



Developing Markets for Continuous Living Cover Grant

This is a mandated report per: Minnesota Session Laws - 2023, Regular Session,
CHAPTER 43--S.F.No. 1955, Article 1, Section 2, Subd.2, - [Chapter 43](#)

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Introduction

In 2023, the Minnesota Legislature awarded a one-time appropriation of \$500,000 for grants to develop enterprises, supply chains, and markets for continuous-living cover crops and cropping systems in the early stages of commercial development. A total of \$250,000 was available in FY24 and \$250,000 in FY25. For purposes of this grant, “continuous-living cover crops and cropping systems” refers to agroforestry, perennial biomass, perennial forage, perennial grains, and winter-annual cereal grains and oilseeds that have market value as harvested or grazed commodities.

Continuous-living cover (CLC) crops enhance water and soil quality, sequester carbon, build soil health, and provide greater biodiversity and pollinator habitat. Significant environmental benefits arise from widespread production, but that requires robust value chains and markets.

This grant provides a critical first step in new market development, unlocking opportunities, supporting business relationships, and realizing the potential of crops that protect the environment.

Legislative Language

This is a mandated report per: Minnesota Session Laws - 2023, Regular Session, CHAPTER 43--S.F.No. 1955, Article 1, Section 2, Subd.2, - [Chapter 43](#)

(j) \$250,000 the first year and \$250,000 the second year are for grants to organizations in Minnesota to develop enterprises, supply chains, and markets for continuous-living cover crops and cropping systems in the early stages of commercial development. For the purposes of this paragraph, “continuous-living cover crops and cropping systems” refers to agroforestry, perennial biomass, perennial forage, perennial grains, and winter-annual cereal grains and oilseeds that have market value as harvested or grazed commodities. By Feb. 1 each year, the commissioner must submit a report to the chairs and ranking minority members of legislative committees with jurisdiction over agriculture finance and policy detailing uses of the funds in this paragraph, including administrative costs, and associated achievements. The commissioner may use up to 6.5% of this appropriation for administrative costs. This is a one-time appropriation.

Summary

The Minnesota Department of Agriculture awarded grant funds through two competitive requests for proposals. A summary for each round is included in Table 1. The evaluation team for both rounds was comprised of four people. The first round included two MDA staff, one University of Minnesota Extension staff, and one staff member from the Agricultural Utilization Research Institute; the second team included two MDA staff, one University of Minnesota Extension staff, and one staff member from the nonprofit Friends of the Mississippi River. Grant awards of up to \$50,000 were offered in the first round and up to \$45,000 in the second round to allow multiple organizations to access funding. One consideration for future grants would be to offer larger amounts of \$100,00+ to allow for investment in larger projects.

Table 1. Summary information for the two competitive requests for proposals (RFPs)

RFP Period	Number of Proposals Received	Total Dollars Requested	Number of Proposals Awarded	Total Dollars Awarded	Total Dollars Spent	Funds Unspent
Sept 11 – Oct 2, 2023	15	\$637,230	5	\$248,000	\$229,242.50	\$18,757.50
June 10 – July 15, 2024	19	\$804,917	6	\$251,865	\$211,254.32	\$40,610.68

The funded projects worked to further develop viable markets for winter camelina, Kernza®, hazelnuts, and silvopasture poultry and supported a variety of points along the value chains. Businesses improved best practices for propagation at a commercial greenhouse scale, increased seed cleaning options, improved systems for crop aggregation and sales, improved online sales and direct marketing, increased the number of value-added products sold, and introduced products to new markets. Many projects recrafted marketing campaigns to inform customers of the environmental benefits these crops share. See Table 2 for a list of projects and project summaries.

During check-in meetings and monitoring visits, all grantees felt access to this grant accelerated their efforts in market development, as noted below.

The Continuous Living Cover grants helped us move from experimentation to execution by strengthening our processing operations and accelerating our ability to reach customers. By investing in sales systems, content, and operational capacity, the grants supported the demand-side work needed to make Kernza and other CLC crops economically viable.

- Christopher Abbot, Perennial Pantry



Hazelnut propagation in Gerten's large-scale greenhouse production. The greenhouse used its grant to identify key factors for optimum in-field plant tissue collection, mist-house cycling, and overwintering parameters to maximize viability of hazelnut soft-tissue cutting.

Table 2. Grantee and project summary

Organization Name	Funds Awarded	Primary Crop(s)	Summary
Gertens	\$50,000	Hazelnut	<p>Identified the key factors for optimum in-field plant tissue collection, mist-house cycling, and over-wintering parameters to maximize viability of hazelnut soft tissue cutting. Several hundred plants moved to outdoor permanent mound layer bare root propagation beds.</p> <p>Achieved less than 1% greenhouse plant losses from the 4287+ potted bare-root plants, recently germinated seed nuts, and older mother plants in large pots.</p>
MSX Nexgen Inc.	\$50,000	Kernza Winter camelina	<p>Purchased a portable seed cleaner and successfully processed Kernza and winter camelina. A few partnering farmers suffered crop failure, therefore the project wasn't able to process as much seed as planned.</p> <p>The seed cleaner is portable, yet some farmers lack the electrical means to run the cleaner. The grantee plans to add a generator and auger to the trailer to improve the operation.</p>
Perennial Promise Growers Cooperative	\$48,000	Kernza	<p>Contracted with Mad Markets to coordinate grain aggregation, cleaning, and prep for customer shipments.</p> <p>Redesigned website to include new content and new functionality to receive online orders</p> <p>In the first six months of 2025, the coop increased both incremental sales and customer counts. Sales were up 41% and the number of customers increased by eight over the same time the previous year.</p>
River Rock Kitchen & Baking Co.	\$50,000	Kernza	<p>Incorporated Kernza into 75% of standard bakery recipes at a minimum of 2%, overcame cost and sourcing barriers, and retooled production space with needed equipment and infrastructure upgrades. Expanded into three new markets, updated packaging to include Kernza, and engaged in local and regional outreach work through field days, forums, and wholesale relationships.</p> <p>This grant laid the foundation for Kernza to be a permanent fixture, with plans to continue sourcing locally, increasing usage where possible, and developing new applications.</p>
Rookie Farmers, LLC	\$50,000	Winter camelina	<p>Purchased a screener trailer to clean crops before placing them in the bin to prevent spoilage and loss.</p> <p>The screener worked great to clean hemp and sunflower harvest and is planned to clean camelina for cover crop seed instead of running it through the processing facility.</p>

Organization Name	Funds Awarded	Primary Crop(s)	Summary
Perennial Pantry	\$50,000	Kernza	<p>Hired a sales director to sell CLC products and create marketing content, to enhance capacity to expand CLC marketing, and increase sales. Purchased a label printer and labels to improve the system.</p> <p>Built and executed a consistent production process from idea generation through to in-house editing to create a series of videos that explore the broader story of Kernza and perennial agriculture based on long-term customer feedback.</p> <p>Conducted product sampling at events and markets in Northfield and Minneapolis. In-person conversations highlighted the growing awareness of Kernza, enthusiasm for products, need to improve purchasing convenience, and price sensitivity at grocery store prices.</p>
SUN Consulting	\$36,000	Hazelnut	<p>Purchased and converted a Hagie sprayer to work as a mound-bed bare root harvester machine and purchased a trailer for transportation. A mound bed cutter is used to sever the woody stem below the new root base, while not cutting so deep as to disrupt the perennial crown below.</p>
Perennial Promise Growers Cooperative	\$45,000	Kernza	<p>Developed a Customer Relationship Management (CRM) system to acquire new customers through data collection and email campaigns, manage grower information and communicate as needed, and to provide new grower outreach.</p>
Regenerative Agriculture Alliance	\$35,865	Hazelnut	<p>Purchased and distributed 3,000 improved Midwest Hazelnut LLC plant material from the Upper Midwest Hazelnut Development Initiative (UMHDI) directly to growers involved with the Poultry-Centered Regenerative Agroforestry (PCRA) ecosystem.</p> <p>Funded training opportunities to help growers implement PCRA systems and bring CLC crops to market, while providing outreach to connect with new growers and support involvement with agroforestry.</p> <p>Six additional farms were able to receive improved hazelnut seedlings in 2024 because of this funding. This accelerates producer's ability to implement the PCRA model.</p>
Tree Range Farms	\$45,000	Silvopasture poultry	<p>Created new content and resources to share to Farm to School participants and Local Food Purchase Assistance Program grant recipients, including storytelling of the chicken and the poultry centered regenerative agroforestry system.</p> <p>Implemented strategic planning and created a customer journey map to understand needs and touchpoints along the way.</p>
Bang Brewing	\$45,000	Kernza	<p>Purchased and converted a van to provide Kernza beer keg service at farmer markets.</p> <p>Developed Perennial Percent marketing and promotional materials.</p>

LESSONS LEARNED

This grant made a direct and positive impact on developing markets for grantees. However, the program did have challenges. Many of these grantees are new or small businesses with little cash flow and limited staff capacity. For some, this was their first time receiving grant funds from the state. While documentation was shared to illustrate the paperwork needed to complete a reimbursement request, MDA staff time was needed to help organize and collect these materials. Grantee staff had limited capacity, knowledge, or software access to prepare documentation. MDA staff have since updated communication materials and a reporting tool to help with future grantees.

Five of the eleven projects did not fully spend their awards. Two projects were delayed because of internal staffing challenges. They had limited hired staff and worked primarily as volunteers. Tasks and communication were often delayed, making it difficult to submit timely reimbursement requests. A delayed request in turn resulted in a delay in payment, which then made it difficult to complete the next task as cash-flow was limited. One project spent the full amount of the grant but was unable to secure the proper paperwork from the vendor (invoice/receipt) to process a final payment. After numerous unanswered requests to the vendor, the grantee decided to forfeit the grant funds for the item. The timing of an organizational restructuring impacted one grantee, which was unable to spend remaining funds. The final project completed tasks under budget.

MDA staff conducted a final monitoring meeting with each grantee. Two were in-person, the remaining were telephone calls. Two of the phone calls were with grantees that received funding under the Developing Market for Continuous Living cover pilot program, so MDA staff had recently conducted in-person discussions with them. In general, three grantees offered that they would have preferred monthly reimbursements to quarterly reporting, while others found the quarterly schedule adequate. Overall, although some had challenges with some of the documentation for reporting, no group expressed concerns that the reporting process was unduly burdensome. Those with a lot of small purchases or complex staffing expenses had the most challenges.



River Rock Bakery receiving a Kernza flour delivery from a local farmer. River Rock incorporated Kernza into 75% of its bakery recipes at a minimum of 2%, overcame cost and sourcing barriers, and retooled production space with needed equipment and infrastructure upgrades. The grant laid the foundation for Kernza to be a permanent fixture of the bakery's products, while sourcing locally, increasing usage where possible, and developing new applications.

Final Statement

Grantees all found success in accelerating their work and business to increase CLC crops and cropping systems on agricultural lands. The project is a strong example of how government can support Minnesota agriculture while helping to meet the state's environmental goals.

MDA staff participated in the Green Lands Blue Waters conference held April 7-9, 2025, in Madison, Wisconsin. Our program was held up as a strong example of good work and the type of partnership needed for long-term change.

Peter LaFontaine with Friends of the Mississippi attended the conference and expressed his continued support of the program:

Farmers are a big part of the solution to Minnesota's water quality problems, but they need new markets and dedicated supply chains if they're going to plant the millions of acres of continuous living cover (CLC) systems that get us there. It's heartening to see the state making smart, targeted investments in local businesses that want to be part of this evolution, and we'll all reap the benefits of a healthier environment and more resilient rural communities (not to mention useful new industrial products, great new food ingredients—and beer!). We're just scratching the surface of this program's potential, though, and transformative changes won't happen unless we devote some serious change to the solutions, so it's imperative that the Legislature and agencies double down on funding for CLC business development as well as novel crop research and farmer supports.

The MDA sees considerable value in the continued support of this program.



Mobile service for Kernza beer and Perennial Percent marketing at farmers markets. Bang Brewing used its grant to purchase and convert a van to provide Kernza beer keg service at farmer markets and to develop Perennial Percent marketing and promotional materials. Bang offers organic ales and lagers brewed and served in a grain bin brewery/taproom and beer garden in St. Paul. It has been brewing with Kernza since 2017; two years later, the brewery purchased some of the first certified-organic Kernza available—and continues to brew with it today.