



### What's At Stake?

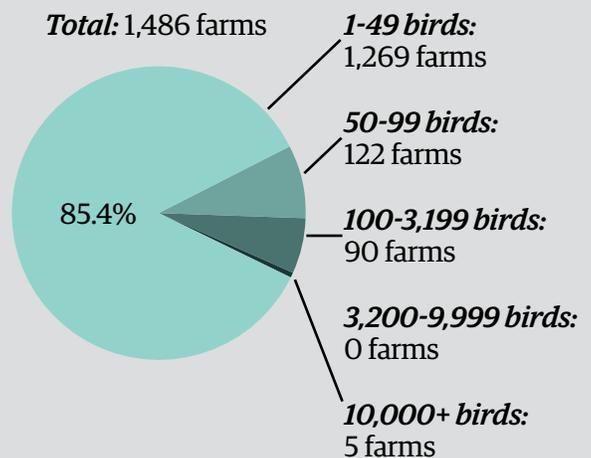
Farm-fresh eggs have long been an inexpensive source of high-quality protein and a popular choice for consumers looking to support local farms. Eggs have a relatively low cost of entry for diversified farmers looking to add a new small-scale enterprise. While demand is generally high, farmers have often found limited profitability due to lack of efficiency in production and high feed costs. As a result, many diversified farmers experiment with selling eggs for a period of time but not many have scaled up to a commercial level. Significant opportunity exists for Vermont farmers to expand their egg operations in a way that is complementary to their other products and markets.

### Current Conditions

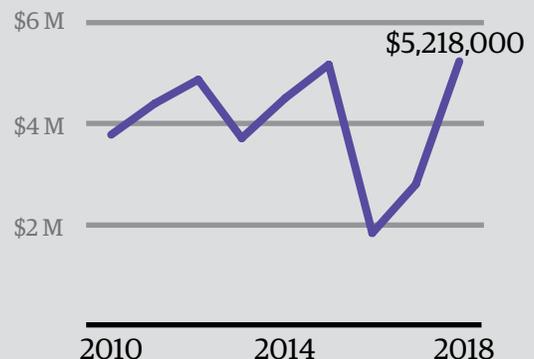
The commercial poultry industry has been largely concentrated in other parts of the country with low feed costs and proximity to processing facilities. (For meat poultry, see *Poultry* brief.) Eggs are mostly sold in Vermont as Grade A (i.e., fresh eggs) and must be labeled according to state regulatory requirements.<sup>1</sup> Vermont egg producers are generally small-scale and sell directly to consumers through farm stands and farmers markets, and/or sell wholesale to small co-ops and retailers. A commercial-scale wholesale market for organic eggs is now available to large producers, selling to New Hampshire-based Pete and Gerry's Eggs. Wholesale organic egg production to a large buyer like Pete and Gerry's requires considerable investment in facilities and expertise and offers the potential for significant income, stable markets, and no time spent washing or marketing eggs.<sup>2</sup> Very few Vermont egg producers have had success selling directly to regional grocery chains due to lack of scale, processing efficiency, and low wholesale prices.

There are significant gains in efficiency when scaling up poultry production, which has meant that commodity egg markets are dominated by very large producers that sell eggs at very low prices. Vermont farms will generally need to find high-value markets that reward production and marketing attributes such as organic, free-range, pastured, and local. Reducing feed costs and increasing efficiency are essential to building a profitable egg business. Mid-size farms with 300-3,000 hens generally can find good markets and may be profitable if they can keep production up and expenses down. Flocks over 3,000 birds fall under additional USDA and FDA regulations with specific sanitation and record-keeping requirements and inspections.<sup>3</sup>

Vermont Farms with Laying Hens, 2017



Total Value of Vermont Egg Sales



## Bottlenecks & Gaps

- Feed is generally the largest production cost for egg producers and if not handled efficiently can limit profitability.
- Many Vermont farms have inefficient systems for washing and packing eggs. It can be hard to find reasonably priced egg-washing and packing equipment appropriate for small to mid-sized producers.
- Many small farms have low production in their flocks due to breed choice, lack of expertise, and inability to provide controlled winter living conditions. This limits profitability and larger-scale market access.
- Because the poultry industry in Vermont is small, both farmers and service providers lack expertise in poultry health and disease issues, biosecurity practices, and state and federal regulatory requirements.
- As flocks get bigger, finding a market for old hens can be a challenge. Out-of-state markets exist but require additional processing and testing, while bringing a fairly low price due to the low meat yield of modern laying-hen breeds.

## Opportunities

- Consumer demand for eggs is generally high at farmers markets and local food co-ops, and eggs are an affordable source of protein.
- Commercial contracts with Pete and Gerry's can allow access to regional markets without having to invest in processing and marketing.
- Eggs work well as a complementary enterprise for diversified direct-market farms. With limited investment, farms can add a small to medium-sized egg operation and sell to their existing customers.
- As both consumers and businesses are now required to divert food scraps from the waste stream, certain parts of this resource could be diverted to poultry farms. While this can dramatically reduce feed costs, there are regulatory and sanitary challenges that must be managed properly, e.g., doing so at scale can place farms under Agency of Natural Resources solid waste permitting and risk removing the farm from Act 250 exemptions.

## Recommendations

- Assist farms considering expanding their egg production with technical assistance related to efficiency, equipment, planning, and regulations. Automated feed, water, and egg-collection systems can cut labor requirements dramatically, so producers must consider barn design and engineering as well as sourcing automated barn equipment. Managing temperature and humidity in large barns requires thoughtful design of ventilation systems and proper barn construction. Mobile pasture housing is another option that also requires thoughtful planning in order to be labor-efficient. Farms also need assistance with understanding how to protect their flocks from disease and how to implement biosecurity measures. An additional 1 FTE is needed to provide this kind of technical assistance as more producers enter this market. Cost: \$100,000
- Until dedicated poultry technical assistance personnel become available, UVM Extension and service providers could support farmers by developing more poultry expertise internally or by bringing in poultry experts from other states. Conferences, workshops, or a poultry producers' association could help farmers be more successful.
- Cost-of-production studies and planning models can provide benchmarks to help both producers and lenders make smart decisions regarding expansion. The Intervale Center has developed an enterprise budget tool that could be expanded to model various types and scales of operations. National resources also exist, including the USDA National Poultry Improvement Plan Program.<sup>4</sup>
- Assistance in evaluating and sourcing new and used processing equipment from commercial poultry regions is needed. While most new egg-processing equipment is designed for very large producers, there are now several manufacturers designing small-scale egg washers. Older small-scale egg-washing equipment can be difficult to repair.

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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