

What's At Stake?

Significant challenges are on the horizon for more than 1,000 produce farms that add diversity and innovation to Vermont's agricultural economy, which is otherwise largely dependent on the commodity dairy industry. Though small in proportion to dairy, produce farms (excluding apple farms) generate over \$50 million in annual sales, employ thousands of (mostly seasonal) workers, and supply key components of a healthy diet.

Current Conditions

Recent growth in Vermont's produce industry has been fueled by demand for healthy local food and sustained by innovative growers that produce high-quality crops. This diverse industry is comprised of farms growing various combinations of vegetables, berries, and ornamental crops, both in the field and in greenhouses (apples are considered produce but are discussed in the [Apples brief](#)). Many of these farms also produce tree fruit or livestock, and some produce hemp, mushrooms, and an array of value-added products. Farms range in size from a few acres to a few hundred acres, and they sell primarily to retail and wholesale markets in-state. Growth in this sector appears to be leveling off due to competition for markets, high production costs, regulatory obstacles, and lack of affordable labor. The future of many of the larger farms in this sector is threatened by their lack of a farm succession plan.

The 2017 Census of Agriculture found 716 Vermont farms selling vegetables, about 400 farms selling berries, 220 farms selling floriculture and bedding plants, and 199 farms selling greenhouse tomatoes. These farms had aggregate sales of \$48 million out of the \$52 million in total annual produce sales. In 2019, the Vermont Vegetable and Berry

Growers Association had 360 member farms, up from 213 in 2010. USDA-Natural Resources Conservation Service has funded over 400 high tunnel greenhouses in Vermont totaling 1 million sq. ft. since 2010. In recent decades many new farmers markets, CSAs, and roadside stands have been established. New farmers continue to arrive, both young people and people changing careers. Many come from out-of-state, or return here after working elsewhere, attracted to Vermont's innovative grower and marketer community, and its passion for local food and farms.

Vermont has about 70 summer farmers markets, 17 winter farmers markets,¹ 65 CSA farms,² 91 pick-your-own farms,³ and hundreds of farm stands. Although total direct-to-consumer sales continue to grow, anecdotal consensus is that direct markets for fresh produce are becoming saturated, so when new enterprises get established they take customers from existing markets.

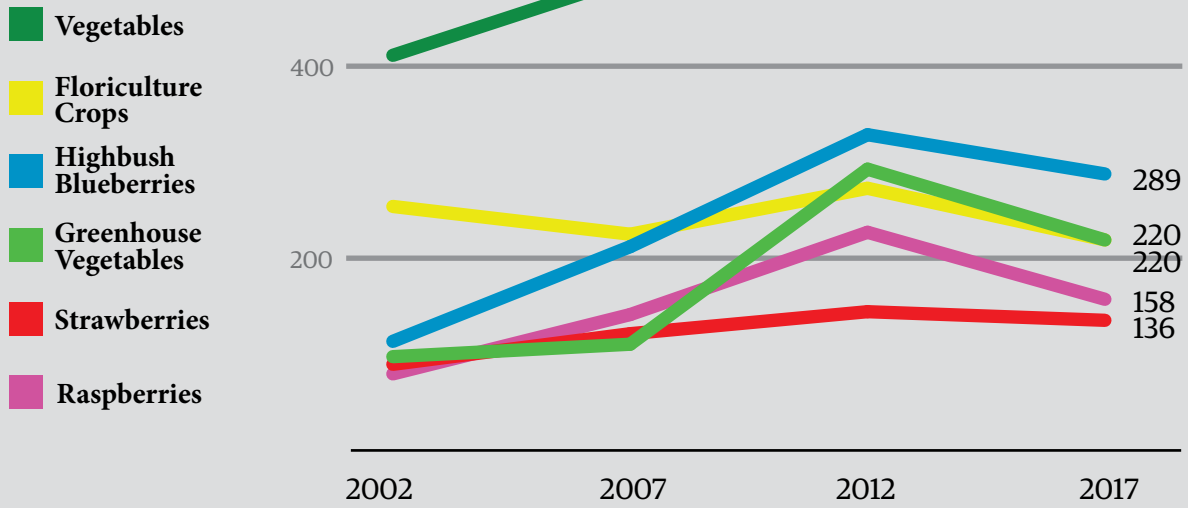
Although unsaturated niches exist, the potential for a lot more growth among direct markets seems low. Smaller farms could sell to wholesale markets, but in general

(continued)



Number of Produce Farms in Vermont, Select Categories

From 2002-2012 the number of farms selling horticultural products increased in all categories; from 2012-2017 that number declined in all categories.



Vermont Produce Farm Gate Sales, Select Categories



Current Conditions (continued)

those prices are not high enough to sustain farms that are used to getting retail prices from direct sales. A relatively small number of farms are selling to out-of-state retail customers through CSA delivery (e.g., Muddy Boots Farm collaborative), value-driven aggregators (e.g., Farmers To You), and specialty distributors (e.g., Meyers Produce). Those markets have potential for growth given larger urban populations in nearby states, and the capacity of Vermont growers to deliver high-quality, organic, and ecological products for much of the year as well as the widespread adoption of improved food safety, cold storage, and winter greenhouse production techniques.

Direct-to-store wholesale (not through a distributor) is a profitable and reliable market for many mid-sized produce farms, but sales may no longer be growing. This market, and other larger wholesale markets for fresh produce, are very competitive, with prices strongly influenced by low-cost, out-of-state producers. Unless per capita consumption of produce increases, new sales to retailers and distributors must come at the expense of existing and often well-established market relationships.

Supermarkets buy and sell a lot of produce (though specific data is lacking) but logistical barriers to entry are high and prices paid to producers are typically lower than those offered by health food stores, food co-ops, and some independent markets, which tend to buy in smaller volumes. Our larger vegetable farms are best suited to consistently supplying supermarkets, though a few smaller growers have developed strong market relationships with a nearby supermarket. According to grower testimonials, not many institutions (e.g., schools and hospitals) buy enough volume of produce, nor consistently enough, at fair prices to make that market viable. The few that do have organizational and cultural commitments to local food tend to go beyond economic motivations.

Value-added beverage and frozen opportunities exist for berries, but Vermont has only a handful of growers devoted exclusively to berry production, and most are at a scale better suited for PYO or direct-to-store sales. Vermont frozen fruit research shows that frozen production favors scale, requires significant investment and management acumen for post-harvesting labor, equipment, and quality control, and increased product liability coverage and food safety certifications.

Bottlenecks & Gaps

- Labor needs and costs are high, and retention of the seasonal workforce is a challenge. Reliability of local labor is low and as a result wholesale farms are very dependent on H-2A workers.
- In-state direct markets are nearing saturation and wholesale markets are competitive. Wholesaling profitably requires greater production efficiency and volume than most small farms are capable of.
- Many successful produce farmers are nearing retirement without a succession plan. There is a sizable pool of beginning farmers, but few are able to buy, or ready to manage, these larger-scale operations.
- There is often a mismatch between the larger parcel size and infrastructure of available or transitioning land, often dairy, and the needs of young and beginning produce growers. Dairy land parcels are often larger than needed for produce growers and capital costs to retrofit old dairy barns to meet produce food safety requirements can be prohibitive for young and beginning farmers with limited credit history and unstable cash flow.
- The time, expense, and knowledge required to comply with food safety, labor, water quality, and other regulations have increased.

Opportunities

- A changing climate, declining dairy industry, proximity to populous states, and an innovative farm culture may combine to increase the competitive advantage of our produce industry. Our growing season is getting longer, more farmland may be available, millions of potential customers for healthy food are just a few hours away, and there is a creative, connected community of growers and service providers to help with adaptation to an increase in extreme weather events, new pests, and regulations (see [Climate Change](#), [Business and Technical Assistance](#), and [Succession](#) briefs).
- Vermont's skill and reputation for quality organic and ecological produce is aligned with consumer preferences and could lead to a growth in sales to out-of-state markets, whether to retail aggregators, distributors, or supermarket chains. There is some evidence that younger customers (e.g., millennials) are especially keen to purchase this type of produce (see [Consumer Demand](#) brief).
- On-farm value-added processing could improve farm profitability and labor retention by adding non-perishable, artisan products that are easily shipped and serve year-round, high-end markets. On-farm operation and ownership allows farmers to retain control of the enterprises should they prove successful.
- Strengthening the network of technical service providers by establishing regular communication through video conference calls and annual in-person meetings would help clarify organizational roles, improve efficiency of service to the grower community, and should lead to program synergies.

Recommendations

- Offer grants to support farm infrastructure for marketing, processing, storage, and cooperative distribution. Build on the Vermont Agency of Agriculture, Food and Markets (VAAFAM) Produce Safety Improvement Grant program approach that requires and facilitates engaging technical service providers for project design, implementation, and documentation of results of on-farm projects. \$200,000 annually, up to \$20,000 per farm.
- Provide funding to hire a highly skilled farm transfer service provider to focus on produce farms, offering intensive, frequent, one-on-one assistance to develop and implement farm succession plans, working with funders to facilitate farm purchases. This position must collaborate closely with the Vermont Housing and Conservation Board's Farm & Forest Viability program, which is already facilitating this work. \$100,000 annually for five years to cover salary, fringe, overhead, and travel costs.
- Develop a regional training program to provide one-on-one business assistance and cohort-based educational programs which recruit, prepare, and place the next generation of wholesale produce growers and farm managers. Plan and implement the program through a consortium of Cooperative Extension and agencies of agriculture and economic development in several New England states along with nonprofits such as the Carrot Project and the New England Vegetable and Berry Growers Association.
- Collect ideas from small produce farmers on ways to make regulatory compliance easier and more efficient, through listening sessions, focus groups, and surveys. Examine policies in other states worthy of consideration. This should be a collaborative effort between VAAFAM, UVM Extension, UVM College of Agriculture and Life Sciences, and NOFA-VT.
- Provide ongoing grant funds for capacity development for grower organizations (Vermont Vegetable and Berry Growers Association, Vermont Association of Professional Horticulturists) so they can improve communication, education, marketing, and applied research in collaboration with UVM Extension. Suggested funding: \$10,000 annually available to each organization, to be matched 50:50.



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 (VAAFAM) 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.

This brief was prepared by:
Lead Author: Vern Grubinger, *UVM Extension*
Contributing Authors: Mark Cannella and Becky Maden,
UVM Extension | Jen Miller, *NOFA-VT* | Will Stevens,
Golden Russet Farm.

For end notes and data sources, and to read other food system briefs, visit vtfarmtoplate.com/plan