

Vermont Housing & Conservation Board
58 East State Street, Montpelier, VT 05602

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To: Vermont Milk Commission

From: Ela Chapin, Viability Director, Nancy Everhart, Agriculture Director,
and Gus Seelig, Executive Director, VHCB

Re: **Testimony on the 2018 Federal Farm Bill**

The Farm Bill has a huge economic and environmental impact on Vermont agriculture – and on the work that VHCB and our many partners are doing to support and grow our agricultural economy, improve water quality and the environmental stewardship of farms, and help farm operations transition to new ownership. In 2017, Farm Bill programs administered by US Dept. of Agriculture (USDA) Natural Resources Conservation Service (NRCS) will bring over \$19 million to Vermont – a record level of funding, and a crucial part of the state’s plan to help farmers comply with the new Required Agricultural Practices (RAPs), and to meet the TMDL for the Lake Champlain Basin. Farm bill programs are vital to Vermont’s statewide clean water goals, and to our statewide Farm to Plate goals of growing our farm economy, creating new jobs, and strengthening our local and regional food system.

Farm Bill Programs provide critical funds for working lands protection, strengthening our farm and forest economy

Senator Leahy has long been a champion of working lands protection, and created both the Forest Legacy Program, protecting privately owned forestland, and the federal Farmland Protection Program – now the Agricultural Conservation Easement Program (ACEP) – after piloting these programs in Vermont. Both programs provide critical match funding for the protection of privately owned working forestland and farmland. In Vermont, the Department of Forest, Parks and Recreation administers the Forest Legacy Program, to which VHCB has provided state match. VHCB has been the sole applicant, in partnership with the Vermont Land Trust and Upper Valley Land Trust, of the federal farmland protection funds through NRCS. Since the creation of the national farmland protection program in 1997, VHCB has combined almost \$49 Million of federal FRPP/ACEP funding with \$39 Million in state funds and \$27 Million in private/local funding and landowner bargain sales to protect 400 farms and over 75,000 acres. (In total, VHCB has protected 682 farms and 161,700 acres.) Vermont is second only to Pennsylvania in the number of farms protected using federal Farm Bill (FRPP/ACEP-ALE) funding – and also ranks high in the funding awarded over the life of these programs, despite our state’s small size.

Since 2001, VHCB has used federal funding on virtually every farm easement we fund. Loss of these matching funds would cut our program in half, at a time when the interest in farmland protection in the agricultural community is strong, and the economic impact of these investments is as critical and needed as ever. When farmers sell development rights, they typically use the funds to:

- **Transfer the farm to the next generation or an existing farm operator (over half of VHCB projects facilitate transfers)**
- **Reduce debt and improve economic viability**
- **Expand and/or diversify**
- **Invest in needed improvements, including conservation/water quality-related practices**

The millions of federal, state, local and private dollars invested in protecting farmland in Vermont over the past three decades have strengthened and stabilized our agricultural economy through difficult times, helping to support the viability of our farm operations, to facilitate transfers to the next generation, and to protect the best agricultural soils. Keeping farms in business supports our overall rural economy – the annual economic impact of Vermont agriculture is over \$2.63 Billion, and Vermont’s agricultural sales are increasing, and are the highest in New England. (Vermont Agency of Ag. “Agriculture in Vermont” 2016 Highlights). Vermont’s scenic farms and booming local food movement are a key part of the prized working landscape that tourists seek when they visit. And according to the 2012 Ag Census, the majority of Vermont’s farms (60%) are owned and operated by farmers over the age of 55 – and ninety-one percent of Vermont’s 2,076 senior farmers do not have a young (under 45) farm operator working with them. In recent years, over half of VHCB’s farmland protection projects help farms transition to new ownership – and the federal funding for these projects is vital.

Farm Bill programs are crucial to improving water quality and soil health

In addition to supporting our rural economy, key Farm Bill programs support and promote environmental stewardship of our agricultural lands – and are critical to our state Clean Water plan and efforts to meet the TMDL for the Lake Champlain Basin. The \$16 Million Regional Conservation Partnership Program (RCPP) grant received by the state, to focus on water quality in the Lake Champlain Basin, is a great example of the impact and synergy of this Farm Bill program, first authorized in the 2012 Farm Bill. VHCB has pledged over \$5 million in match to the state’s RCPP grant, through both our Farmland Protection Program and our Farm & Forest Viability Program. To date, the Viability program has awarded 28 water quality related grants to dairy farms statewide, totaling \$589,000.

With our partner the Vermont Land Trust, VHCB has thus far closed on six farm easements that utilize a combination of RCPP and state funding, with ten more in the works. Vermont was the first state in the country to utilize RCPP funds for farmland protection. The easement projects focus on farms in challenged subwatersheds of the Lake Champlain Basin, and include additional water quality-focused easement protections. For example, the Marquis farm in Newport, a 90-cow organic dairy in the Mississquoi Watershed, sold an easement on a cropland parcel last year, and is now working on protecting their home farm. These RCPP-funded easements include required buffers on all ditches and wetlands that go beyond the state’s RAPs. The farm is also investing, with federal funding support from the NRCS Environmental Quality Incentives Program (EQIP), in water-quality related improvements, including a new manure pit, improved barnyard and fencing. Proceeds from the sale of development rights will cover the farmer’s cost share on these conservation practices, and

reduce debt. These RCPP farms – and all conserved farms in the basin – have priority for federal funding to implement conservation practices which improve soil health and water quality. RCPP has increased the depth and breadth of the partnerships related to conservation and water quality. Continued opportunities to leverage funds from this program in Vermont will be a critical part of clean water funding in the future too.

Farm viability programs in the Farm Bill:

Established in 2003, the Vermont Farm and Forest Viability Program based at VHCB provides in-depth, one-on-one business advising to farm, food and forest-products business owners, and helps farmers improve financial record-keeping systems, develop comprehensive business plans, develop strategic plans, develop and expand enterprises and access financing. Farmers served tend to span across sectors and include early stage farm businesses, more mature businesses, as well as those transitioning to new ownership. The Viability Program enrolls about 50 farms each year in a two-year business assistance program, half of which are dairy farms. Farm Viability Programs were authorized in the 2002 and 2007 Farm Bills - but no federal funding has ever been allocated.

VHCB Viability staff is working with a coalition of other northeast states and national organizations to recommend funding of \$50 Million for this vital program in the 2018 Farm Bill. Business education and assistance programs that meet the needs of food and agricultural businesses at each stage of development, and are available through diverse platforms, are necessary to develop viable businesses. This foundational business assistance programming helps ensure many other Farm Bill investments, including agricultural loans; investments in developing new markets for local and regional food systems such as institutional purchasing, value-added enterprises, and food hubs; and conservation investments.

Clear outcomes of in-depth business coaching and business planning include job creation, improved gross and net income, farmers' ability to identify and meet their own goals, and work-life balance for farm families. The Carrot Project found that business advisement over a two year period contributed to an increase in net income by 52% for start-up and early stage farms and that strong financial management skills correlated with a farms' ability to reach its business goals (USDA Northeast SARE-funded research). The Vermont Farm & Forest Viability Program finds that in-depth business planning over a two-year period results in an average of .3 new FTEs per farm (3 times the average annual growth seen on farms in VT), 23% increase in gross income and 348% increase in net income. In addition business planning assistance leads to higher business skills and acumen, as well as very high success rates in accessing capital.

Streamlining the ACEP-ALE program

VHCB appreciates the strong partnership we have enjoyed over the past two decades with our state NRCS office, and the crucial role that federal funding for farmland protection has played in our state. We hope to the program will be funded at \$500M annually in the 2018 Farm Bill.

We also believe that the ACEP-ALE program could be streamlined and administered in a simpler way – relieving some of the workload from the state office, and giving well-established and experienced partners like VHCB more flexibility. In the end, this would provide better service to our farmers. Last

year, we used the LEAN process, with a group of our key stakeholders, to review how we conserve farmland in Vermont. As a result, we made changes to our policy and practice to streamline and simplify our state process where possible. We will be working with our congressional delegation to seek complementary improvements in how the federal program is administered, as we lend our strong support for continued funding, at the 2012 Farm Bill levels, in the 2018 Farm Bill.