**RESOLUTION # 23**

**DAIRY INDUSTRY**

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

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

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

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

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

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

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

**WHEREAS**, the current Farm Bill changed milk pricing by eliminating the formula that uses the “higher of” Class 1 price mover and has caused millions in losses to dairy farmers in this country and has had a devastating effect on dairy farmers’ income in the state; and

**WHEREAS**, there has been a six-month-long hearing on the Federal Milk Marketing Order pricing system; and

**WHEREAS**, the American Farm Bureau Federation has asked the USDA to make an emergency milk price formula change, urging action now, rather than waiting for the recommendations coming from that hearing and the next Farm Bill; and

**WHEREAS,** the smaller-sized dairy farms typical of New Jersey are especially hard-hit when it comes to feed prices because most feed companies offer discounts only for bulk orders of a size not usually attainable by smaller dairy farms; and

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

**WHEREAS**, proposing programs and approaches to dairy issues can become complicated due to the continued growth of marketing milk from species other than cattle (including but not limited to sheep and goats, although sheep’s milk is not recognized by the USDA as “dairy”) that are not subject to the Federal Milk Marketing Orders cattle dairy farmers operate under, and which do not have margin-protection insurance programs that producers of milk from cattle can access; and

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

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

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

**WHEREAS**, those alternative approaches include dairy producers processing and bottling fluid milk or other products at their own farm location, or, alternatively, seeing several producers band together and work with a processor to bottle milk and other products and market their own milk under a *Jersey Fresh* label; and

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

**WHEREAS**, additional market opportunities emerging recently in and around New Jersey include: mozzarella makers and co-packers (reflecting the growing importance of the cheese market in general); the continued growth of the yogurt market and its increased need for raw milk products from dairy farmers to be processed into yogurt; start-up companies seeking to revitalize processing plants that have previously reduced output or shuttered entirely, whether to increase the fluid-milk supply formerly served by those plants or to create products derived from the milk of animals, including cows, sheep, goats, and others, to address regional, diverse markets; and

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

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

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

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

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

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

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

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

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

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

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

**NOW, THEREFORE, BE IT RESOLVED**, that we, the delegates to the 109th State Agricultural Convention, assembled in Atlantic City, New Jersey, on February 7-8, 2024, do hereby strongly urge the New Jersey Department of Agriculture to do the following:

* Establish a New Jersey Dairy Innovation Working Group that will be a part of the North East Dairy Innovation Center States Program, with the goals of the working group to be providing assistance to New Jersey dairy producers and businesses to help obtain grants and funding that promote development of production, marketing and distribution of dairy products, and to assist producers in innovation development of existing production models, as well as those who wish to enter an alternative dairy production model on either a state level and regional basis.
* Continue to support value-added projects, both on-farm and those that involve processing at off-farm sites, and expand beyond solely cow’s milk to include alternative dairy products, like the on-farm processing and distribution of milk from sheep, goats and water buffalo, among other species, all of which can offer New Jersey dairy farmers significant premiums for their milk, helping to reverse the cycles of low prices affecting dairy farm viability in this state.
* Work to ensure that the Legislature continues funding the premium-assistance program through the Department that has for the past two years helped more dairy farmers sign up for the federal Dairy Margin Coverage program that helps farmers based on the differential between what they pay for feed and what they receive for a hundredweight of milk, provided the DMC is continued in future Farm Bills.
* Encourage dairy farmers to form “buyers’ blocs” through which their combined purchasing power to buy larger, bulk supplies of feed, to be distributed among the farms in the buyers’ bloc, and thus maximize the discounts from feed dealers who give the discounts on the larger purchases by farmers.
* Work with state and local governments and agencies, as well as the dairy industry, to ensure maximum funding for programs and efforts aimed at Risk Management and milk-quality improvement in order to move producers to a higher quality level for a value-added market, and work through the Department’s Division of Marketing and Development to provide enhanced support for establishing a viable “*Jersey Fresh*” dairy products brand.
* Work with the New Jersey Congressional Delegation to include language in the upcoming federal Farm Bill that addresses the need to examine replacing the Federal Milk Marketing Order (FMMO), a relic of the Depression Era, with a system that more fully encompasses the many ways in which milk marketing has changed since the time the FMMO was adopted.
* **BE IT FURTHER RESOLVED**, that we strongly support the return of “higher of” Class 1 milk pricing by the USDA through an emergency milk price formula change.

**BE IT FURTHER RESOLVED**, that we support schools having all choices of milk, including all fat levels, flavors, fortification, and lactose-free options, offered for consumption in schools, potentially by exempting milk from the current calorie and fat restrictions, with the goal of creating lifelong milk consumers, and strongly urge the New Jersey Congressional Delegation to support any federal legislation aimed at restoring those options.