East Dairy Innovation Center States Program, with the goals of the working group to be
86 providing assistance to New Jersey dairy producers and businesses to help obtain grants
87 and funding that promote development of production, marketing and distribution of dairy
88 products, and to assist producers in innovation development of existing production
89 models or those who wish to enter an alternative dairy production model on either a state
90 level and regional basis.
 - 91 • Continue to support value-added projects, both on-farm and those that involve
92 processing at off-farm sites, that can offer New Jersey dairy farmers significant premiums
93 for their milk, helping to reverse the cycles of low prices affecting dairy farm viability in
94 this state.
 - 95 • Help dairy farmers expand beyond solely cow's milk to include alternative dairy products
96 like the on-farm processing and distribution of milk from sheep, goats and water buffalo,
97 among other species.
 - 98 • Work with state and local governments and agencies, as well as the dairy industry, to
99 ensure maximum funding for programs and efforts aimed at Risk Management and milk-
100 quality improvement in order to move producers to a higher quality level for a value-
101 added market.
 - 102 • Work through the Department's Division of Marketing and Development to provide
103 enhanced support for establishing a viable "*Jersey Fresh*" dairy products brand.
 - 104 • Enthusiastically support development of a processing facility that would be owned by a
105 group of milk producers and facilitate "balancing" milk use and production; develop a

106 simple fluid milk business with the ability to limit inherent risks of balancing seasonal
107 production volatility and seasonal changes in consumption, thus aiding in developing a
108 plan to utilize excess milk production at certain times of the year for other products, or
109 when faced with shortfalls in fluid milk sales, and develop methods of increasing fluid
110 milk volumes during times of improved consumption and decreased production.

- 111 • Enthusiastically support and work with the Legislature to pass, and the Governor to sign,
112 legislation that would provide State funding to help New Jersey dairy farmers pay for
113 loss-coverage insurance programs that help support farmers who are selling their milk at
114 less per hundredweight than what it cost them to produce it.