

Pennsylvania State Senate Agricultural Hearing
Lake Ladore, Wayne County
April 4, 2007
Subject: Dairy/Cheese/Grant

My name is Emily Montgomery and I own and operate Calkins Creamery, LLC. My husband and I started the company in 2006 and are now producing raw milk farmstead cheeses.

I grew up on my family's dairy farm in Wayne County, PA. The farm was established in 1841 and today, my father and two brothers operate the 360-acre dairy farm, milking 80 Holstein cows. After moving back to Wayne County from Bakersfield, CA, my husband and I began construction on a creamery in May 2006. Our goal in starting this venture is to help sustain the family farm for the next generation and produce fresh, local dairy products using my family's milk.

I have a degree in food science from Penn State and my husband and I both have worked in the food industry for Fortune 500 companies; we chose to concentrate on cheese as our first value-added product because it's enjoyed year round and allows us to experiment with various varieties. We made our first batches of cheese this January and received our manufacturing license from the state last week.

Starting a business is never easy and we thought by sharing some of our experiences and suggestions, it may make the path easier for other farmers. For us, like many entrepreneurs, our biggest concern was the initial capital expense. We contacted the Pennsylvania Technical Assistance Program to discuss the possibilities for both technical and financial assistance. They recommended we complete the Department of Commerce and Economic Development Single Application for Assistance. This would place our business plan in consideration for the First Industries Fund and also Small Equipment loans. The First Industries Fund is a grant and loan program that was established to help strengthen agriculture businesses by assisting producers in gaining access to the capital they need to begin, continue, or expand their businesses. We were very excited about the possibility of some financial assistance to continue our project plans.

After submitting the application, we received a letter stating that we did not qualify for any grant money. There was not a reason for the grant rejection. The letter stated we were better suited for a loan at this time. Although we were disappointed with the outcome, we decided to continue with our business plan. Unlike many farmers, my husband and I are fortunate in that we both had outside employment that helped defray project costs. If my dad and brothers tried to start a similar business, it would not have been financially feasible. With low milk prices, high fuel costs, and high feed costs, very few dairy farmers have extra money to invest in such an endeavor. I think it's very important to have more funding opportunities available for local agriculture small business, but also vehicles to disseminate technical expertise to farmers, such as standard processing procedures.

Several states have been successful in providing support to their local agriculture communities. I will outline some these examples that I think may be beneficial to Pennsylvania in the future and help create a level playing field with our neighboring states. New York has the New York Farm Viability Institute that received a \$5 million budget in May of 2006. "The first \$1 million in funding from the USDA resulted in more than \$25 million in agricultural investments in New York and added more than 200 jobs to the state's agricultural production sector," stated Steve Griffen, president of the Empire Council of Agriculture Organizations. The institute funds agricultural enterprises of all sizes and commodities, including dairy, maple, sod, grapes, vegetables, and fruit production projects, to date.

The Sustainable Agriculture Research and Education division, better know as SARE, in New York, was successful in securing \$79,000 in grant money and gained \$31, 860 for matching non-federal funds to help create a portable cheese making training module in Sullivan County. A mobile trailer was outfitted with cheese processing equipment and lent to farmers interested in producing value-added dairy products. To date, the cheese mobile experiments have led to 4 successful value-added dairy enterprises. SARE also has secured \$8,000 in grant money to provide marketing plans to farmers who are new to selling value-added products.

In Vermont, the Farm Viability Enhancement Program was established in 2003 to address concerns about the changing Vermont agriculture economy. Since initiation, it has helped provide grant money to 150 farmers. This program also awarded grant money to conduct studies aimed at assessing and improving the markets for diversified agriculture products. Two studies were done in Vermont in 2006: ground beef marketing and Vermont farmstead cheese. The studies were designed to both investigate the market opportunities for these enterprises and provide information about business challenges. Both studies provide interested farmers with the research they need to make a solid decision on a business venture. Vermont also has done an excellent job of promoting the state's cheese making facilities by creating the Vermont Cheese trail. The trail outlines where all the cheese producers are located, contact information, hours of operation, and types of cheeses. My husband and I have traveled the trail and spoken to several producers. Farmers told how the cheese trail not only helped their sales, but provided a boost to the local economy, by showcasing agri-tourism.

The last program I wanted to mention was the pasteurizer lending program. Several states, including New Hampshire, New York, Vermont, and North Carolina have participated in programs that lend out vat pasteurizers for 1 year for producers. This allows the producers to experiment with the equipment prior to investing the capital in a pasteurizer, one of the single most expensive pieces of equipment for dairy value added businesses.

Thank you for visiting our county and allowing me to share my thoughts on helping the local farm economy grow by investing in value added products, such as farmstead cheese.