

## Organic Dairy Improvement Policy Asks

After years of milk prices that do not cover the cost of organic production, organic dairy farmers in the US are in crisis and their farms are in dire need of improvements. Increased consolidation in processing and brand ownership and inconsistent enforcement of regulations by the underfunded National Organic Program have led to oversupply and a low pay price. More recently, energy costs have skyrocketed, and essential feed components have doubled and tripled in price due to unstable international market forces, further threatening the viability of small and mid-sized farms. For example, in the state of Vermont, 35% of family-owned organic dairy farms have gone out of business since 2016.

Organic milk is the top selling organic commodity, bringing in over \$1.6 billion in sales in 2021<sup>1</sup>. Investments in infrastructure at the farm, state, and regional level are desperately needed to sustain organic family dairy farms and reflect their contributions to our rural communities, to fight environmental degradation, and to maintain a local supply of high quality, organic milk.

USDA's National Organic Program (NOP) should increase enforcement of the organic standards (including access to pasture requirements and the updated Origin of Livestock rule) to ensure that all organic dairy farmers are following the same rules. This stepped-up enforcement can take place with no changes to the Farm Bill.

**In addition, the upcoming Farm Bill presents an opportunity to provide long-needed support for the organic dairy market, similar to what conventional dairy has received for many years, including:**

1. Immediate support to address dramatically increased organic input costs for organic dairy farms.

Organic dairy farmers appreciate the recently announced USDA Organic Dairy Marketing Assistance Program (ODMAP) funding, but more aid will be needed to keep organic dairies in business. USDA should explore extension of existing natural disaster provisions to cover other causes of high input costs such as:

- Extend Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish (ELAP) to create an Organic ELAP that can cover higher than normal organic feed or other input costs beyond those covered by other USDA disaster programs.

2. Investment in organic milk processing infrastructure that serves major US organic dairy producing regions would help ensure the viability of organic dairy farms. Support for regional marketing projects that develop regional milksheds is needed. Transportation logistics pose a significant challenge to the long-term viability of dairy farms. Bolstering the strength of regional systems will minimize many of the transportation and logistics issues. Investment funding must be flexible to reflect different needs across the major organic dairy producing regions.

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<sup>1</sup> [https://www.nass.usda.gov/Publications/Highlights/2022/2022\\_Organic\\_Highlights.pdf](https://www.nass.usda.gov/Publications/Highlights/2022/2022_Organic_Highlights.pdf)

- Fund feasibility studies on Regional Organic Milkshed Market Access to determine feasibility of bringing new processors into the region, explore institutional purchasing of local organic dairy products, investigate possibility of regional brands, remove obstacles for transport, and other programs that can increase market access for organic dairy producers. Support work to finalize business plans, provide processor start-up capital, and support producers who want to participate by underwriting their pay price.
- Expand and improve access for organic dairy farmers to current funding provided by the Dairy Business Innovation Centers. Funding needs to target organic producers, be more flexible and should be expanded to cover construction costs and help remove barriers to milk transport. Also, because AMS is a grant, not an FSA payment, the requirement of each farmer needing a Unique Entity Identification number (UEI) presents a hardship. Increased education and training on organic dairy at DBICs are needed to facilitate a productive relationship between DBICs and organic dairy producers.
- Create Regional positions for Organic Dairy Market Specialists with 5-year support for the positions and research teams: Marketing of organic milk has become more complicated with increased quality standards, research and collection of cost of production data, consolidation/lack of competition among buyers, increased requirements for certification, and more direct marketing of value-added products at the farm level. This investment in market expertise would provide support for producers in navigating the organic dairy procurement process and bringing their milk to market and would be especially important for new and beginning farmers.
- Support increased regionally headquartered processing capacity to facilitate co-packing and tolling for regionally produced milk by independent farmers: The concentration of processing infrastructure has resulted in a bottleneck that blocks innovation. Increasing development of, and independent-farmer access to, co-packing and tolling facilities with the ability to package Extended Shelf Life products will enable producers to trial innovative products for the marketplace and provide a direct market or regional collaborative model for producers looking to remain in organic dairy but operate outside the traditional commodity market.

### 3. Improved data collection for organic dairy

- Including regional programs to collect and publish cost of production data for organic milk (including all costs, not just organic feed).
- The following request we believe is within the statutory authority of the FMMO. Requirement for USDA to regularly publish regional reports on:
  - Utilization of organic Fluid Milk products and cream from Producer Receipts and Other Sources: Class I milk:
    - 1. Marketing Area.
    - 2. Other Federal Markets.
    - 3. Non-Federal Markets.
  - Utilization of Fluid Milk Products and Cream by Pool Plants for Class 1 Milk, for all Orders:
    - 1. Organic Whole Milk
    - 2. Organic Reduced Fat Milk (2%)
    - 3. Organic Low-Fat Milk (1%)
    - 4. Organic Fat-Free Milk (Skim)
  - Organic Mailbox Price by region.

- Export of organic dairy products
- That the Dairy Programs reconsider whether utilization of organic milk for Class II Yogurt utilization may be identified under existing authority, and what would be required to make the information available if this authority exists.
- Receipts of Organic Milk produced by state.
- Establishment by USDA of an Organic All Milk Price Survey, analogous to the existing National Agriculture Statistic Service (NASS) All Milk Price Survey, to gather and report monthly data about what organic farmers are being paid for their milk, nationally and in the largest organic dairy production states.
- Require USDA to set up an organic database equivalent to what conventional has using NASS or ERS (Economic Research Service) data within 90 days of bill passage.

4. Propose a safety net program for organic dairy farms, based on organic-specific milk and input cost data within 180 days of bill enactment, and allow 30 days for public comment. **Create and enact a safety net program within 1 year of bill passage.**