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March 28, 2023

Chair Samantha Vang
House Agriculture Finance and Policy Committee
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Dear Chair Vang and members of the committee:

On behalf of Minnesota Farmers Union (MFU), I write to share our strong support for provisions included in your agriculture finance bill (HF2278 DE) that are important to our family farmer members. We appreciate your hard work on this proposal and also take the opportunity to highlight provisions we would like to see further prioritized in a final package.

While agriculture is the foundation of Minnesota's economy—generating \$112 billion in economic impact and supporting 430,000 jobs—the budget for MDA at present makes up less than one half of one percent of the state's overall budget. We appreciate your work to expand this investment and believe it will help build a farm and food system that is more resilient, distributed, and fair for farmers, workers, and consumers.

MFU is a grassroots organization that has represented Minnesota's family farmers, ranchers and rural communities since 1918. In all—and given the targets agreed to between the Governor and legislative leaders—we are grateful that this budget includes many of the priorities brought by our grassroots membership this year. We appreciate your hard work to craft it and look forward to continued partnership as the bill moves forward.

More specifically, **we would like to share our strong support for:**

- **Establishing a grain indemnity fund** (HF2718, Cha) – this will fix a broken system and finally provide meaningful protection to grain farmers. We feel strongly about this issue, because our members and others who market grain are among the least protected in the nation. This had real consequences for families who sold grain to elevators that have collapsed in recent years, including Porter in 2015, Ashby in 2018, Karlstad in 2019, Pipeline in 2021, and Global Processing just this past summer.

Marty and Lisa Phillips who appeared before the committee lost over \$112,000 in the Pipeline bankruptcy and stands to lose upwards of another \$100,000 due to the Global Foods bankruptcy. For a family farming 420 acres of mostly rented land, this was hugely devastating—tanking their credit rating, wiping out years of income, and leaving them with questions about whether they could continue farming. Another farmer before the committee lost \$350,000.

According to MDA, farmers have gone bankrupt in the years waiting for payouts from our current system of bonds. Joining the 14 other states—including Wisconsin, Iowa, North

Dakota, Illinois, and Michigan—how have indemnity funds will protect producers for years to come. We appreciate your one time investment in this program (4.3) which will ensure that it's solvent and protecting farmers on day one. And we also strongly support the policy (59.15) which includes provisions for scaled reimbursement—including down to 50 percent after 180 days—new penalties for bad actors, and an opt-out. We also support premiums on the first sale of sold grain serving as the long-term funding mechanism, ensuring this program will protect farmers into the future.

- **Rebuilding local and regional meat processing** – the meat processing bottleneck—laid bare by COVID-19—is a top concern for our family farmer members and continues to be a key challenge. That's why at our annual convention in November, delegates from across the state voted to make expanding local and regional processing one of our top Special Orders of Business for 2023. We support:
 - **Funding the AGRI value-added program for meat and poultry processing** (HF2563, Cha) – this flagship program to support meat and poultry processors has a strong track record of success and a \$2.5 million investment over the biennium (1.13) is well-timed. Helping processors start up, expand, and modernize their facilities will help them serve more farmers, directly addressing the bottleneck experienced by our members across the state. Upgrading facilities will also ensure that these businesses are able to transition to the next generation. We also support continued strong funding for the broader value-added grants (8.20) which serve farmers and food businesses well.
 - **Establishing a meat processing navigator position at MDA** (HF1302, Nelson) – adding a navigator position will help MDA expand their direct service to processors who are working to get businesses started, helping them achieve inspected status, comply with regulations, and access state and federal funding. Not only that, but since it's housed in the inspection program, this position will bring a one-to-one federal match. For \$150,00 over the biennium (4.10), this is an excellent bang for the committee's buck.
 - **Funding grants for worker training, recruitment, and retention** (HF2562, Sencer-Mura) – this investment in scholarships and worker placement (17.24) is well-timed with two colleges—Central Lakes in Staples and Ridgewater in Willmar—starting meat cutting technical training programs to teach students the art of meat cutting. As the state went for a generation without any formal training for meat cutting, lack of a trained workforce continues to be a top challenge for meat processors as they work to meet demands from livestock producers and consumers. This program will leverage existing partnerships to help more students—including those for whom English is a second language—access the technical training programs and find employment in the industry.
- **Supporting Beginning and Emerging Farmers** – a highlight of this proposal is the just under \$3 million invested in helping the next generation of farmers build a life in agriculture. We believe strongly that this is not only an investment in those individual farms, but also the continued vitality of our rural communities. More specifically, we support funding for:
 - **Emerging Farmers Office** (Governor's request) with \$800,000 over the biennium (15.27). This will ensure that this MDA will continue to implementing the important work spearheaded by the Emerging Farmers Working Group to ensure that the

departments programs are equitable, accessible, and responsive to the unique needs of emerging farmers.

- **Down Payment Assistance** (HF1057, Vang) through a continuation of the popular assistance program started last year (17.4). Land access is a central challenge for new farmers. It's also how they gain security and build generational wealth. This is a direct way the state can get farmers back on the land.
 - **The Good Acre's LEAFF program** (HF1744, Sencer-Mura; 15.13) provides emerging farmers a reliable, consistent market for the products they produce, while also achieving the important aim of ensuring that Minnesotans have access to affordable, culturally relevant food.
 - **Farm Business Management Scholarships and support** (HF1147, Hansen; 8.34) will help ensure that new farmers can access the financial technical services they need to ensure their farms are viable long-term. We are excited that the FBM program has added positions related to specialty crops and urban agriculture and believe this will help the program serve emerging farmers well. We also support the funding increase for Farm Business Management through MAELC (7.7), which will help ensure the program continues to provide excellent services to farm families.
 - **Farmland transition support** through the established Farm Advocate program (16.10). Farm transitions which can be costly and complicated for both parties and this will help get more new farmers started.
 - **Beginning farmer equipment grants** (Gov's request) which will help new and emerging farmers get established in their operations.
 - **Community Development Financial Institution (CDFI) funding** (18.18) which will further empower these institutions to help new farmers finance their operations.
- **Investing in soil health** (HF1316, Pursell) – by expanding the successful Soil Health Financial Assistance Program established last session. This will help more farmers get started with practices that make farmland more resilient to extreme weather events, retain topsoil, build organic matter, and promote water quality. While \$500,000 (2.10) is far from both Rep. Pursell's request and anticipated demand for this already successful program, we appreciate that this program is being made permanent (37.14). We look forward to continuing to building the case for further investments in this program.

We also support the additional investment in Ag Best Management Practices Loan Program (13.6). A good use of one-time funding, this money revolves and will help more farms and service providers make the significant investment in strip till implements, interseeders, and other expensive equipment needed to implement soil health practices.

- **Biofuels infrastructure** (HF1266, Frederick; 9.30) – expanding the use of higher-octane, cleaner-burning biofuels through upgrading the infrastructure at fuel retailers across the state will help consumers save money and support support an important market for family farmers. We often hear from members who want to purchase E15 and higher blend fuels but can't find a service station that sells it near their home or business. Even beyond lowering consumer prices and the benefits to our rural economy, improving consumer access to higher blend fuels through infrastructure upgrades will lower carbon emissions from our existing transportation fleet. This proposal is a win-win-win for consumers, rural communities, and the climate.

- **Cooperative Development Grants** (SF1316, Pursell) – this investment (5.26) builds on work started last session and will help our members build and scale cooperatives that add value to MN-grown products, improve profitability, and keep money in rural communities. In the wake of COVID-19 and the face of market concentration and global supply chain challenges, many of our members are seeking new ways to process, market, and otherwise add value to products they produce. Supporting new cooperatives will shorten supply chains and make our food system more resilient.
- **Funding Forever Green** (HF1492, Klevorn; HF1625, Brand) – this investment in the development (7.20) and commercialization (4.16) of perennial and winter annual crops will help our family farmer members add value and diversity to their farming operations, deliver important ecosystem benefits, and remain resilient in the face of climate change. At MFU, a growing number of our members are growing FGI's first commercialized crop: a perennial wheatgrass called Kernza. The investment in developing new markets is the next step strategic step in developing this cropping system and others in a way that supports small businesses, increases adoption, and ensures a fair price for farmers.
- **DAIRI Program** (HF2861, Vang; 17.28) to help small and mid-sized dairies access federal risk protection, manage increasing input costs, and weather market volatility.
- **Rural Finance Authority (RFA) administrative support** (17.1) which will help this important suite of programs become more accessible and responsive to the needs of farmers. In particular, this will help improve the program for beginning and emerging farmers.
- **Noxious Weeds funding** (2.25) to help with detection, control, and management. This is a threat to producers' livelihoods and Minnesota can continue to build on successful work.
- **Farm to School funding** (11.24) to help farmers access new markets and ensure young people have access to healthy, nutritious meals that aid their learning. This program has been a success for participating farmers, schools, and the state.
- **Funding for AURI** (22.6) to upgrade their equipment and continue providing excellent services to farmers and new food businesses.
- **Hemp processing** (18.10) to ensure that farmers have a local, value-added market for this new crop.
- **International trade** (HF1686, Rehm; 5.6) to help develop new markets MN-grown farm products.
- **Farmer mental health** counseling services (16.17) ensuring that MDA can continue their nation-leading work to support farmers experiencing crisis. In future versions of the omnibus package, we'd value support for MDA's outreach and other direct work on mental health. They have a strong history of leveraging federal dollars and augmenting the program administered by Region 5 to serve farm families well.

- **Farm Advocates** (16.3) to help expand their work to support farmers experiencing financial hardship. While the department's work on rural mental health supports farmers, the advocates help the farm finances.
- **Zoonotic disease preparedness** through investments in the Board of Animal Health (BAH) (21.4), the Ag Emergency Account (18.29), response funding (20.22), and the Veterinary Diagnostic Lab (VDL) (19.16). With a second bout of HPAI on our doorstep this investment will give producers confidence that the state is prepared.
- **County fair support** (9.8; 12.24) to help promote agriculture, enhance arts access and education, and preserve and promote our state's history and cultural heritage.
- **Livestock investment** (8.15) to continue helping livestock producers upgrade and improve their farm infrastructure. This program is popular with request outpacing available funds.
- **Wildlife depredation funding** (2.32, 3.17), to compensate producers. Farmers losing livestock to wolves carries a financial and emotional toll. In future versions of this package, we'd appreciate support for wolf-livestock prevention grants to mitigate conflicts before they happen (HF2142, Tabke). This investment is particularly important given that MDA recently lost federal support for this program.

Last but not least, we strongly support your committee's **investment in rural broadband** (70.7). Strong and consistent funding will help us make sorely needed progress toward ensuring that every Minnesotan can access quality, high-speed internet. Family farmers rely on the internet to connect with customers, monitor market trends, educate themselves on the latest farming methods, and make use of modern farming technology—it's increasingly essential to running a farm business. Not only that, but farmers, like all Minnesotans, use the internet to access healthcare, attend school remotely, and engage with their community.

Putting together a budget within a spending target requires difficult choices between worthy priorities. Necessarily, that means that some of the priorities we supported this session are not included or are funded at a lower level than we'd hoped. We look forward to working with to continue strengthening proposals as the bill moves forward. In particular, we would value:

- **Reconsidering restructure of the Board of Animal Health (BAH)** (52.4) – in particular, we are concerned about removing the requirement that members of the board are livestock producers or licensed veterinarians. This board makes devastatingly consequential decisions for livestock producers. We believe that “knowledgeable in animal agriculture, animal health, or pets and companion animals” (52.13) is too loose a definition to guarantee that their decisions will be informed by science and knowledge of current management practices.
- **Increasing support for soil health** (HF1316, Pursell) to increase adoption and meet anticipated demand for this new program. We very much appreciate this proposal's inclusion in your budget and hope we can earn your support for increased funding.
- **Investing in Farmers Markets** to help farmers access markets, connect with customers, and build community that will help them be successful in their operations. An investment

similar to that brought forward in the Governor's budget would provide important support to these important community institutions.

We appreciate your partnership and hard work to develop a proposal that will support family farmers, re-localize supply chains, lift up new farmers, and ensure the continued vitality of rural communities. We are proud to share our support for key initiatives in your proposal and look forward to continued conversation as the bill moves forward.

If you have any questions, please contact our Government Relations Director, Stu Lourey, at stu@mfu.org or (320) 232-2047 (C). Thank you for considering the needs and perspectives of Minnesota's farm families.

Sincerely,

A handwritten signature in black ink that reads "Gary Wertish". The signature is written in a cursive style with a large, prominent "G" and "W".

Gary Wertish
President, Minnesota Farmers Union