

# Governor's Commission on the Future of Vermont Agriculture: 2023 Supplemental Report

November 15, 2023

## I. Background

The Governor's Commission on the Future of Vermont Agriculture was convened on April 1, 2021 pursuant to [Executive Order No. 03-21](#). The Commission submitted an initial [Action Plan](#) to the Governor on November 15, 2021 and an initial [Supplemental Report](#) on November 15, 2022.<sup>1</sup> This document constitutes the Commission's second Supplemental Report, fulfilling the Commission's obligations under the Executive Order.

The Commission consists of the Secretaries of the Agency of Agriculture, Food and Markets (VAAFMM) and the Agency of Commerce and Community Development (VACCD) as co-chairs, as well as twelve non-state members from various industry sub-sectors and areas of expertise. Over the past three years this diverse group of stakeholders has met monthly, with the support of a professional facilitation team from the [Consensus Building Institute](#), to share ideas and expertise, discuss their visions for the future of Vermont agriculture, share information on immediate emergencies (from Covid to the recent historic flooding), and consider strategies to collaborate in pursuit of shared goals.

The most tangible outcomes of these meetings have been the Commission's Action Plan and Supplemental Reports, which seek to guide state priorities for investing in the agricultural sector and ensure they are aligned with a coherent vision. However, these written reports represent simply one facet of the Commission's impact. Broader impacts of the Commission's efforts include:

- Clarifying a long-term vision for Vermont agriculture and its place within the New England region for the Administration, Legislature, and stakeholders across the sector
- Prioritizing a narrow set of immediate, high-value investment opportunities that are aligned with this vision and the [Vermont Agriculture and Food System Strategic Plan 2021-2030](#)
- Successfully attracting substantial new investments into the sector through the power of a coordinated and directed multistakeholder industry voice (see funding details in the sections below)
- Building trust, relationships, and alignment among government and industry stakeholders
- Building bridges across various government and industry silos, such as VAAFMM and VACCD, tourism and agriculture, dairy and other sub-sectors, farm production and other arenas such as aggregation, distribution, marketing, and conservation, etc.
- Providing immediate government access to industry perspectives and expertise in the face of unforeseen emergencies, such as the recent historic flooding, to inform government response efforts and improve outreach and program priorities
- Tracking outcomes and progress of agricultural economic development efforts over time

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<sup>1</sup> The Action Plan was released to the public on February 7, 2022 and the first Supplemental Report was released on November 15, 2023. A list of Commission members and their affiliations is in [Appendix I](#). Facilitation support for the Commission is provided by Toby Berkman and Brandon Chambers at the [Consensus Building Institute](#).

As the Commission winds down its work, it wants to emphasize the multiple impacts of this kind of regular multistakeholder, state-led convening, commend the Governor for taking the initiative to establish the Commission, and encourage continued efforts to build on the Commission’s substantial successes moving forward. These kinds of government-stakeholder connections will continue to be essential as the agricultural sector seeks to rebuild in the wake of the flooding emergency, improve its resilience, and adapt to climate change and other threats to Vermont’s agricultural land base.

### ***Timeline of Commission Activities and Outcomes***

As noted above, the Commission submitted an initial Action Plan on November 15, 2021. The Action Plan highlighted the critical importance of agriculture to Vermont’s economy and resiliency, as well as the state’s fundamental identity and character. The Action Plan further emphasized the specific moment of promise and peril that the sector was facing, with the dairy sector under threat, persistent supply chain and food insecurity challenges exacerbated by the Covid pandemic, and multiple long-term threats to the agricultural land base ranging from land conversion to climate change.

Government-stakeholder connections will continue to be essential as the agricultural sector seeks to rebuild in the wake of the flooding emergency, improve its resilience, and adapt to climate change and other threats to Vermont’s agricultural land base.

With these challenges in mind, the Commission articulated a positive vision for the future of the sector over the next ten years. The vision included a resilient dairy sector retaining its role as the sector’s cornerstone industry, supplemented by expanded production of maple, meat, produce, value added products, and other agricultural goods, with strong infrastructure supports in place to enable new and diverse types of farming and farm businesses. The Commission envisioned a healthy, diverse, and resilient Vermont agricultural ecosystem with a diverse array of business types by scale, development stage, distribution model, and target market, as well as a diverse and sufficient workforce. A focus on equitable practices and healthy natural systems was critical to supporting the ecosystem overall.

To enable this vision the 2021 Action Plan identified four intersecting and mutually reinforcing high-level priorities:

- I. All Vermonters benefit from healthy nutritious food and a robust local food system
- II. Vermont fuels agricultural business entrepreneurship, growth, and sustainability, so that food producers and businesses are profitable across a range of sizes, stages, and business models
- III. Vermont attracts and supports the next generation of farmers
- IV. Vermont strengthens and supports its brand

The 2021 Action plan identified 18 high-impact strategies to advance these priorities.<sup>2</sup> 13 out of the Commission’s 18 strategies from the 2021 Action Plan received some degree of funding or other support from the Administration or legislature in 2022, with total potential funding outlays of more than \$32 million.<sup>3</sup>

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<sup>2</sup> Many of these priority strategies were previously identified during an 18-month stakeholder engagement process which led to the publication of the [Vermont Agriculture & Food System Strategic Plan 2021-2030](#) in February 2021. The Strategic Plan and its multiple issue briefs served as initial and foundational documents that Commissioners selected from, adapted, and added to, based on their expertise and additional stakeholder input.

<sup>3</sup> For details see the 2022 Supplemental Report, Appendix III: 2021 Strategies and FY23 Budget Outcomes.

In its 2022 Supplemental Report, submitted on November 15, 2022, the Commission refined its 2021 recommendations to reflect new challenges and opportunities. Specifically, the Commission articulated three new focus areas — one “core” focus area and two “enabling” focus areas — to guide its work:

- 2022 Core Focus Area: Leverage economic development and local food funding opportunities for maximum impact
- 2022 Enabling Focus Area 1: Clarify and enhance the Vermont brand
- 2022 Enabling Focus Area 2: Connect and build trust among agriculture and environmental stakeholders

13 out of the Commission’s 18 strategies from the 2021 Action Plan received some degree of funding or other support from the Administration or legislature in 2022, with total potential funding outlays of more than \$32 million.

The focus areas were designed to reflect the reality of that moment in late 2022, with significant new funding coming online and a need to leverage it effectively and equitably, ongoing opportunities to support the effective marketing and branding of Vermont agricultural products, and ongoing communication challenges among environmental and agricultural stakeholders that limits their ability to effectively pursue shared aims. Within these focus areas, the Commission specified 14 recommendations. Some of these 2022 recommendations built off of or refined recommendations from the 2021 Action Plan that remained unfulfilled in whole or in part; others reflected new ideas to address the changing political realities or emerging issues within the agricultural sector.

The implementation record for the Commission’s 2022 Supplemental Report is more mixed than it was for the 2021 Action Plan. Among the Commission’s 14 recommendations from 2022, many were endorsed in the Governor’s recommended budget with significant requested funding outlays. In the end, 11 of the Commission’s recommendations received some degree of additional funding or other meaningful support. In particular, the Legislature provided a \$1 million one-time additional appropriation to support the Working Lands Enterprise Fund and established a \$2.3 million grant program through VAAF to support small and mid-sized agricultural producers and value-added processors in the meat, produce, and maple sectors. Building on the more than \$32 million in 2022 funding that furthered the Commission’s priorities, an additional \$30 million was appropriated and secured in 2023 to support agriculture viability efforts outlined in the Commission Supplemental Report. While not fully in line with the Commission’s recommended funding levels, these appropriations will nonetheless provide a meaningful influx of dollars into critical areas of need within the agricultural economy.

11 of the Commission’s 14 2022 recommendations received some degree of additional funding or other meaningful support.

At the same time, the five Commission recommendations from 2021 that did not receive funding support in 2022 also did not receive support from the Legislature in 2023.<sup>4</sup> Likewise for critical areas of need identified in the 2022 report, including a funding “Navigator” pilot program, brand benchmarking research and a

<sup>4</sup> These include establishing a Director of Food Security position; providing additional staff assistance on funding, permitting, and regulations (“Navigator” positions); establishing an agricultural continuing education voucher program; establishing Vermont Ag and Food Brand Strategic Initiative; and establishing flagship marketplace hubs across the state.

brand toolkit for small and medium-sized enterprises, and a structured stakeholder dialogue process on agriculture and the environment, among others.<sup>5</sup>

The Commission associates these more modest achievements in 2023 with a fundamental shift in the funding environment. Whereas 2022 provided a once-in-a-generation opportunity for the state to leverage funding through the American Rescue Plan Act (ARPA), the Inflation Reduction Act (IRA), and other federal legislation, as well as the state budget surplus, by 2023 the available funding was much more limited. It is also possible that statewide concerns around food security that had become more heightened during the COVID pandemic had receded during the first half of 2023.

### **Context for the 2023 Supplemental Report**

Notwithstanding these developments, events over the past year have only reinforced the importance of Vermont’s agricultural economy and the urgent need for a more viable and resilient statewide and regional food system. The historic flooding in July 2023 substantially damaged farmlands, leaving many farmers struggling to recover and continue their vital operations. While all Vermont farms were affected, countless farmers suffered significant losses, with some facing financial ruin. The impacts extended beyond individual farms to communities and businesses that rely on locally sourced food. These losses occurred on the heels of a highly damaging, once-in-a-generation late-season freeze in May, which had already caused significant damage to key crops like apples, berries, and grapes. State and federal programs and disaster relief, while vital, have covered only a portion of the losses, leaving the sector overall facing the prospect of a long and difficult recovery.

Each of the outstanding staffing and funding requests in these reports is critical to building the agricultural sector for climate resiliency.

It is with these sobering realities in mind that the Commission reiterates its call to implement not just short-term disaster relief but also the critical sectoral initiatives outlined in its 2021 and 2022 reports, which are essential to enabling a vibrant, innovative, and resilient agricultural economy over the long term. Each of the outstanding staffing and funding requests in these reports is critical to building the agricultural sector for climate resiliency.

At the same time, the Commission recognizes that sustained progress on its priorities will require broader coordination and effort among stakeholders beyond state government. For this reason, the Commission has focused its deliberations over the past year on identifying actions or ideas that could advance its recommendations *beyond* legislative funding, through coalition-building, stakeholder outreach, partnerships, and alternative funding sources, among other approaches. The goal is to identify, within a

#### **2023 Commission Activities:**

- 12 meetings (3 in-person)
- Discussions with representatives from state government, local and regional nonprofits, and Vermont agricultural businesses.
- Commissioner outreach to stakeholders and experts within their own professional networks including trade associations, industry groups, individual farmers, product producers, direct market aggregators, and others.
- Commissioner testimony to the Legislature.
- Letter to Vermont’s Congressional delegation calling for additional assistance and advocacy in securing much-needed flood recovery support for impacted farmers

<sup>5</sup> See Appendix III for details on 2022 recommendations and FY24 budget and other outcomes.

handful of key areas, the kinds of initiatives where effective and coordinated cross-sectoral action among stakeholders could result in meaningful progress.

With this goal in mind, the Commission has identified the following three focus areas for 2023:

- Securing the Land Base
- Unlocking Regional Markets
- Improving Grant Accessibility

The Commission met 12 times since submitting its first Supplemental Report on November 15, 2022, including three in-person meetings. As part of these meetings, the Commission hosted discussions with representatives from state government, local and regional nonprofits, and Vermont agricultural businesses. Commissioners also engaged in their own outreach with stakeholders and experts within their own professional networks including trade associations, industry groups, individual farmers, product producers, direct market aggregators, and others. A number of Commissioners also testified before the Legislature in support of specific Commission priorities. After the July 2023 flooding, the Commission drafted and sent a letter to Vermont's Congressional delegation calling for additional assistance and advocacy in securing much-needed flood recovery support for impacted farmers.

In this 2023 Supplemental Report, the Commission reports back on specific areas of success and challenges in pursuing the strategies from the 2021 and 2022 reports, and identifies additional opportunities for stakeholders to chart pathways forward for the sector overall.

## II. Progress Report

This section provides details on the Commission's 2022 recommendations and evaluates progress. A table detailing relevant budget items or other funding sources for each recommendation is included in Appendix III.

### *2022 Core Focus Area: Leverage economic development and local food funding opportunities for maximum impact*

A number of the Commission's 2022 recommendations within this area focused on aligning funding with needs and opportunities across the agricultural sector. These included:

- Scaling up funding for the Working Lands Enterprise Fund (WLEF) (\$1 million in FY24 base funding and \$4 million in FY24 one-time funding, and \$3 million in base funding in future years)
- Establishing a \$20 million dairy modernization fund
- \$2.5 million for dairy succession and transition support in FY24 and FY25
- \$15 million for food producers and value-added processors
- \$5 million for expanding food distribution hubs
- Making \$2.5 million in grant funding available to support agritourism expansion
- Ongoing implementation of agriculture and environment investments

There were some meaningful 2023 legislative and other successes related to these recommendations:

- The legislature provided a one-time General Fund appropriation of \$1 million to the WLEF.
- The legislature provided VAAFM an additional pass-through of \$200,000 for the Vermont Sustainable Jobs Fund (VSJF) to support Vermont dairy viability/modernization through raising beef genetics.

- The legislature provided VAAFM \$6.9 million for organic dairy relief funding and \$415,000 to cover Dairy Margin Coverage 2023 premiums, which will support and maintain the dairy industry.
- The legislature appropriated \$2.3 million to VAAFM to provide Agriculture Development grants for food producers and value-added processes in the produce, meat and maple sectors (the key sectors called out in the Commission’s recommendation).
- Various programs made funding available to support the expansion of distribution hubs, including \$4.5 million through the USDA Resilient Food System Infrastructure Grants program, \$100,000 to VSJF to support retail market engagement, and \$500,000 to Salvation Farms to establish a food processing facility.
- The Northeast Dairy Business Innovation Center (NE-DBIC) received \$7 million in a fifth round of funding to support dairy innovation, create resilience and long-term sustainability for northeast dairy businesses.
- \$358,000 was made available from USDA to support Vermont’s agritourism industry through the Federal-State Marketing Improvement Program (FSMIP). In addition, legislation was introduced in the Vermont House of Representatives — H.128, “An act relating to removing regulatory barriers for working lands businesses” — that would exempt more agritourism business projects from permitting requirements under Act 250. VAAFM has been working with the Vermont Natural Resources Board (NRB) on this issue, and the Administration supports the pertinent parts of the legislation.
- New and ongoing investments continue to support agricultural practices that align with environmental sustainability and climate mitigation and resilience, including VAAFM’s Pay for Performance program, VAAFM’s new Ecosystem Stewardship Program (which provides enhanced state incentives for agricultural producers who participate in the federal NRCS Conservation Stewardship Program (CSP)), and the state’s suite of water quality programs.

Other 2022 recommendations within this area focused on ensuring funding accessibility and equity, and addressing regulatory hurdles. These included:

- \$1 million to establish a permitting, regulation, and funding “Navigator” pilot program
- \$150,000 to support grant program outreach and accessibility
- \$500,000 in year 1 and \$250,000 thereafter to support dedicated outreach to Black, Indigenous, People of Color (BIPOC) farmers and food entrepreneurs
- \$300,000 to advance racial equity within state government

While none of these recommendations related to funding accessibility and regulatory support received the specific funding that was requested, there was progress worth noting:

- The legislature provided VAAFM an additional pass-through investment of \$500,000 for Vermont Conservation Districts, which provide highly valuable technical assistance to farmers seeking to navigate permitting, regulation, and funding issues. The Commission applauds these investments but remains concerned that farmers — in particular small and medium-sized farm enterprises — lack the necessary support to successfully navigate complex state and federal programs, limiting the effectiveness and accessibility of these programs, as well as economic growth and dynamism within the agricultural sector overall.
- The state has recently advanced some measures to support grant accessibility, including a statewide contract offering interpreter and translation services; \$150,000 for Small Farmer Diversification and Transition grant program; and a report of resources and support services for new and beginning farmers presented to the legislature in January 2023. This was accompanied by an additional VAAFM new and beginning farmer resources [webpage](#).

- \$1 million in federal money through USDA’s Local Food Purchase Assistance Cooperative Agreement Program (LFPA) has been dedicated to supporting Vermont organizations, chosen for their relationships with socially disadvantaged producers and their service to underserved communities and farms, in purchasing and delivering local food to underserved communities.
- VAAFM has adjusted Ag Development Division grant applications by including universal application questions and allowing applicants to voluntarily contribute demographic information, enabling the agency to begin tracking program impact by race, ethnicity, and other demographics beginning in FY24.
- VAAFM completed a racial equity and belonging audit in 2022, and in 2023 produced a diversity, equity and inclusion (DEI) action plan for the agency.

### *2022 Enabling Focus Area 1: Clarify and Enhance the Vermont Brand*

This area included recommendations to support research and action to enable and enhance effective branding efforts by Vermont farm and food enterprises, including:

- \$1 million for cross-sector benchmarking research on the Vermont agriculture and food brand
- \$1 million to support a brand toolkit for small and medium-sized agriculture and food enterprises

Neither of these initiatives received meaningful funding or support in 2023. The Commission recognizes that branding and marketing dollars can be difficult to secure, and to date the legislature has shown little appetite for this kind of funding. Nonetheless, the Commission still believes these initiatives are critical to enabling Vermont’s ag sector to penetrate more markets in the New England region, and will pay for themselves over time through increased investment and growth in the sector overall.

### *2022 Enabling Focus Area 2: Connect and build trust among agriculture and environmental stakeholders*

Within this area, the Commission recommended an investment of \$250,000 in year 1 and \$100,000 thereafter to support a structured dialogue process on agriculture and the environment, with key stakeholder representatives from both sectors. This recommendation likewise did not receive funding from the legislature, but is also critical to the future of agriculture. As the Commission ends its work this year, it recommends the Administration pursue ways to continue dialogue within the agriculture sector and with key stakeholders from other sectors as well.

## **III. 2023 Areas of Focus and Opportunities**

Rather than offering an entirely new set of discrete recommendations for 2023 (the Commission stands by the recommendations in its previous two reports), this report provides some context on the three 2023 areas of focus and outlines a broad set of opportunities where the Commission believes concerted and coordinated stakeholder action could help make meaningful progress in the viability and resiliency of Vermont agriculture. Key, immediate opportunities the Commission wishes to highlight from each of the three areas include the following.



## Key Opportunities

### **Securing the Land Base:**

- *Leverage regional dialogue and best practices to develop and adopt a statewide plan for farm succession.* In collaboration with key Vermont stakeholders and regional partners from other states, the Administration should support a regional dialogue focused on sharing innovations, identifying resources, and developing materials to support successful farmland transfers. The regional convening should funnel into a formal state planning effort for farm succession focused on identifying and scaling up approaches that mitigate the debt burden and other barriers to entry for new and young farmers.
- *Provide incentives for succession planning.* Because many farmers are hesitant to pay for or engage in early conversations around succession planning, and yet these conversations are essential for successful farmland transfers, the state should provide free access to one-on-one coaching that is part of an initial estate planning consultation.
- *Conduct a systematic review of Vermont's land use and tax laws to ensure they are aligned with the state's goals around farmland transfers.* Vermont should study how other states in the region and/or with significant agricultural economies utilize tax laws to support farmland transfers, and identify areas of reform. The state should also consider reevaluating the Current Use value appraisal formula, to ensure it is serving the program's goals in light of increasing land use pressures.
- *Identify and invest in approaches that enable the broad set of beneficiaries from the existence of viable farms to support successful farmland transitions.* Farm transfers impact a much broader set of stakeholders beyond those directly involved in the transaction, and creative approaches should be explored to enable those stakeholders to contribute to the future of Vermont agriculture in a more meaningful way. Programs like the Vermont Pay for Performance Program and Vermont Farmers Ecosystem Stewardship Program (CSP+), which provide public dollars to compensate farmers for the public benefits of their production methods, represent an excellent start and should be built upon for broader impact.

### **Unlocking Regional Markets:**

- *Prioritize and expand available grant funding to strategically support the infrastructure and businesses along the supply chain that are needed for farms to increase their scale of production and access wholesale markets.* These include, specifically: 1) scale- and sector-appropriate infrastructure such as on-farm processing and food safety infrastructure, and 2) middle-of-the-supply-chain enterprises (e.g., value added processing, aggregation, and distribution).
- *Support learning in the industry and advanced business assistance* for producers and businesses along the supply chain that are aiming to scale up and seeking capital investment. Measures should include establishing and supporting cohort-based training programs, and increasing available project management support.

### **Improving Grant Accessibility:**

- *Identify and support an appropriate mechanism for grant and regulatory "navigation" support for agricultural enterprises.* The recent flooding emergency was a stark reminder of the long-standing need to raise awareness around available grant opportunities and to help businesses navigate regulations and secure funding successfully. The newly-established Small Business Technical Exchange Program could be an effective model for agriculture. The program



focuses on identifying contractors with the relevant skills to support businesses effectively, and uses an intermediary (in this case, the state’s Regional Development Corporations) to help match contractors with the right businesses.

- *Study the possibility of an “Agriculture and Rural Economic Development Fund” supported by existing tax revenue.* The funds could be administered by the Working Lands Enterprise Board and annually appropriated. This would be modeled after the Clean Water Fund structure where the needs are known, the resource can be relied upon, and the priorities are supported by the represented state agencies and appointed members of the public.

#### **Stakeholder Collaboration:**

Across these three areas, the Commission has highlighted the value of stakeholder collaboration and convenings to address critical issues such as:

- Developing innovations and materials to support farmers getting on the land transfer path.
- Helping higher education providers consider how to update their curricula in light of the evolving needs of the state’s agriculture sector.
- Identifying strategies to effectively steer Vermont toward investing more in medium-to-large scale agricultural production capable of competing in wholesale markets.
- Developing and advancing a coordinated grant accessibility and funding strategy for Vermont’s agricultural and food system.

More details on the Commission's three 2023 areas of focus and relevant opportunities are provided below.

### ***A. Securing the Land Base***

#### **Context**

There is nothing more important to the future of the sector than ensuring agricultural land stays in agricultural production. The ongoing loss of farmland to development threatens Vermont’s rural economies, landscapes, food security, climate resilience, and cultural identity. Agricultural land provides multiple benefits beyond just the food supply. Over 61,000 Vermonters are employed in private sector jobs in the food system, representing 11% of all jobs in the state. Agriculture comprises over \$14.2 billion in sales (10% of the gross state product), a figure that has grown 4.3% annually between 2007-2017. Agricultural landscapes are central to the state’s tourism sector, and provide multiple ecosystem benefits from flood resilience to carbon capture.

As a significant percentage of Vermont farm owners approaches retirement, farmland transfers and succession planning have become essential to maintaining the agricultural land base.

Meanwhile, the land base needed to support agricultural production has been steadily eroding for decades: cropland has decreased 64% from 1.3 million acres in 1945 to 458,000 acres in 2017, while pastureland has decreased 85% from 1.0 million acres in 1945 to 158,000 acres in 2017.<sup>6</sup> Analyses suggest Vermont could lose an additional 41,200 acres of agricultural land by 2040 under a “Business as Usual” development scenario, and 61,800 acres under

<sup>6</sup> New England Feeding New England, [Vermont State Brief](#), 2023.

a “Runaway Sprawl” scenario.<sup>7</sup> Other analyses suggest that Vermont and Maine would need to *increase* the number of acres in agricultural production by more than 1 million if New England is to achieve a key metric of regional food self-reliance by providing 30% of their food from regional farms and fisheries.<sup>8</sup> The recent flooding underscored both the critical importance and the fragility of regional food system resiliency.

As a significant percentage of Vermont farm owners approaches retirement, farmland transfers and succession planning have become essential to maintaining the agricultural land base. The challenge is both economic and highly personal. From the perspective of farmers looking to sell a farm, transferring a farm can represent an intensely emotional experience, reflecting the culmination of a lifetime of labor, and a single opportunity to realize the value of the work they have put into the land and fund a secure retirement. In many cases, farmers would gladly sell or donate land if there were an obvious buyer or other entity they could convey it to and be assured it would stay in farming, but they are unable to locate such a buyer at the critical moment of sale and end up conveying their land to a developer. Inter-family transfers are not necessarily any easier, as the older generation needs to secure their retirement and siblings who do not wish to be involved in the farm enterprise still need to be made whole.

At the same time, it has become increasingly difficult for potential new farmers to obtain the necessary financing to purchase a farm as land values and housing costs continue to rise across the state. Even if a new owner can obtain financing, the economics of agriculture make it difficult for Vermont’s predominantly mid- and small-sized farms to achieve the kinds of profit margins needed to cover their mortgage payments. Add in the substantial capital costs in industries like maple and dairy, and the math for many new farmers simply doesn’t add up. Put simply, there are very few people with the combination of business and marketing acumen, knowledge of agriculture, *and* available capital to purchase a new farm and manage it successfully without substantial supportive measures. These challenges have become even more acute in the wake of the recent flooding emergency, which has added strains across the sector but has been particularly challenging for newer and/or less well-resourced farmers who lack the financial resources to withstand a temporary or permanent loss of income and infrastructure. There is a real fear that the one-time losses from the flooding will further accelerate long-term, problematic, and potentially irreversible trends towards land conversion.

Conservation, which in Vermont has typically taken the form of the permanent sale of development rights, has been a critical tool but is not sufficient to address the scope of the problem. While payment for a conservation easement can facilitate one transfer of farmland — through generating a cash infusion that can be used to compensate the seller — it has not been effective at facilitating subsequent transfers, in part because the value of restricted land is still extremely high when compared against the profit margins within the agriculture sector. Conservation in and of itself also does not address issues of equity towards marginalized groups that have been historically excluded from land ownership, and therefore do not benefit from the “one shot” cash infusion of a conservation easement. And despite Vermont having one of the most successful conservation programs in the country, conservation dollars are a scarce resource that can support only a percentage of farmland transfers statewide. Furthermore, success in conserving farmland is different from ensuring farmland continues to be actively farmed.

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<sup>7</sup> American Farmland Trust, [2040 Futures Scenarios: Vermont](#).

<sup>8</sup> New England Feeding New England, [2023 Report](#).

## Opportunities

These are structural challenges, and the Commission does not see any single tool or reform that will “fix” the problem. However, there are multiple tools and innovations that, when combined effectively, can have a substantial positive impact. The Commission suggests that fully leveraging and improving these tools through targeted funding, effective strategic planning, and institutional collaboration, should be a statewide priority. The recent flooding emergency — and the potential threat to agricultural lands that it entails — should provide policy makers with an even greater incentive to redouble their efforts in this area.

The Commission recommends that the state and other stakeholders pursue the following opportunities in the immediate term:

- **Leveraging regional dialogue and best practices to develop and adopt a statewide plan for farm succession.** In collaboration with key Vermont stakeholders and regional partners from other states, the Administration should support a regional dialogue focused on sharing innovations, identifying resources, and developing materials to support successful farmland transfers. Regional partners, like Maine Farmland Trust and others, could help co-convene and/or co-design the dialogue. Additional details on topics, materials, and stakeholders to include in the convening are included in the section below on “Stakeholder Collaboration.” The regional convening should funnel into a formal state planning effort for farm succession focused on identifying and scaling up approaches that mitigate the debt burden and other barriers to entry for new and young farmers. This statewide plan should include clear policy recommendations, templates, and other tools to enable successful farm succession, focused on enabling new and young farmers to participate in the industry on a significantly broader scale.
- **Providing incentives for succession planning.** Because many farmers are hesitant to pay for or engage in early conversations around business succession planning — and yet we know these conversations are essential for helping farmers navigate their options and complete successful transfers — the state should provide free access to one-on-one coaching that is part of an initial succession planning consultation. The consultation could be with an estate planner, lawyer, accountant, or other professionals equipped to advise the farmer on transfer options and pathways. Scaling up and improving succession planning and transition support was a key recommendation in the Commission’s 2022 Supplemental Report (see recommendation #3), and these incentives could be a component of the state’s farm succession plan, recommended in the bullet above.
- **Conducting a systematic review of Vermont’s land use and tax laws to ensure they are aligned with the state’s goals around farmland transfers.** Vermont should study how other states in the region and/or with significant agricultural economies utilize land use and tax laws to support farmland transfers, and identify areas of reform. The state should also consider reevaluating the Current Use value appraisal formula, to ensure it is serving the program’s goals in light of increasing land use pressures. This tax reform review and recommendations should be part of the farm succession plan noted above.
- **Identifying and investing in approaches that enable those who benefit from the presence of viable farms, including towns and various actors in the supply chain (such as milk or grain companies), to contribute financial or other resources to support successful farmland transitions.** The Commission does not have a specific model in mind but suggests this should be a guiding framework to support farm transfers moving forward. The simple fact is that farm transfers positively impact a much broader set of stakeholders beyond those directly involved in the transaction, and creative approaches should be explored to enable those stakeholders to

contribute towards the future of agriculture in a more meaningful way. Programs like the Vermont Pay for Performance Program and Vermont Farmers Ecosystem Stewardship Program (CSP+), which provide public dollars to compensate farmers for the public benefits of their production methods, represent an excellent start to acknowledging agriculture's meaningful contributions to our communities and could be built upon for broader impact. These models should be evaluated and included in the state's farm succession plan noted above.

In addition, the Commission believes the following tools and concepts have a strong potential to improve upon the status quo, and should be included and/or considered in the state farm succession plan:

- **Doubling down on time-tested programs that we know to be effective. In particular, the Farm and Forest Viability Program (FFVP), which the Commission has named for additional support in its 2021 Action Plan, is essential to helping farmers run successful farm businesses.** (See strategy #8 in the 2021 Action Plan.) Identifying and utilizing profitable agricultural business models is the most critical lever that will allow farmland to stay in agricultural production, and the FFVP is one of the State's most effective tools for enabling and supporting profitable farms.
- **Integrating succession planning into technical assistance programs, so that early planning around farm transfers, and awareness raising around the various options, becomes the norm.** Every government or non-profit program that supports Vermont farmers around business planning should address succession planning as an essential and expected piece of their work. Early planning creates opportunities for more innovative approaches (e.g., establishing an LLC to conduct gradual transfers over time) that may not be possible later. Doing this successfully will require improved communication and coordination across programs, so all are aware of the existing tools and strategies for farmland transfer support.
- **Designing programs that create value for Vermonters from historically marginalized groups, and who do not have access to generational wealth.** This should involve co-designing offerings with marginalized communities, increasing access to affordable housing, and scaling up initiatives, like the Land Access and Opportunity Board outlined in their "[Sunrise Report](#)" that support housing equity and land access.
- **Bringing federal dollars into the state and implementing practices that will make the land more resilient and Vermont farming more competitive, through Inflation Reduction Act funding for NRCS, flood recovery dollars, and other sources.** NRCS dollars in particular are likely to be an important funding source, and Vermont should make all efforts to put itself in a position to maximize these dollars.
- **Adjusting policies and programs to support conversion of *new* lands into agriculture, including under-utilized farmland.** In general, securing the land base should involve efforts both to clear under-utilized land for food production and to protect existing agricultural lands from development.
- **Adjusting state land use policy to more effectively support compact, clustered development and protect contiguous open lands.** Act 250 has not done enough to prevent development that cuts into open lands, making it unusable (or less usable) for productive farming.

**Beyond these discrete measures, the Commission believes it will be critical for stakeholders in general to expand their "toolkit" for supporting farmland transfers through innovation.** This should involve learning from and testing new models from other sectors that have been addressing similar issues for decades, such as the affordable housing sector, and sharing and spreading best practices across jurisdictions. Given the large number of programs already in existence, it is much more helpful to add

innovations to existing programs and combine programs together rather than starting new programs. Progress in the following areas would be especially useful:

- Leveraging tools that separate farming from land ownership/equity, while securing land in agriculture. The goal is to bring new farmers onto the land who have secure tenure and manage operating expenses, but who are not burdened with capital costs. Community land trusts, lease- or rent-to-own models, ground leases, long-term (e.g., 30-50 year) leases, and publicly owned land managed by a tenant farmer (as in the Great Brook Farm in Massachusetts) are representative examples.
- Identifying the next conservation “layer” to support transfers of farms that are already subject to a conservation easement. The goal is to develop more tools that can successfully facilitate transfers *after* value has already been extracted from the land via a conservation easement.
- Considering conservation options beyond the single lump sum payment for the permanent transfer of development rights, for example annual payments that run with the land, mentor packages that give the transitioning farmer payment for a period of years or the rest of their life, or 10-year conservation contracts. While there are very good reasons to focus on the permanent protections afforded by conservation easements and the simplicity of single lump sum payments, other tools also can have a role.
- Scaling up tools that provide financial support to new farmers — like transitional payments for farmers entering the sector, loan forgiveness, and financial incentives for adopting practices that support ecosystem services — and making these tools work together more effectively. The goal should be to stack multiple forms of financial assistance together, combine them with business planning support, and focus them on the moment of a farm transfer to maximize impact.
- Expanding conservation carve-outs for on-farm housing. Farmers cannot work the land if they do not have somewhere nearby to live. Conservation programs should adapt their expectations to account for the state’s housing needs. Making progress on this issue would likely require a broad and committed coalition from the agriculture and affordable housing sectors.
- Ensuring that farm easements are structured in a way that is best for the land and account for current and potential future economic realities. This may require allowing easements to be amended, as is the case in many other states. In general, there is a need to provide more flexibility with conservation easements to respond to changed realities and enable successful farm enterprises, while ensuring core land protections remain intact.
- Adjusting tax and land use policy so that it encourages people to get into farming, without expecting them to reach unrealistic thresholds like having 50% of their income come from farming. The current reality of farming in Vermont often includes farmers working multiple additional jobs. The Current Use incentives could be adjusted to incentivize more active farming. More efforts could be made to ensure prime agriculture soils, which are set aside and available, are utilized for farming.

The breadth of these ideas and options is indicative of the complexity of the challenge. Because the challenge of transition is different for every farm, the toolkit for success will by necessity be extensive.

### **Stakeholder Collaboration**

As these innovations take root, it will be critical to provide education across the sector — of service providers, lawyers, lenders, and others — on how to use these tools to effectively support farmers. This kind of cross-sector effort will succeed only through significant efforts among stakeholders, and substantial support from the Governor’s office and Legislature.

In general, the Commission believes it could be helpful to convene stakeholder workshops and develop shared materials, including but not limited to the regional dialogue on farmland transfers recommended above. Diverse stakeholders could come together to share innovations and develop materials for farmers statewide on key issues like key resources, people who can provide support, and key steps for getting on the land transfer path. Materials and approaches from neighboring states could be presented and discussed.

Critical stakeholders to bring to the table could include the following:

- Financial and estate planners, lawyers, and accountants
- Private and public lenders and other private sector actors (e.g., Farm Credit East, Vermont Economic Development Authority, banking associations, Vermont Association of Realtors)
- Technical assistance providers and programs (e.g., Vermont Farm & Forest Viability Program, Farm Service Agency, University of Vermont Extension, University of Vermont Institute of Rural Partnerships)
- Vermont Land Trust
- Regional and national partner institutions (e.g., American Farmland Trust)
- Experts from adjacent sectors like affordable housing (e.g., the Vermont Housing Finance Agency)

Alongside these efforts to bring stakeholders together to identify opportunities to support farmland transitions and succession planning, the Commission also acknowledges the need to address the workforce side of the equation. It is the job of higher education to identify the skills needed among successful new farmers, as well as other actors that enable successful farm transitions, and help train and enable the agriculture workforce of the future. For this reason, the Commission also strongly supports the convening of a summit among Vermont higher education providers to evaluate their curricula in light of the evolving needs of the state’s agriculture sector. Potential participants include Vermont State University, Sterling College Vermont, University of Vermont, Community College of Vermont, and Vermont’s Career Technical Education (CTE) centers.

At the end of the day, sharing materials and innovations among stakeholders is critical, but the Commission also recognizes that land transfer issues are highly personal, and each farmers’ situation is unique. There is no getting around the need for tailored, one-on-one coaching. **The Commission therefore strongly suggests that stakeholder convening and coordination feed into an expanded set of incentives for early one-on-one succession planning consultations and other components of a clearly articulated statewide farm succession plan, as suggested in the “Opportunities” section above.**

## ***B. Unlocking Regional Markets***

### **Context**

Unlocking the northeast regional market presents a significant opportunity for Vermont farmers and food business operators looking to scale up their production. Nearby states provide a broader consumer base than is available within the state, which brings the potential for increased economic returns. Additionally, increasing the supply of Vermont products in the regional market in turn increases region-

wide food resilience, allows for more sustainable distribution networks, and supports the goal of New England producing 30% of the food that it consumes.<sup>9</sup>

Amidst these opportunities, Vermont farmers and food businesses who endeavor to access regional markets face several challenges.

Increasing the supply of Vermont products in the regional market in turn increases region-wide food resilience, allows for more sustainable distribution networks, and supports the goal of New England producing 30% of the food that it consumes.

#### *Infrastructure*

**Firstly, there is a lack of physical infrastructure across the state to support businesses along the supply chain.** In particular, facilities for processing, freezing, storing, and packaging of produce are lacking across the state, as well as facilities for aggregation and distribution. The Commission highlighted the need for scale- and sector-appropriate infrastructure in its [2021 Action Plan](#) (strategy #5) and [2022 Supplemental Report](#) (recommendations #4 and #5). Strategically-placed shared use facilities could be important resources that could serve multiple producers and distributors.

There are already projects under way to estimate *how much* capital investment the state needs to support a resilient supply chain and *where* in the state that infrastructure would best be placed. The Farm to Plate Network and Vermont Sustainable Jobs Fund (VSJF) were recently awarded a USDA Resilient Food Systems Infrastructure Program (RFSI) grant to conduct an analysis of the supply chain across the state and develop opportunities for collaboration. Additionally, Larklea (Tad Cooke) has done an initial analysis of the statewide investment that would be needed to support a resilient supply chain.

Furthermore, business owners that have accessed investments for scaling up often find it difficult to manage these projects, which often last several years. There is a need to raise awareness about the project management skills required to manage an infrastructure project from start to finish. The Working Lands Enterprise Initiative has found that larger projects often benefit from having an in-house project manager. It would be worthwhile for large funders to consider these “best practices” when advising on and awarding grants and other investments. Producers and business owners might also benefit from participating in peer learning opportunities to learn from one another as they scale up their enterprises, and/or creating an Advisory Board for their business to gain access to outside expertise and input.

The Commission believes that tackling the need for infrastructure would require coordination among all the relevant players in the sector, particularly to overcome the reality that these actors are often competing with each other for limited infrastructure funding. These players include:

- For-profit and nonprofit distributors, aggregators, and food hubs;
- Funders and fiscal sponsors, such as the Working Lands Enterprise Initiative and Vermont Farm & Forest Viability Program;
- The Agency of Agriculture, Food, and Markets;
- Regional Development Corporations;
- Business assistance providers, such as the Vermont Sustainable Jobs Fund;
- Strategic analysts working on infrastructure and supply chain issues; and

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<sup>9</sup> For more information about the 30% goal, see New England Food System Planners Partnership, [New England Feeding New England](#).



- A third-party convenor, such as the Farm to Plate Network.

State government could play a leading role in this coordination effort by making an initial strategic investment, which would in turn coordinate and unlock further investment from the private sector.<sup>10</sup> In FY 2024 the State has appropriated \$2.3 million for a grant program to make strategic investments to support farmers, processors, and businesses in the produce, meat, and maple processing sectors. While this amount is a helpful start, the Commission believes that further investment is needed to catalyze the necessary deployment of infrastructure.

#### *Production models*

**Secondly, Vermont’s small-scale production model for many of its agricultural products makes accessing regional markets difficult.** For many crops in Vermont, the prevailing model is small-scale production. This type of production is especially vulnerable to economic shocks and sudden changes in market forces. During the recent flooding emergency, for example, Vermont’s small-scale producers were especially vulnerable due to their lack of key protections like crop insurance. According to the Vermont Severe Weather and Flooding Loss & Damage Survey Results, over 75% of respondents claiming loss and damage classified as small or certified small farm operations. As a result, many producers in Vermont have come to rely on funding from state and federal government programs as part of their business models. Additionally, many of the small-scale producers who have been able to access regional markets have done so by targeting niche sub-sectors of the consumer market via, for example, organic certifications.

For Vermont producers to be able to sustain their competitiveness in regional markets, the agriculture sector across the state will need to shift toward “expanding the middle.” This approach would mean that Vermont focuses on medium-scale production — larger than niche production but less extensive than the large-scale farming practiced in regions like the Midwest, the central valley of California, and elsewhere. It would also entail supporting farms and value-added enterprises to become economically self-sustainable, rather than reliant on external support. By taking this approach, Vermont would be able to maintain its diversified agricultural economy and avoid over-reliance on one crop, which would render the state more resilient in the face of economic shocks and natural disasters.

The Commission believes that statewide investment could be more effective if there were larger, scale-appropriate investments for producers who choose to scale. Furthermore, these investments should be coupled with advanced business assistance to help producers with challenges they might face when producing at larger scale.

#### *Market readiness*

**Thirdly, many food producers and sector players lack the business savvy to be able to strategically scale their businesses up.** While many farms and value-added enterprises have been successful in managing their businesses at smaller scales, the step up to regional market penetration requires greater attention to a range of considerations, including branding their products, satisfying food safety and other standards, and networking with potential clients, partners, and intermediaries. Beyond producers, the entrepreneurial skills needed by other important sector players like distributors and aggregators increase as their businesses scale up.

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<sup>10</sup> This approach is similar to the federal Inflation Reduction Act (2022), by which federal government appropriations have aligned and unlocked investment in climate change solutions from private players.

This challenge is one of the reasons for the establishment of Vermont Way Foods, which serves as an aggregator for Vermont produce under a common brand in order to penetrate large regional grocery chains and markets. Similar models might be able to support farmers as they make the step up to regional markets.

Additionally, there has been some support across the state for education around market readiness. For example, VAAFM and the Farm to Plate Network have hosted a successful series of “Farmer to Retailer” training programs. These programs involve cohorts of farms and value-added enterprises and cover a range of topics including permits, payments, food safety, labeling, packaging, and other aspects of market readiness. Other market players, like small distributors and grocers, could also benefit from these programs. The programs have also generated and compiled an inventory of useful learning resources that could help producers navigate various market access challenges. These resources could be shared online in a central location so that a wider audience can access them.

Food enterprises often benefit from peer-to-peer learning where participants have opportunities to share challenges facing their businesses and receive direct feedback from peers. Another approach is for business operators to create an [advisory board](#) for their business, to provide outside expertise and input. The Commission believes that there could be benefits to exploring ways to encourage producers and market players to participate in peer-to-peer learning opportunities or to create an advisory board, for example as a stipulation of any funding or technical assistance awards.

#### *Demand*

**Fourthly, there remains a need for *demand creation* in regional markets for Vermont agricultural products.** While Vermont agricultural products are generally well-known within the state to be of high quality, that value often does not translate to consumers across the region. When they enter regional markets, many crops are undifferentiated from similar products from other sources, which makes it difficult to claim added value from being produced in Vermont. In addition, production in Vermont is often more expensive than in other states, which renders these products unable to compete on price. This is another reason why producers who have sold products regionally have chosen to compete in other ways, such as targeting niches within the market (e.g., ethically minded consumers). While the niche approach has been successful for some producers, it has limited their ability to generate economic activity at scale across the state.

#### **Opportunities**

One particular advantage that benefits Vermont is its proximity to the other states in the region. The Northeast sits at the end of the nation-wide food supply network which transports products from west-to-east. Building up the region’s food resilience and sustainability would require sourcing more food from within the region. This places Vermont at an advantage, given its lower population and relatively high agricultural density compared to neighboring states. In previous reports, the Commission has highlighted the need for investment in a marketing study to understand the ways that consumers are interfacing with Vermont agricultural products as a baseline for future marketing efforts, and we reiterate the call for such a study in this report.<sup>11</sup>

While much more analysis and conversation will be required to resolve these challenges and chart a path forward, the Commission has identified several additional next steps that could be useful in the

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<sup>11</sup> See strategy #17 from the [2021 Action Plan](#) and recommendation #12 from the [2022 Supplemental Report](#).

near- to medium-term. In the immediate term, the Commission recommends the following opportunities to advance this issue:

- **Prioritize and expand available grant funding that strategically supports infrastructure and businesses along the supply chain necessary to help farm enterprises increase their scale of production and access wholesale markets.** These include, specifically: 1) scale- and sector-appropriate infrastructure such as on-farm processing and food safety infrastructure, and 2) middle-of-the-supply-chain enterprises (e.g., value added processing, aggregation, and distribution), and in particular strategically-placed shared use facilities that could serve multiple producers and distributors. Vermont Way Foods, for example, has already demonstrated some success in accessing regional markets as a middle-of-the-supply-chain collaborative. Initiatives like this represent the critical under-developed components of the Vermont agricultural ecosystem that are needed to unlock farm and food producers' access to regional markets.
- **Support learning in the industry and advanced business assistance** for producers and businesses along the supply chain that are aiming to scale up and seeking capital investment. Measures should include establishing and supporting cohort-based training programs, and increasing available project management support. For example, funders could provide increased support for staffing for project management and/or include it as a condition of grants.

Other opportunities to pursue include the following:

- **Conducting an infrastructure investment analysis** to understand the infrastructure needs to support an increase in regional distribution. This analysis could build on work already done by Larklea (Tad Cooke) to estimate the investment needs within the state.
- **Conducting a marketing assessment** to understand how Vermont products currently fare in regional markets and what opportunities are available for expansion.
- **Convening strategy-level conversations** focused on exploring what it would take to steer the state toward investing more in medium-to-large scale production. These conversations could take place within the Farm to Plate Network, which could serve as a third-party convenor.
- **Identifying and supporting a set of pilot projects** that are pursuing shared infrastructure investments and/or other investments targeted at accessing regional markets, to support learning by doing. The University of Vermont's new Institute for Rural Partnerships may be a potential partner in this endeavor. Depending on the Institute's areas of focus, which are still emerging, it could help identify project partners, support a project research/learning component, and/or provide some project support via its recent USDA grant.

### ***C. Improving Grant Accessibility***

#### **Context**

Many businesses within the agriculture and food system frequently access grant funding and rely upon federal, state, and local resources to sustain their business viability and support innovation or expansion efforts. While there are many different grant programs and, at times, lots of resources, the funding sources committed to support our agriculture and food businesses change routinely, can be confusing, and their accessibility to all populations is limited.

Grant accessibility challenges become even more acute during periods of industry disruption or shock, like the recent flooding emergency, when quick and easy access to available funds can make the difference between enterprise surviving and going bankrupt.

Many organizations and partners are involved in these grant programs; many different mechanisms, portals, and online sources are utilized for grant accessibility; and every program has different eligibility and application requirements. The challenges begin with language barriers and extend to complicated application processes and unrealistic timelines. This accessibility challenge has led to populations not successfully accessing grant funds and others feeling frustrated by their experience. The challenge cuts across the sector but is especially acute for newer farmers, small and medium-sized enterprises, and farmers and entrepreneurs from historically underserved communities, who may lack the resources and/or networks to connect them to and help them successfully navigate funding opportunities. Grant accessibility challenges become even more acute during periods of industry disruption or shock, like the recent flooding emergency, when quick and easy access to available funds can make the difference between enterprise survival and going bankrupt.

### **Opportunities**

The issue of grant accessibility is a known challenge and program organizers are open and willing to explore accessibility solutions. The Commission believes that the interest in tackling this problem is significant, it is just a question of convening the right group of stakeholders and structuring the right conversations.

In the near-term, the Commission recommends that the state and other stakeholders prioritize the following initiatives:

- **Identifying and supporting an appropriate mechanism for grant and regulatory “navigation” support for agricultural enterprises.** The recent flooding emergency was a stark reminder of the long-standing need to raise awareness around available grant opportunities and help businesses navigate regulations and secure funding successfully. The Commission has previously recommended the establishment of statewide “navigator” positions housed at VAAFM or elsewhere, though the critical issue is less who does this or where the position is housed, just that the issue needs urgent attention.<sup>12</sup> One option could be to expand the Small Business Technical Exchange Program, which launched this month after three pilot iterations, to incorporate support for agricultural enterprises, or create a separate program modeled after it. The Small Business Technical Exchange recently went through the Community Navigator Pilot Program and is focused on supporting assistance to small businesses via funding provided through Regional Development Corporations (RDCs). It is poised to begin providing much-needed support to small businesses in the near future, and represents a strong design in that it focuses on identifying contractors with the relevant skills to support businesses effectively, and uses an intermediary (the RDCs) to help match them with the right businesses. It could prove an effective model for supporting agriculture either through RCDs or other agriculture technical assistance networks like Natural Resources Conservation Districts.
- **Studying the possibility of an “Agriculture and Rural Economic Development Fund” supported by existing tax revenue:** The funds could be administered by the Working Lands Enterprise Board and annually appropriated to priority initiatives and partner organizations. This fund would be modeled after the Clean Water Fund structure where the needs are known, the resource can be relied upon, and the priorities are supported by the represented state agencies and appointed members of the public. Similar agriculture economic development initiatives exist elsewhere, [such as the State of Kentucky](#), and these could serve as models.

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<sup>12</sup> See strategy #10 from the [2021 Action Plan](#) and recommendation #8 from the [2022 Supplemental Report](#).

More broadly, the Commission recommends the state or other entity should **convene key stakeholders to develop and advance a Coordinated Grant Accessibility and Funding Strategy for Vermont's agricultural and food system**. The stakeholder process and strategy should address three key issues:

### 1. Grant accessibility needs assessment

The process should begin with a needs assessment and community engagement process to understand where problems and challenges lie. Currently, funders lack a full understanding of which businesses are unaware of funding opportunities or otherwise failing to apply, why, and where are the priority areas of need. The needs assessment would seek to answer these questions to help guide the development of strategy.

### 2. Grant accessibility funding sources strategy

After clarifying the needs, the process would support the development of a coordinated funder strategy to meet these needs. Granting partners would engage in a process to establish a shared, overarching 12-18-month strategy for coordinating and ensuring the accessibility of their investments in Vermont's agriculture community and food system. This coordinated effort should involve:

- Establishing a focused message around needs and a structured funding mechanism for collectively responding to priority areas.
- An explicit and transparent carve out funding for historically underserved communities.
- Consistent and sufficient funding levels so applicants can rely upon the funds being available year after year, and to ensure funding better matches industry demand. New and different funding resources should be leveraged for agriculture to address the mounting concerns around food security and maintenance of an open working landscape.

### 3. Coordinated assistance to individuals and businesses to achieve successful grant accessibility

As part of their efforts to implement the strategy, funders should work together to coordinate efforts at improving grant accessibility. Coordination activities should include:

- **“Navigator” support:** As suggested above, the strategy should ensure the development of sufficient funding for “navigator” support to address accessibility concerns identified in the needs assessment.
- **Communication around funding availability:** A comprehensive list of funding opportunities should be assembled and updated to ensure businesses are aware of available programs. Awareness of funding should be shared with business advisors and policy makers so they can incorporate agricultural messaging into community development, climate resilience, and rural economy investments.
- **Grantee Technology Assistance and Readiness:** Technology infrastructure support is needed to help applicants navigate the granting options. The establishment of a “tech team” is an option to support businesses in preparing materials to apply for various federal and state grants. This need aligns with the navigator positions that have been discussed as essential to help businesses navigate regulatory requirements and necessary permits for project implementation. In addition, focused attention on increased computer literacy and tech savviness at the applicant level is also essential in ensuring improved grant accessibility.
- **Rightsizing funding to business:** Part of business readiness support involves matching a business's needs with appropriately scaled funding and corresponding application complexity. Conversations about a coordinated funder strategy should consider this issue and should involve

the development of a toolkit of resources for technical assistance providers to utilize in their engagement with businesses. The toolkit should support technical assistance providers in assessing need, aligning that need with an overarching funding strategy, and identifying sufficient funding support to meet the need.

- **Secretary of State Registration:** Explore the feasibility of requiring all agricultural businesses to register with the Secretary of State, like every other type of business does, in order to access state grant funds. This prerequisite would centralize all critical business information, allow for self-attestation of demographics, and make it easier to share funding opportunities with eligible applicants. Getting all the state's agriculture and food businesses registered will have costs at the outset, but over the long-term will improve funding accessibility and efficiency.
- **Develop a common application:** Simplification of the grant application process can be achieved through development of a common application for state investments, such as already exists within the field of post-secondary education. This process will likely take two to three years to implement but will make applying for state grants more streamlined, predictable, and accessible. The use of a common application could be further streamlined if, as suggested above, all agricultural businesses register with the Secretary of State.

### **Stakeholder Collaboration**

To advance this issue effectively, various stakeholder groups would need to be involved. It would be critical to include as diverse and comprehensive a group of funders as possible, including the Vermont Community Foundation, state agencies, federal programs, and NGOs. Funders would be called on to share their funding visions and requirements, and work with each other to identify and implement shared strategies.

Likewise, prospective applicants (individuals and businesses) would be engaged as part of a community engagement process. Such efforts would be the focus of the first numbered opportunity named above (the needs assessment) but would be critical in the latter two opportunities as well to ensure strategy and implementation account for applicants' key needs and goals. Stakeholder groups within this category would include underserved populations, communities with less access to technology, and unsuccessful applicants.

Lastly, it would be important to engage with technical assistance partners that are offering grant writing and business assistance, to reality test strategy vs. on-the-ground realities, and coordinate implementation efforts. Key stakeholders would include the Vermont Farm and Forest Viability Program's network of advisors (including University of Vermont Extension, the Northeast Organic Farming Association of Vermont, Intervale Center, the Center for an Agricultural Economy), Regional Development Corporations, Conservation Districts, and others.

Moving forward, the Commission recommends the state or other entity convene a facilitated dialogue or conference to bring all stakeholders together for a strategic discussion about the plan, funding sources, and technical assistance needs. A number of organizations could be excellent hosts of such a convening on their own or in partnership, such as the Vermont Food Funders Network, the Vermont Sustainable Jobs Fund, or the Vermont Housing and Conservation Board, among others. The convening would be similar in style to the 2019 Northeast Dairy Summit or Vermont Farm to Plate Annual Gatherings. Advance efforts should be utilized to support the dialogue process, such as a simple three-question survey to businesses and individuals to ask about their grant applications, their accessibility experience, and technical assistance support received. (The process could leverage producer association

groups to distribute the survey, such as Vermont Sheep and Goat Association, the Vermont Vegetable and Berry Growers Association, etc.) Following this initial convening, partners should connect with philanthropic, state and federal partners to discuss support for the grant accessibility plan and big picture strategy.

## V. Conclusion

The Commission delivers this, its final report, with no small amount of pride and gratitude. We are grateful to the Governor for enabling us to meet, build relationships, leverage our collective expertise, and help shape the future of Vermont agricultural policy. As we conclude our work, we urge the Governor to continue to be a champion for the agricultural sector by supporting long-term investments that enable progress towards our vision of a sustainable, healthy, diverse, and resilient Vermont agricultural ecosystem.

The Commission further urges the Administration to continue its investments in government-industry stakeholder engagement and collaboration. A number of the characteristics of this Commission were particularly effective and could be replicated moving forward. These include:

- Convening a group that represents a broad stakeholder mix. It was especially helpful that the Commission included a mix of farmers, agriculture and food entrepreneurs, advocates, and industry and issue experts.
- Meeting with panels of individuals from populations that are directly affected by key government policies and/or sector challenges. Commission-supported panels, including new and young farmers, mid-scale business advisors, and agriculture and environment stakeholders were particularly impactful and helpful for clarifying priority policies.
- Allowing the group to meet on an ongoing basis over time, to build trusted relationships and advance the group's collective thinking.
- Tasking the group with identifying policy priorities, not merely a list of options, to help narrow and focus policymaking on key needs.
- Utilizing sub-groups that could take a deeper dive into specific issues and report back to the larger Commission group.
- Providing an official agency imprimatur on the group's deliberations and reports, enhancing its credibility.
- Using members to testify in front of the Legislature, providing important on-the-ground voices to inform legislative deliberations.
- Encouraging members to engage with their constituencies, helping these constituents shape their messages and requests to align with broader sector needs as articulated in the Commission's recommendations.
- Involving both VAAF and VACCD in the discussions, to help draw connections across agriculture and economic development programs and policies.
- Ensuring ongoing agency engagement in and support for Commission discussions.

Moving forward, the Commission does not think it is necessary for an agriculture stakeholder group to continue meeting every month. However, the Commission strongly believes that it would be helpful for a similar group to meet a few times a year with VAAF and VACCD to review implementation progress, offer evolving suggestions, and help the agencies prioritize key needs and opportunities. Maintaining and enhancing the relationships that have been built through this process will help ensure stakeholder



voices, expertise, and connections are available to support sound policy over time and at key moments, such as the next economic or climate emergency.

The Commission thanks the Governor for the opportunity to support the state on these key endeavors and looks forward to feedback from the Governor on this report and its work overall.

## Appendices

### I. List of Commissioners

- Anson Tebbetts, Secretary, Agency of Agriculture, Food and Markets (Co-Chair)
- Lindsay Kurrle, Secretary, Agency of Commerce and Community Development (Co-Chair)
- Richard Berkfield, Food Connects
- Leon Corse, The Corse Farm Dairy
- Jed Davis, Cabot Creamery Cooperative
- Kate Finley Woodruff, UVM College of Agriculture and Life Sciences
- Harold Howrigan, Howrigan Family Farms
- Ellen Kahler, Vermont Sustainable Jobs Fund
- David Mance, Jr., Mance Family Tree Farm
- Leslie McCrorey-Wells, Pizzeria Verità, Trattoria Delia, and Sotto Enoteca, Co-owner
- Miekko Ozeki, Vermont Farmers Market Association
- Josh Poulin, Poulin Grain Inc.
- David M. Roth, The Wakaya Group
- Steven Schubart, Grass Cattle Company

### II. 2022 Focus Areas and Recommendations

Focus Area	Recommendation
<b>Core Focus Area:</b> <b>Leverage economic development and local food funding opportunities for maximum impact</b>	<i>Recommendations to align funding with needs and opportunities across the sector</i>
	1. <u>Appropriately Scaled and Consistent WLEF Funding</u> : Increase support for the Working Lands Enterprise Fund and ensure it is predictable over the long-term. Funding request: FY23: \$1M (GF base funding) and \$4M (GF one-time funding). Future years: \$3M (GF base funding).
	2. <u>Dairy Modernization Fund</u> : Create a specialized grant program at VAAFM to support innovation and modernization among the next generation of conventional and organic dairy farmers and farm workers and address funding gaps in storage, handling, and other infrastructure. Funding request: \$20M (GF one-time funding)
	3. <u>Dairy Succession and Transition Support</u> : Support the next generation of conventional and organic dairy farm families with startup and transition costs, with a focus on farm succession/transfers. Funding request: FY24 and FY25: \$2.5M (GF one-time funding, each year)
	4. <u>Food Producers and Value-Added Processors Funding</u> : Allocate funding to VAAFM to provide dedicated, competitively awarded, grant funding for small and mid-sized agricultural producers and value-added processors in the meat, vegetable, and maple sectors. Funding request: \$15M (one-time funding over 1-3 years)
	5. <u>Distribution Hub Expansion</u> : Allocate support for expansion of distribution hubs (cold, freezer, and dry storage, cross docking capacity, strategically located in different parts of the state) to enable small and mid-scale producers to more easily get their products on trucks headed for New England and New York markets in response to consumer demand. Funding request: \$5M (GF one-time funding)

	<p>6. <u>Agritourism Expansion</u>: VACCD in collaboration with VAAFM should promote the Community Recovery and Revitalization Grant program to farms interested in making infrastructure improvements to their farm-based agritourism operations (e.g., parking and sanitation improvements, on-site marketing capacity). Funding request: At least \$2.5M of grants should be available for such projects</p>
	<p>7. <u>Implement Ag and the Environment Investments</u>: The Administration should take measures to effectively shepherd strategic investments in agriculture and the environment, optimizing current funding for climate-smart agriculture, PES, and other initiatives to maximize positive outcomes. Funding request: \$0 new funding (~\$6M already funded)</p>
	<p><i>Recommendations to ensure funding accessibility and equity, and address regulatory hurdles</i></p>
	<p>8. <u>Permitting, Regulation, and Funding “Navigator” Pilot Program</u>: The Administration should revisit the Commission’s 2021 recommendation to establish a new full-time permitting, regulation, and funding “navigator” position or positions to assist a range of farm and food businesses by streamlining their experience of government programs and resources, beginning with an initial 3-year pilot program to assess the need and evaluate impact. Funding request: \$1M</p>
	<p>9. <u>Grant Program Outreach and Accessibility</u>: VAAFM and VACCD should continue to improve their websites and outreach efforts to draw users to their on-line repository of grant programs and webinars, which explain eligibility guidelines for grant programs run by state and partner agencies. Funding request: \$150K (one-time)</p>
	<p>10. <u>Dedicated Outreach to BIPOC Farmers and Food Entrepreneurs</u>: Devise and deploy a robust communications plan to conduct outreach to BIPOC farmers and food entrepreneurs with all new initiatives listed above. Funding request: \$500K for yr 1; \$250K/yr thereafter</p>
	<p>11. <u>Advancing Racial Equity Within State Government</u>: The Administration should build on and accelerate agencies’ work to respond to racial equity efforts. Funding request: \$300K</p>
<p><b>2022 Enabling Focus Area 1: Clarify and Enhance the Vermont Brand</b></p>	<p>12. <u>Cross-Sector Benchmarking Research on the Vermont Brand</u>: Provide funding for research to update and examine the current perception of the Vermont agriculture and food brand. Funding request: \$1M (one-time)</p>
	<p>13. <u>Brand Toolkit for Small and Medium-Sized Enterprises</u>: Allocate funding to develop a Vermont agriculture and food brand toolkit, trainings, and technical assistance hub to support small and medium-sized farm and food businesses and aggregators, and to grow Vermont brand. Funding request: \$1M (one-time)</p>
<p><b>Enabling Focus Area 2: Connect and build trust among agriculture and environmental stakeholders</b></p>	<p>14. <u>Convene a Structured Stakeholder Dialogue Process on Ag and the Environment</u>: The Administration should support a structured dialogue among key agriculture and environmental organization stakeholders, with a goal of improving communication and enabling cross-sectoral agriculture and eNGO collaboration. Funding request: \$250K for yr 1; \$100K/yr thereafter</p>

### III. 2022 Recommendations and FY24 Budget Outcomes

Commission Recommendation and \$ Ask	FY24 Final Budget Item or other funding source	FY24 Final Budget \$	Responsible Entity
<b>2022 Core Focus Area: Leverage economic development and local food funding opportunities for maximum impact</b>			
<i>Recommendations to align funding with needs and opportunities across the sector</i>			
1. Appropriately Scaled and Consistent WLEF Funding: FY23: \$1M (GF base funding) and \$4M (GF one-time funding). Future years: \$3M (GF base funding).		\$1M (one-time)	AAFM
2. Dairy Modernization Fund: \$20M (GF one-time funding)	NE-DBIC Round 5 funding	\$7M for NE region	AAFM
	Beef on Dairy program supporting dairy viability through raising beef genetics	one-time GF \$200K	VSJF
3. Dairy Succession and Transition Support: FY24 and FY25: \$2.5M (GF one-time funding, each year)	Organic dairy relief assistance	one-time \$6.9M	AAFM
	Dairy Margin Coverage 2023 premiums	one-time \$415K	AAFM
4. Food Producers and Value-Added Processors Funding: \$15M	Agriculture Development Grants - infrastructure investments in meat, maple and produce industries	one-time \$2.3M	AAFM
5. Distribution Hub Expansion: \$5M (GF one-time funding)	USDA Resilient Food System Infrastructure Grants	\$4.5M (federal)	AAFM
	Support retail market engagement efforts	one-time \$100K	VSJF
	Establish a VT food processing facility	one-time \$500K	Salvation Farms
6. Agritourism Expansion: At least \$2.5M of grants should be available for such projects	USDA FSMIP award - grow VT's Agritourism industry	\$358K (federal)	AAFM
	H128: AAFM-NRB collaboration, governor endorsement		
7. Implement Ag and the Environment Investments: \$0 new funding (~\$6M already funded)	Vermont Pay for Performance program	\$1,615,475 (federal)	AAFM
	Vermont Farmers Ecosystem Stewardship Program (CSP+)	one-time GF \$1,000,000	AAFM
<i>Recommendations to ensure funding accessibility and equity, and address regulatory hurdles</i>			
8. Permitting, Regulation, and Funding "Navigator" Pilot Program: \$1M	Additional investments in Vermont Conservation Districts	\$500K	AAFM
9. Grant Program Outreach and Accessibility: \$150K (one-time)	Interpreter and Translation Services master contract for State of Vermont		
	New and Beginning Farmers Resources and Services Report to Legislature (2023)		
	Small Farmer Diversification and Transition grant program	\$150K	AAFM

10. Dedicated Outreach to BIPOC Farmers and Food Entrepreneurs: \$500K for yr 1; \$250K/yr thereafter	USDA LFPA program supporting farms providing local food to historically marginalized communities  AAFM capturing voluntary demographic info of grant program applicants for first time in FY24	\$1M (federal)	AAFM
11. Advancing Racial Equity Within State Government: \$300K	AAFM completed racial equity and belonging audit (REBA) and DEI Agency Action Plan	N/A	AAFM
<b>2022 Enabling Focus Area 1: Clarify and Enhance the Vermont Brand</b>			
12. Cross-Sector Benchmarking Research on the Vermont Brand: \$1M (one-time)	N/A	N/A	
13. Brand Toolkit for Small and Medium-Sized Enterprises: \$1M (one-time)	N/A	N/A	
<b>2022 Enabling Focus Area 2: Connect and build trust among agriculture and environmental stakeholders</b>			
14. Convene a Structured Stakeholder Dialogue Process on Ag and the Environment: \$250K for yr 1; \$100K/yr thereafter	N/A	N/A	