

RESOLUTION # 23

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**, good nutrition is the foundation of health and wellness for children and
6 milk is a crucial part of a healthy diet, beginning at a very young age; and

7 **WHEREAS**, milk is the top source of calcium, potassium, phosphorus and vitamin D
8 in kids age 2 to 18 and according to the USDA and the Department of Health and Human
9 Services, children and adolescents are not consuming enough dairy to meet their nutrient
10 recommendations set in the federal USDA guidelines; and

11 **WHEREAS**, satisfaction from milk taste, perceived health benefits and eating habits
12 are the primary drivers of lifelong milk consumption that begins during childhood; and

13 **WHEREAS**, due to government mandates on calories and fat restrictions in school
14 meals, schools are allowed to offer only nonfat and low-fat milks; and

15 **WHEREAS**, these restrictions coincide with a significant decrease in milk
16 consumption and increases in milk waste because students do not like the taste of the milks
17 being offered; and

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

22 **WHEREAS**, concerns repeatedly have been raised that smaller, family-owned dairy
23 farms producing conventional "raw" milk for sale to bulk processors will not be able to
24 maintain viability in a market that is seeing the aggregation of milk taken to processors, and
25 the fluid-milk processing sector itself, concentrated in fewer and fewer hands; and

26 **WHEREAS**, proposing programs and approaches to dairy issues can become
27 complicated due to the continued growth of marketing milk from species other than cattle
28 (including but not limited to sheep and goats) that are not subject to the Federal Milk
29 Marketing Orders cattle dairy farmers operate under, and which do not have margin-
30 protection insurance programs that milk from cattle can access; and

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

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

40 **WHEREAS**, the Department has been working with dairy producers to explore
41 alternative modes of marketing milk outside the traditional route of selling “raw” milk into a
42 bulk-processing, fluid-milk system; and

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

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

49 **WHEREAS**, additional market opportunities emerging recently in and around New
50 Jersey include: mozzarella makers and co-packers (reflecting the growing importance of the
51 cheese market in general); the continued growth of the yogurt market and its increased need
52 for raw milk products from farmers to be processed into yogurt; start-up companies seeking

53 to revitalize processing plants that have previously reduced output or shuttered entirely,
54 whether to increase the fluid-milk supply formerly served by those plants or to create
55 products derived from the milk of animals, including cows, sheep, goats, and others, to
56 address regional, diverse markets; and

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

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

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

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

71 **WHEREAS**, all value-added ventures in agriculture involve a considerable amount
72 of risk, and this level of risk is additionally intense for value-added dairy ventures, which tend
73 to be capital-intensive and require large investments of equity on the part of the principals to
74 establish; and

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

80 **WHEREAS**, in early-2022, the Legislature passed, and the Governor signed,
81 legislation that provided State funding through the Department to help New Jersey cattle
82 dairy farmers pay for loss-coverage insurance programs that help support farmers who are
83 selling their milk at less per hundredweight than what it costs them to produce it; and

84 **WHEREAS**, New Jersey is one of the Northeastern states included as part of the
85 “North East Dairy Innovation Center” as funded by USDA-AMS, and hosted by the Vermont
86 Department of Agriculture; and

87 **WHEREAS**, as part of the Dairy Innovation Center, the Department will be better
88 able to assist all types of dairy producers and dairy businesses through projects that promote
89 the development, production, marketing, and distribution of dairy products, while providing
90 additional support through market research and technical assistance; and

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

94 **NOW, THEREFORE, BE IT RESOLVED**, that we, the delegates to the 108th State
95 Agricultural Convention, assembled in Atlantic City, New Jersey, on February 8-9, 2023, do
96 hereby strongly urge the New Jersey Department of Agriculture to do the following:

- 97 • Establish a New Jersey Dairy Innovation Working Group that will be a part of the North
98 East Dairy Innovation Center States Program, with the goals of the working group to be
99 providing assistance to New Jersey dairy producers and businesses to help obtain grants
100 and funding that promote development of production, marketing and distribution of dairy
101 products, and to assist producers in innovation development of existing production
102 models or those who wish to enter an alternative dairy production model on either a state
103 level and regional basis.
- 104 • Continue to support value-added projects, both on-farm and those that involve
105 processing at off-farm sites, and expand beyond solely cow’s milk to include alternative
106 dairy products, like the on-farm processing and distribution of milk from sheep, goats and

107 water buffalo, among other species, and which can offer New Jersey dairy farmers
108 significant premiums for their milk, helping to reverse the cycles of low prices affecting
109 dairy farm viability in this state.

110 • Work with state and local governments and agencies, as well as the dairy industry, to
111 ensure maximum funding for programs and efforts aimed at Risk Management and milk-
112 quality improvement in order to move producers to a higher quality level for a value-
113 added market, and work through the Department's Division of Marketing and
114 Development to provide enhanced support for establishing a viable "*Jersey Fresh*" dairy
115 products brand.

116 • Work with the New Jersey Congressional Delegation to include language in the
117 upcoming federal Farm Bill that addresses the need to examine replacing the Federal
118 Milk Marketing Order (FMMO), a relic of the Depression Era, to a system that more fully
119 encompasses the many ways in which milk marketing has changed since the time the
120 FMMO was adopted.

121 • **BE IT FURTHER RESOLVED**, that we support schools having all choices of milk,
122 including all fat levels, flavors, fortification, and lactose-free options, offered for
123 consumption in schools, potentially by exempting milk from the current calorie and fat
124 restrictions, with the goal of creating lifelong milk consumers.