



State of Vermont
116 State Street
Montpelier, VT 05620

Agency of Agriculture, Food & Markets
802-828-2430
agriculture.vermont.gov

MEMORANDUM

TO: Senators Starr, Collamore, Westman, Campion, and Wrenner, Senate Committee on Agriculture

FROM: Steve Collier, Abbey Willard, and Kristina Sweet, Vermont Agency of Agriculture, Food & Markets

DATE: April 7, 2023

RE: FY2024 Proposed Investments in Agriculture

CC: Linda Leehman, Committee Assistant

The Agency of Agriculture, Food & Markets respectfully responds to the Senate Agriculture Committee’s April 5, 2024 request to highlight critical working lands investment needs, including challenges and deficits specifically within the meat, maple, and produce sectors. As requested, the Agency also outlines the basic FY24 budget differences between the Governor’s Recommend and the House Chamber’s appropriations.

Proposed FY24 Investments for Vermont Agriculture

| Program | Governor’s Recommend | Details/Comments | Passed House Budget | Details/Comments |
|--|----------------------|---|---------------------|--|
| Future of Agriculture Economic Development Grant Program | \$10M | one-time appropriation; includes \$125K for temp staff; rec from Future of Ag Commission report | \$5M | one-time appropriation; no \$ for temp staff; limit maple investments to 25% of total grants; excludes hydroponics |
| Working Lands Enterprise Initiative (WLEI) | \$3M | one-time appropriation | \$1M | one-time appropriation |
| WLEI | \$1M | base allocation for WLEI | \$1M | base allocation for WLEI |
| H.205 Small Farm Diversification and Transition Program | \$0 | | \$350K | Defines small farmer, program eligibility, applicant ranking, and application deadlines |
| TOTAL | \$14M | | \$7.35M | |

Future of Agriculture Economic Development Grant Program

The Governor’s recommended budget directs \$10,000,000 in one-time funding to provide dedicated, competitively awarded grant funding for small- and mid-sized agricultural producers and value-added processors in the meat, produce, and maple sectors, **as recommended by the Governor’s Commission on the Future of Vermont Agriculture**. This proposed appropriation includes \$125,000 to support the cost of temporary employees to administer the grants and provide outreach to marginalized and underserved communities.



Agriculture Investments vs. Infrastructure Needs

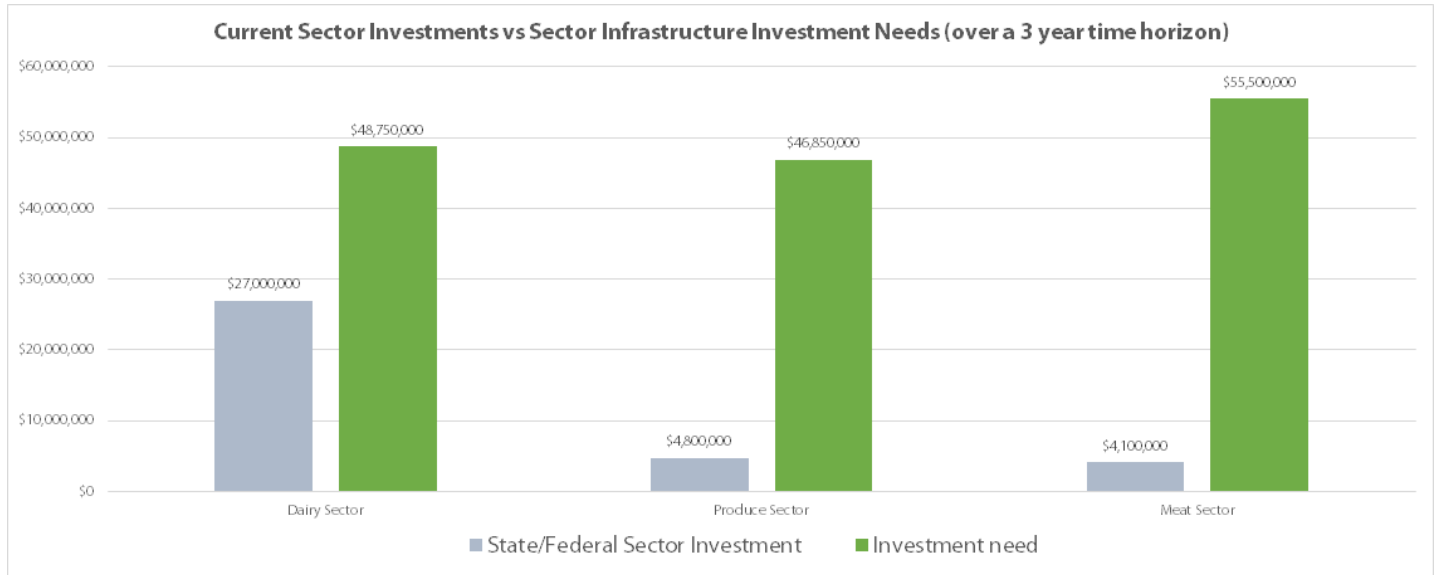


Chart above estimates infrastructure investment needs projected over the next 3 years by ag industry sector. Data source: AAFM and VSJF

State/Federal Sector Investments over ~10 years include: AAFM Ag Dev Division grants, ARPA/CRF awards, ACCD - CIP and CRRP grants, and 2021-2022 USDA meat grants.

Maple sector investments over the past decade have been surprisingly low (\$730,000). We do not yet have projections for maple infrastructure needs.

Dairy industry investment and infrastructure project data provided for comparison. Projected dairy investment needs are focused on value-added production for bulk and specialty wholesale products for institutions and retail and attribute-specific dairy products such as 'organic' and 'grass-fed'.

Industry Facts

Meat and Poultry (Production and Processing)

- 3,377 livestock and poultry operations (2017 USDA Ag Census, incl. eggs)
- 39 slaughter/processing facilities, state or USDA/federally inspected
- Recent state/federal industry investments (over ~10 years): \$4.1M

| Challenges | Needs |
|--|---|
| Significant meat slaughter and processing capacity challenge in VT | Projected infrastructure investment need (over ~3 years): \$55.5M |
| Producers are forced to process out of state | Facility expansion or renovation, equipment procurement, new facilities |



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| Lack infrastructure for small ruminants, halal inspection | Transition from custom to state/federal inspection or partnership opportunities |
| Federal funding available is too complicated, poorly scaled, and not accessible by our operations | Investment in value-added curing, smoking, aging |
| Livestock production expansion limited by current processing capacity | State funding tailored to Vermont industry needs with staff to support program implementation |

Produce (Fruit and Vegetables)

- **Over 600 Vermont produce farms** including apple orchards
- 1,143 operations growing produce (2017 USDA Ag Census)
- 6,782 acres in produce production (2017 land in vegetables, orchards, and berries)
- Industry economic contribution: \$52 million
- Recent state/federal industry investments (over ~10 years): \$4.8M

| Challenges | Needs |
|---|---|
| Operations are generally small and selling into saturated direct to consumer market | Projected infrastructure investment need (over ~3 years): \$46.85M |
| Need to scale operations to access wholesale markets | Investments in storage and value-added processing equipment |
| Utilizing repurposed dairy barns or temporary infrastructure | Renovations and expansion needed to existing infrastructure, improvements for food safety |
| Capitalize on nearby markets and reach new out of state consumers | Expanded production and utilization of additional acreage |

Maple

- ~2,800 maple operations
- Sugar makers responsible for 6.65 million taps (2022)
- Annual maple syrup production: 2.55 million gallons (2022)
 - o Next highest US production: 845,000 gallons, NY (2022)
- Industry economic contribution: \$56 million
- Largest maple syrup producer in the country
- Recent state/federal industry investments (over ~10 years): \$730,000

| Challenges | Needs |
|---|---|
| Industry is growing quickly – 536% increase in production (# of gallons) over 20 years. | Expanded storage (sap and syrup), energy efficiency/electricity access, water access, road improvements |
| Rapidly evolving technology and innovation opportunities | Facility and equipment upgrades to meet food safety requirements |
| High barrier to entry (cost of equipment) | Grow quality production to ensure maple as a staple pantry items |



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| High labor, energy, and packaging costs | Infrastructure improvements for increased efficiency and energy use |
|---|---|

Working Lands Program Impacts

The Governor’s recommended budget directs \$1,000,000 in base funding and \$3,000,000 in one-time funding to support the Working Lands Enterprise Initiative program, **as recommended by the Governor’s Commission on the Future of Vermont Agriculture**. Working Lands is an established program since 2012 making catalytic investments in farm, food and forestry enterprises. To date the program has invested \$13.6M in awards to 418 businesses, leveraging an additional \$22.5M in matching funds.

Program impact metrics

- Employing over 1100 people in working lands businesses
- Benefiting 24,000 acres of land
- Creating 539 new jobs
- Generating \$55m in sales

| Challenges | Needs |
|---|--|
| Each funding cycle we see program funding request outpacing available funding and needing to turn down high-quality project proposals | Consistent and sufficient funding that better meets demand and allows businesses to plan |
| Each of the past 3 years have seen over \$10 million in demand | Larger appropriation to provide continuum of funding from \$10,000-\$250,000 (i.e. small businesses/associations to large supply chain/market impact awards) |