



305 Roselawn Ave E • Suite 200 • St. Paul, MN 55117  
Phone: (651) 639-1223 • [www.mfu.org](http://www.mfu.org)

March 30, 2022

Chair Torrey Westrom  
Senate Agriculture and Rural Development Finance and Policy Committee  
95 University Avenue W.  
St. Paul, MN 55155

Dear Chair Torrey Westrom and members of the committee:

On behalf of Minnesota Farmers Union (MFU), I write to share our support for provisions included in your supplemental budget proposal (SF4019) and to highlight items our members ask that you prioritize as you craft a final package. We appreciate you and your teams' work to craft this proposal, your responsiveness, and your attention to our priorities.

First, we understand that the budget target for agriculture is not a decision that rests solely with your committee. That said, I do want to take this opportunity to make a strong case for increased investment in agriculture this year.

While the agriculture budget makes up less than half of one percent of the overall state budget, the work of farmers and others across the supply chain provides the foundation of our state's economy. Throughout COVID-19 and last year's 30-year drought, producers demonstrated adaptability and identified opportunities to make our agriculture system more resilient. A strong supplemental ag budget—proportional to the state's historic budget surplus—will help implement lessons learned in the past year to build an agriculture system that is more distributed, resilient, and fair.

Second, I'd like to thank you for including a number of MFU priorities in your proposal. While the overall budget is more limited than what was requested by the Governor, **we appreciate that your bill includes support for:**

- **Expanding meat and poultry processing** and helping to implement lessons learned during COVID-19 and address the bottleneck in processing experienced by our members. Thank you for including:
  - **Grants for K12 schools** (19.23) to purchase the equipment and secure the training needed to introduce students to meat cutting, and complement their existing ag and vocational training. Much like in farming, many processors are approaching retirement and thinking about the generational transition of their businesses. This investment will not only help address a workforce shortage in the industry, but also inspire a next generation of small business owners who will take over existing plants.

- **Investment in the AGRI value-added program (11.6)** to help start up, modernize, and expand meat processing facilities. This will build on the funding your committee secured last session, which is necessary given that the interest in this program from processors has outpaced available funds. Applications for the AGRI Meat, Poultry, Egg, and Milk Processing Grant this fall were well over four times greater than the funding made available by the legislature last session.
- **Meat processor training grants (21.27)** to help small processors upskill and retain current employees. This investment is well-timed, because both colleges with meat processing training programs set to start in the fall are being designed in close partnership with industry and will have flexible options for customized training. Providing support for processors or their employees to attend trainings at these colleges or other institutions could help those businesses up their inspection status, add new species, or execute a generational transition.

At the height of COVID-19, nationwide hotspots for infections were large packing plants. This deeply unfortunate reality caused a bottleneck in processing that resulted in farmers killing and composting or rendering market-ready hogs. This underscores the need to build a system that works better for farmers, workers, and consumers through meaningful state investment. We hope you will consider increasing your investment as this bill moves forward.

- **Animal Disease Preparedness and Response** to help producers and the industry manage the current and potentially devastating outbreak of High Path Avian Influenza and prepare for a potential outbreak of African Swine Flu. We strongly support proactive investment in both preparedness (22.11) and making needed investments in Minnesota's Veterinary Diagnostic Lab (VDL) (40.27).
- **Soil health initiatives** that will help farmers implement voluntary practices that improve profitability and help farmers meet their goals to retain topsoil, hold water, and deliver ecosystem services. Many of our members are interested in these practices, but the initial investment in equipment, seed, or other inputs is prohibitively expensive without proof of concept. Grants proposed to advance soil health practices (26.17) and promote the use of cover crops (20.10) will create the financial bridge many farmers need to start implementing these practices.

We appreciate you including these proposals in your budget and hope you'll secure more funding for these programs as the bill moves forward. As I am sure you know, but it is important to state, a larger investment is needed to make sure these programs can have a positive impact on farmers and our water and soil.

Coming out of a once-in-a-generation drought, we see an historic opportunity to invest in the ways that Minnesota is already leading in providing farmers with the information, tools, and resources they need to continue pursuing on-farm climate action.

- **Forever Green commercialization support (4.13)** that will help establish new supply chains and markets for perennial crops. We have producers growing these crops and they would benefit from further investment in risk management, processing, distribution, and marketing.

- **Cooperative development grants** (25.18) which could help groups of established and emerging farmers develop new and more resilient models for processing and marketing their products in the wake of COVID-19. Many of our members are joining together to jointly market or add value to the products they produce. This opportunity is particularly important for emerging crops like the Forever Green Program's perennial wheat variety, Kernza, or industrial hemp, but it can also help farmers develop processing for meat and poultry and other products with established markets.

Importantly, cooperative development grants are different than other programs already offered by the Minnesota Department of Agriculture (MDA). The AGRI Value-Added program, for example, is targeted toward already established businesses to scale their work. The cooperative development grants would provide critical support for early-stage cooperatives, providing support for feasibility studies, drafting bylaws, establishing financial systems, and otherwise preparing the cooperative to take investment from member owners.

Going forward, we hope you will consider providing general fund support for this new program.

- **Farm and rural mental health** fixes to protect farmers data (25.2) and change the pass-through grant for counseling services so that it can be administered through Region Five Economic Development Commission (13.8). These changes will help ensure MDA's nation-leading program can continue to serve farmers in Minnesota.
- **Local and regional food system report** (6.17) that will help highlight good work happening at the department and lift up opportunities to strengthen these important markets.

Thank you again for addressing these important issues in your budget proposal. We hope you will retain and increase these important investments as the bill moves forward.

Finally, we recognize that this budget reflects the next step in the process of developing a supplemental budget for agriculture and we appreciate your work. With that in mind, I want to highlight our support for initiatives that are not yet addressed in your proposal. **Going forward, we ask that you include support for:**

- **Creating a grain indemnity fund** supported by an initial state investment. This past summer, Pipeline Foods declared bankruptcy and many farmers who had delivered grain were left with massive unpaid bills. One family who belongs to MFU delivered over \$80,000 in grain that they later learned they would not be paid for. For a small, organic operation—and a young family with children—this was hugely challenging.

Fourteen grain producing states, including Wisconsin, Iowa, North Dakota, Illinois, and Michigan, have indemnity funds which protect producers in the event of fraud, elevator collapse, or other events that result in nonpayment to producers. The historic opportunity of a budget surplus would allow Minnesota to invest in an indemnity fund that could ensure producers can weather elevator collapses like Porter in 2015, Ashby in 2018, Karlstad in 2019 and others in the case that bonds do not cover losses. In the case of Ashby, of the \$2.4 million in claims, the elevator's bond only covered \$125,000.

We have no doubt that your work to create a fund this year will save farms 20 years from now. This is an important, forward-looking investment and we look forward to working with you to get it done.

- **Expanding work on meat and poultry processing** to include creative workforce development programs proposed by the department in their supplemental budget request. We support:
  - Grants for small processors to attract and retain employees
  - Further support for Central Lakes and Ridgewater Colleges as they stand up their technical training programs
  - Investment in the state's meat inspection program. Importantly, this will come with a 1 to 1 match from the federal government.
- **Supporting Emerging Farmers** with programs that help Black, Indigenous, and Farmers of Color connect with department programs and build successful farm businesses in our state. We have a nation-leading array of programs that support farms in our state. The investments included in the department's request will help make sure that they are accessible by people who do not speak English and others who we want to be able to build a life in agriculture.
- **Increasing the use of biofuels** by building on your investments in biofuels infrastructure and increasing the state's blend rate standard from 10 percent to 15 percent. This strengthens an important market for many family farmers, makes immediate reductions in our use of fossil fuels, and lowers the price consumers pay at the pump.
- **E-Commerce cost share** to help farmers set up to sell to customers online. What is proposed in the department's request would build on a successful program stood up during COVID-19 and will help more farmers find new markets for their products.

- **Farmers Market support** to help markets continue to adapt, remain resilient, and best connect farmers to consumers. Again, we support this request from the department because it builds on incredible work throughout the pandemic to make sure that farmers markets were safe and accessible.
- **Farm Business Management (FBM) grants** to support emerging farmers and farmers who find themselves in financial crisis. Last session, your committee had good conversations about how to best help farmers who find themselves subject to Farmer Lender Mediation. This is a good tool that can help farmers make difficult decisions, plan succession, and diversify their operations.
- **Noxious weeds** program investment to help with detection, control, and management. Weeds are a threat to producers' livelihoods and Minnesota can continue to build on successful work to mitigate them.
- **Hunger relief**, including funding for the Good Acre's Local Emergency Assistance Farmer Fund (LEAFF) program. This a great example of how investments in food assistance can be leveraged to build new markets for emerging farmers.

I understand that crafting a budget—no matter the size—requires difficult decisions. We appreciate to the opportunity to work with all of you to incorporate these priorities into a final package. Additionally, and as we go forward, I want to **thank you for relying on general fund dollars for new investments and not displacing current priorities in the Agricultural Growth Research and Investment (AGRI) program.** The undesignated nature of the fund helps MDA remain flexible, which allowed them to quickly and effectively respond to the unpredictable challenges experienced by producers and others across the food supply chain during COVID-19.

We appreciate your work to craft a supplemental budget and thank you for the opportunity to advocate for further investment in agriculture this year. If you have any questions, please contact our Government Relations Director, Stu Lourey, at [stu@mfu.org](mailto: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, slightly slanted style.

Gary Wertish  
President, Minnesota Farmers Union

CC: Commissioner Thom Petersen