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Introduction

Chairman Tebbetts and Members of the Vermont Milk Commission, my name is Gil Livingston and I am the departing President of the Vermont Land Trust (VLT). During its 40 year history, VLT has permanently protected more than 1,900 parcels of land totaling more than 570,000 acres, including 700 operating farms.

I want to begin by thanking you for accepting input from interested stakeholders about the federal Farm Bill in relation to Vermont's dairy sector. While VLT actively supports and engages in other Farm Bill conservation programs, my remarks are focused primarily on the Agricultural Conservation Easement (ACEP) and Agricultural Land Easement (ALE) program.

Farmland Protection in Vermont

Working family farms are at the core of our state's identity, our economy, and our history and culture. Dairy production is the largest component of our agricultural economy, with 2.7 billion pounds of milk produced in 2016 or 63% of all milk produced in New England.

The Vermont agricultural sector is dynamic: farmers must confront evolving markets, volatile commodity milk pricing, an aging population of farmers, fuel and energy costs, and other factors. The proximity of the Boston, New York and Montreal metropolitan areas provides market opportunities for Vermont products, but that proximity also drives real estate prices contributing to the conversion and the high cost of farmland in the state.

Fortunately, Vermont has built a state-of-the-art working farm conservation program: the sale of a farmland easement is now a well-accepted tool within the farming community to help family enterprises achieve land stewardship, business, transition and growth objectives. For 30 years, the Vermont Legislature has appropriated state funds to the Vermont Housing and Conservation Board (VHCB) to permanently protect productive farmland. For the last decade, VHCB, the Vermont Agency of Agriculture, Food and Markets (VAAF) and VLT have assured permanent affordability for every farm they have conserved, a total of about 400 farms.

The Importance of Federal Farmland Protection Funding

For many years, working farm conservation in Vermont has relied on private philanthropy, state funding from VHCB, and federal Farm Bill funding – Farms for the Future, Farm and Ranchland Protection Program, and ALE. Through this mix, federal funding has been highly leveraged and carefully invested to permanently protect some of the most productive farmland in the state. VLT has skilled legal and conservation staff, a durable conservation easement stewardship program, and has been accredited by the Land Trust Accreditation Commission (<http://www.landtrustaccreditation.org/>).

Federal farmland protection funds in Vermont have gone towards projects that have maintained conservation values, improved profitability, and encouraged the next generation of farmers. As occurs across the country, conservation of working farms in Vermont not only safeguards productive soils, but protects water quality, important wildlife habitat and natural communities. Several times each year town leaders and local citizens band together to raise funds to help protect a family farm important to their community, matching ALE and VHCB funding. Beyond the direct economic impact of conserved operating farms, Vermont's tourism and recreational economy depends on maintaining an actively farmed, scenic countryside.

Farmers use the proceeds of ALE easement sales to invest in farm machinery, equipment and infrastructure; to expand an operation by acquiring additional land; to change production (including organic conversions) or begin a value-adding enterprise; and to improve the profitability of farm enterprises by reducing debt. ALE easement sales also play a critical role in the transfer of operating farms from one generation to the next: easement proceeds support the retirement of an exiting farmer, and the protected farm is affordable to the new operator.

Relying on Farm Bill funding, VLT also actively assists qualified new and beginning farmers in gaining ownership of their first farms through its Farmland Access Program – for more information see: <https://www.vlt.org/affordable-farmland/>. We maintain an active relationship with dozens of farmers searching for their first farms. In cooperation with VHCB's Farm Viability Program that provides technical assistance to farmers, and a robust farm lending community, VLT takes a variety of approaches: (1) Matching farm seekers with previously conserved farms that are in an ownership transition; (2) Providing farm purchase financing to new owners while VLT seeks farmland conservation funding; and (3) VLT purchases several farms each year, solicits proposals from the farming community, secures conservation funding, and then sells the farms at production value to qualified farmers (so-called buy-protect-sell transactions). While ALE is a critical funding source for our Farmland Access work, buy-protect-sell transactions are expensive and involve high risk because land trusts are not eligible ACEP recipients – funding is not available until the new farmer's purchase, a process that often takes two or more years.

One Farmland Access example is the success of James and Sarah Elworthy. James and Sarah met when they were students at Green Mountain College. Within a year of James' graduation from the school's agriculture program, they began renting farmland in Shoreham from former Vermont Rep. Will Stevens, and building their business. After two years of working with VLT, James and Sarah were able to purchase the 128 acre Hansen Farm in Poultney. They then sold a conservation easement on the land to make the farm affordable. "Conservation was something we believed in when we were looking for a farm," said James. "We saw how hard it was to find ag land in an area that was saturated with land for housing development. It was hard to find farms that would stay farms after they were sold." In addition to their 40 milk cows and 25 young stock, James and Sarah brought grass-fed pork and beef to the farm. The farm has high-quality agricultural soil and a layout that is ideal for rotational grazing. They have been converting the cornfields into grass and produce maple syrup from a small sugarbush on the land.

Funding and Streamlining ALE

Continued, robust funding of ALE is critical given the high demand among Vermont farmers. Funding for the program saw a dramatic decrease in the 2014 Farm Bill: the three component programs that were combined to create the Agricultural Conservation Easement Program (ACEP) (Wetlands Reserve Program, Farm and Ranch Lands Protection Program, and Grassland Reserve Program) were funded at an average total of \$732 million annually from 2009-2012. Yet the average for ACEP for 2014-2018 is \$405

million, a 32% decrease from the previous average. Even more alarming, ACEP funding drops to \$250 million annually in FY18 and in future years, which is a 66% decline from the previous average. This decrease severely constrains our ability to serve Vermont farmers, and to leverage VHCB and private fund raising. Therefore, it is very important to return ACEP funding to not less than \$500 million per year going forward.

Further, administration of ACEP is in dire need of simplification to improve its impact, reduce severe burdens on farmers, and increase program efficiency. The NRCS Vermont State Conservationist Vicky Drew and her staff do an excellent job of understanding the needs of Vermont farmers and the dynamics of agriculture in Vermont. The Conservationist rigorously focuses on the quality of ACEP transactions, legal due diligence and the requirements of the statute. However, in every ACEP transactions significant decisions are made in a centralized NRCS bureaucracy under ground rules that are not adaptable to Vermont's agricultural system. It is essentially "one size fits all" management that imposes hardship on Vermont farmers. In addition, delays in the process and unpredictability of decision-making impose further hardships on producers.

These themes are not unique in Vermont: VLT has helped organize a coalition of 26 land trusts across the country – from Kansas to Montana, from California to Maine – all of whom experience the same administrative complexity. Especially as we all focus on improving the efficiency of government and the use of public-private partnerships, this land trust coalition has identified ACEP program changes that improve efficiency and adaptability to local agricultural conditions around the country, while assuring durable and effective investment of public dollars. Please see our coalition policy statement for details.

The VHCB Farm Viability Program provides critical business planning, transition planning and other technical assistance to dairy farmers across Vermont. This assistance is very important to the success of farm enterprises on conserved farms. The program is essential for farms in transition, and especially new and beginning farmers looking to purchase their first farms. I ask that you also support robust Farm Bill funding for effective farmer technical assistance programs like VHCB's Farm Viability Program.

Concluding Remarks

We are grateful that Farm Bill conservation funding is available to match state and philanthropic funding to help achieve Vermont's objectives: a vibrant dairy economy, water quality and natural habitat protection, and the success of family farms. Especially in the dynamic, challenging farming environment of Vermont, ACEP is a critical tool to support successful operations and to assist in the transition of viable operations. ACEP is equally important in helping new farmers buy their first farms at an affordable price. Please do all that you can to make sure the next Farm Bill continues this important legacy.

Thank you for the opportunity to share these views. I would be pleased to answer any questions you might have about this testimony or any other aspect of Farm Bill program success in Vermont.

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