



What's At Stake?

Vermont boasts more state-inspected cheese producers per capita than any other state in the nation — close to one cheese maker for 13,000 people — generating more than \$657 million in annual revenue. Vermont cheese makers create superior quality cheeses, winning national and international awards in numbers disproportionate to the size of our state. It takes ten pounds of milk to make one pound of cheese, making cheese a more consistently profitable option than fluid milk for dairy farmers. Vermont’s small dairy farms, challenging terrain, and short growing seasons create a disadvantage for Vermont dairy farmers relative to other national dairy producers in the commodity market but can be used as an advantage for value-added producers. Environmental concerns and low milk prices continue to be a struggle for many dairy farmers; however, dairy farms and related processing are central to Vermont’s landscape and identity (see *Dairy* brief, *Goats* brief). A viable future for Vermont dairy needs to be premised on a strategy that compensates for these challenges and leverages Vermont strengths.

Current Conditions

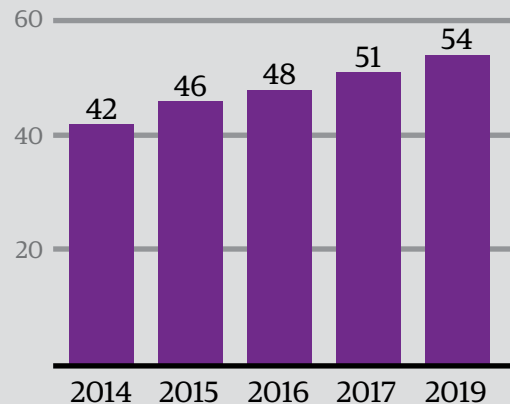
Vermont has been a cheese making state since the early days of the industry. Cabot Creamery Cooperative celebrated 100 years in 2019, and another large producer, Grafton Village Cheese, celebrated 127 years. Over the past three decades, the specialty cheese sector has developed rapidly, building on the success of Cabot and other well-known brands. In 1997, 19 people founded the Vermont Cheese Council as a response to market demand for specialty cheeses and built on Vermont farmers’ eagerness to adapt when opportunity presents itself.

Today, Vermont has over 60 cheese makers, with large-scale and smaller on-farm artisanal producers together making more than 225 varieties of cheese. From value-added on-farm dairy operations to purely cheese-making facilities, cheese making operations have tripled while family farm milk operations have steadily consolidated or disappeared.

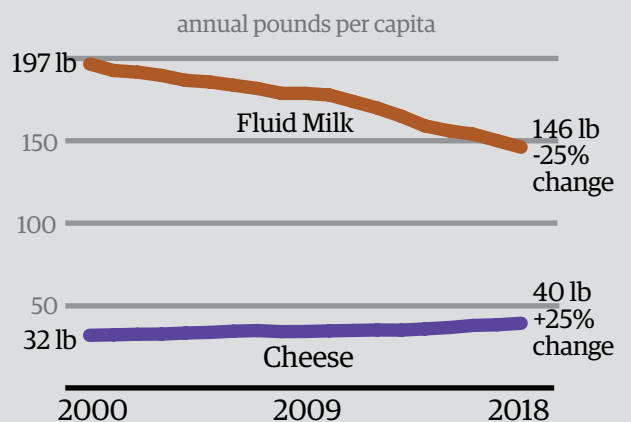
For the most part, the Vermont commodity milk industry and the far smaller artisanal cheese-making industry do not operate in concert with one another, though they could and do in some cases. Due to dairy co-op policies and economies of scale, it is difficult for small cheese makers to source cheese-quality milk from the co-op system. This makes it very difficult for small cheese makers to establish themselves unless they are also prepared to be dairy farmers, and difficult for established farmstead cheese makers to grow because they are limited by their herd size and often cannot source additional off-farm milk to produce a larger volume of cheese.

Artisanal cheese makers require milk of exceptional quality. Much of this cheese is made with raw milk, which requires particular care in production and handling. A marketplace effectively optimized to make the highest-quality milk available to cheese makers would support much higher growth in Vermont premium cheese production.

Membership of the Vermont Cheese Council
The Vermont Cheese Council has seen steady growth since its founding, including 12 new members in 2014-2019 alone.



While national consumption of dairy fluid milk has been declining, consumption of cheese has been increasing.



Bottlenecks & Gaps

- There are structural limitations in the dairy co-op system and farmer agreements that restrict cheese-quality milk from being sold directly or distributed directly to cheese makers.
- There is a lack of incentives for producing milk that is pathogenically and compositionally produced specifically for best-quality cheese making.
- There is confusion amongst consumers regarding dairy and value-added product labels such as “raw,” “grass-fed,” “organic,” “farmstead,” “artisanal,” and “natural.”
- Most small cheese producers have limited marketing budgets and are unable to participate in group marketing or group media buys.
- There are structural limitations in storage and distribution of cheese-quality milk and in post-production aging facilities. Cheese makers search for storage facilities to age their cheeses, pushing them to produce more fresh or pasteurized cheeses and fewer aged, high-value raw milk cheeses.
- Farmers, cheese makers, and new farmers/employees in the industry lack educational and safety resources.

Opportunities

- Cheese makers are open to developing and using shared infrastructure for aggregation, storage, and distribution.
- Focused investments in dairy agricultural and cheese-making education in Vermont’s vocational education programs and potentially, prison-based training programs, could provide a trained workforce.
- Strong quality standards and the reputation of Vermont cheeses make it a well-positioned industry for increased marketing support and initiatives.
- Cheese makers are open to group marketing and see marketing the Vermont cheese brand as a smart investment for their products.
- There is a new opportunity to build a strong raw milk research component into the Regional Dairy Innovation Center.
- Existing goat cheese processor demand could support at least ten new goat dairy farms of 400+ goats (the viable threshold for farm size) (see *Goats* brief).

Recommendations

- Align the dairy cooperative system with in-state cheese making in order to embrace more types of milk storage, including cheese-quality milk and raw milk for cheese production.
- Vermont’s congressional delegation and the Vermont Agency of Agriculture, Food and Markets should support overhauling the milk classification system to better embrace Vermont’s current needs and future growth trends.
- Clarify and codify cheese labeling nomenclature.
- New business models for support and logistics businesses should be developed, such as haulers, cooperatives, and lab staff specifically for cheese and soft dairy production. Utilize grant programs to assist these businesses with equipment purchases, business planning, and workforce development.
- Increasing annual investments in the Vermont Cheese Council’s marketing initiatives to \$150,000 would provide immediate returns for smaller cheese makers.
- Develop a comprehensive dairy products marketing program focused on quality that would assist producers with limited marketing budgets.

Farm to Plate is Vermont’s food system plan being implemented statewide to increase economic development and jobs in the farm and food sector and improve access to healthy local food for all Vermonters.

The Vermont Agency of Agriculture, Food & Markets (VAAFMM) facilitates, supports, and encourages the growth and viability of agriculture in Vermont while protecting the working landscape, human health, animal health, plant health, consumers, and the environment.

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