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Testimony of Cris Coffin

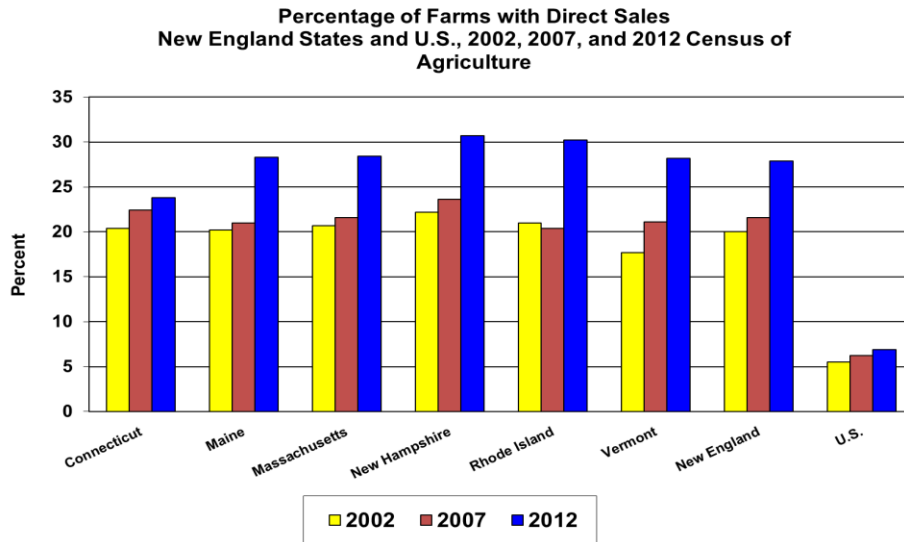
House Committee on Agriculture's Subcommittee on Biotechnology, Horticulture, and Research

Opportunities and Challenges in Direct Markets—A View from the Field

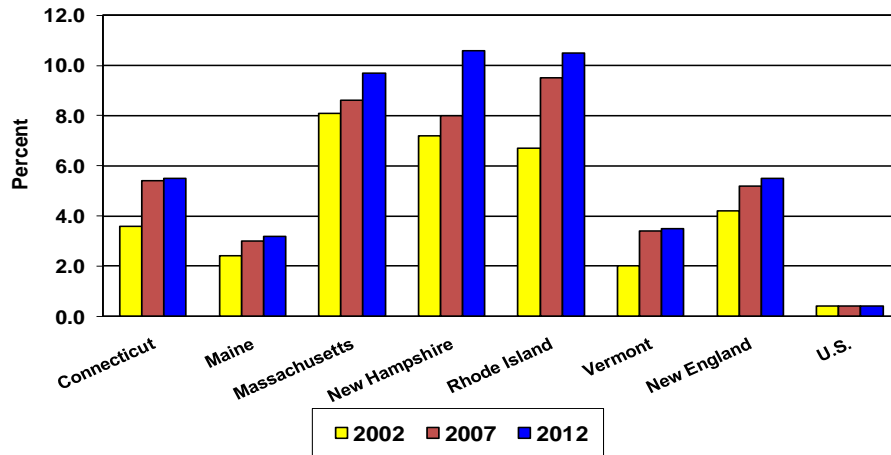
Good morning! I appreciate the opportunity to testify before the Subcommittee on an issue of importance to farmers and farming in New England. My name is Cris Coffin, and I am here today wearing three hats: as Policy Director for *Land For Good*, a New England-based non-profit whose mission is to ensure the future of farming in the region by putting more farmers more securely on more land; as a member of the Network Advisory Council for *Farm to Institution New England*, a regional network working to increase the amount of New England-grown and processed food served in our region's schools, hospitals, colleges and other institutions; and as a beginning farmer who markets pastured chicken and eggs to schools, restaurants and stores in Massachusetts.

**Opportunities**

As a region with 14 million consumers and three of the four most densely populated states in the U.S., New England offers tremendous direct market potential, and farmers have been successful at tapping it. As the chart below shows, New England has a significantly higher percent of farms with direct sales than the U.S. has as a whole: in fact, New England states rank 2<sup>nd</sup> through 7<sup>th</sup> in states with the highest percent of farms with direct sales (New Hampshire is second, at 31%; Massachusetts fourth, at 28%). Importantly, New England also has a higher percent of farms with wholesale direct to retail, or



**Percentage of Total Market Value of Agriculture Sales  
from Direct Sales, New England States and U.S.  
2002, 2007, and 2012 Census of Agriculture**



what the Economic Research Service calls “intermediated sales”—meaning direct sales to retailers, restaurants, food service distributors, schools and other institutions. Thirteen percent of farms in New England market through this channel, compared to just 2% nationally. And New England has more than twice the number of farms selling value-added products than the U.S. has as a whole (11.3% compared to 4.5%).

While direct market sales represent a relatively small portion of total sales across the region, these sales have been solidly growing in New England for more than a decade. And for some commodities, notably vegetables, direct sales are a significantly higher percent of total sales. In Massachusetts, for instance, 30% of all vegetable sales are from direct market sales. Perhaps not coincidentally, Massachusetts has the largest percent of Community Supported Agriculture (CSA) farms in the country and over 250 three-season farmers markets. New Hampshire has over 23 winter farmers markets.

Direct market opportunities have helped attract new farmers, both regionally and nationally. Nationally, beginning farmers produced 15% of the value of agricultural products sold in 2012, but 22% of the value of direct to consumer sales. In New England, beginning farmers (with ten years or less experience on any farm) now represent 25% of principal operators and are gravitating to commodities that are easily direct marketed. According to the 2012 Census of Agriculture, 41% of vegetable farms (identified as such through the North American Industry Classification System, or NAICS) in the region are operated by beginners, as are 39% of poultry and egg operations. Speaking as a beginning farmer, 100% of our sales are through direct or intermediary markets.

Direct marketing has also expanded healthy food access while boosting farm sales. Nationwide, there are now 512 farmers markets that now offer SNAP matching incentives, and four out of five markets double SNAP benefits. In Massachusetts, 180 farmers and farmers markets, including mobile markets that specifically serve low-income and senior communities, accepted Electronic Benefit Transfer (EBT)

for SNAP in 2014, up from just 24 in 2008. A new trend is CSA farms financing low-income and elder shares by seeking donations from their CSA members and from community organizations. In 2015, Community Involved in Sustaining Agriculture, or CISA, reported that 12 CSA farms worked with them to provide 400 farm shares during the summer to low income elders in three western Massachusetts counties.

The value of direct marketing to consumer education cannot be overemphasized, especially in a region where most farms are surrounded by non-farming neighbors. In a society where consumers are largely disconnected from agriculture, every direct sale is an opportunity to educate a customer about farming practices and challenges, helping to improve consumer understanding and build support for farming and farmers. State and local branding programs and “buy local” organizations are helping to connect consumers with direct market farms; as importantly, many focus on helping consumers understand the benefits of buying local. For instance, CISA has developed a local food calculator that allows consumers to estimate the economic impact of their local food purchases. According to the calculator, if every household in Massachusetts spent \$20 more on local food per month (and \$20 less on non-local food), \$234,768,540 more local income would be generated per year and 3,876 local jobs would be created in the Commonwealth.

Looking ahead, demand for local, regional and source-identified food appears likely to continue. At the top of the National Restaurant Association’s “What’s Hot: Top 20 Food Trends for 2016” is locally-sourced meat and seafood, followed by locally grown produce at number three, and hyper-local sourcing at number four. Creative efforts are underway around the region to capture this demand; New Hampshire, for instance, has created a “Certified Local” restaurant certification program.

Institutional demand for local and regional food continues to grow as well. Accordingly to Farm to Institution New England, the region’s schools, universities, hospitals, nursing homes and other institutions regularly feed 3.8 million people, or ¼ of the region’s consumers, with an annual food buy of over \$1 billion. The University of Massachusetts, with the country’s largest dining service with over 17,000 students on meal plans, has doubled its purchases of local produce since 2004, with local produce now representing 30% of its \$2.6 million annual produce budget. In 2012, Colby-Sawyer College in New Hampshire established a goal of having 20% of its food served on campus coming from farms within 100 miles. In 2014, the college exceeded that goal by sourcing over 25% of its food locally. And this summer, the University of Maine System announced plans to increase its purchases of local food to 20% by 2020, amounting to a likely \$1.5 million local food buy.

A number of Farm Bill programs have been instrumental in the growth of direct markets in New England, and robust funding for these programs continues to be critical. These include Specialty Crop Block Grants and Value-Added Producer Grants, the Farmers Market and Local Food Promotion Program, and the Federal State Marketing Improvement Program. Similarly, the WIC Farmers Market Nutrition Program and Senior Farmers Market Nutrition Program are helping boost local food sales and bring healthy foods to low-income communities, and the Food Insecurity Nutrition Incentive Grant Program promises to do the same. In the institutional food arena, the Farm to School Grant Program and the geographic preference provision in the school lunch program have educated and enabled food school

directors to buy and prepare more local and regionally-grown foods. The Child Nutrition Act Reauthorization offers an important opportunity to expand funding for Farm to School grants, and to make a couple of statutory tweaks to encourage local food procurement. These include changing the geographic preference provision to specifically allow “local” as a product specification for school food (provided that competitive bidding is maintained), and allowing minimally processed produce under the DoD Fresh Program. Anything Subcommittee Members could do to reach out to your colleagues on the Education and Work Force Committee to support these changes to Farm to School in the Child Nutrition bill would be a great help in promoting these important markets

### **Challenges**

Wearing my various hats, I’d like to speak to four challenges I see related to direct marketing in the region, and to the viability of farms generally. A significant number of New England farms rely still on wholesale markets, and the continued viability of these farms is essential to support the region’s agricultural infrastructure. Many farms in fact sell through all three market channels—direct, intermediated, and wholesale. This market channel diversification is an important risk management strategy.

**Access to land:** In a region with a limited land base and some of the highest land values in the country, access to land is already a major barrier for both farm entry and expansion. The growing demographic of senior farmers and non-farming landowners may make this barrier even higher. As the attached fact sheet from American Farmland Trust and Land For Good details, over the next 10-20 years 30% percent of principal farm operators in the region are likely to exit farming. The 1.4 million acres they manage and \$6.45 billion in land and agricultural infrastructure they own will change hands in one way or another. Strategic investments and policy changes will be needed to help facilitate this transition in a way that keeps farmland in farming, offers seniors a secure exit from farming and provides opportunities for next generation farmers. In focus groups we conducted with older farmers without identified successors, we found that participants want to see their farms remain in agriculture but see a number of challenges to doing so. Many said that they need to extract equity from their land for retirement, are not sure how to find a farm successor, don’t know about farm transfer options, and were concerned about the future viability of their operation for the next generation. The following strategies could help address their concerns and help next generation farmers gain access to land:

- *Encourage secure tenure and paths to ownership for next generation farmers, and foster land availability.* The Beginning and Rancher Development Farmer Program (BFRDP) has funded a number of valuable land access initiatives, including Land For Good’s New England Land Access Project. This project is focused both on providing this type of support for beginning farmers, and on increasing outreach and assistance to older farmers around succession planning, farm transfer strategies, and identifying a suitable successor, transferee, or tenant. BFRDP, however, is underfunded and needs to see a substantial increase in the next farm bill to address the country’s critical need for a new generation of farmers.
- *Increased funding for the Agricultural Conservation Easement Program (ACEP), especially the Agricultural Land Easements (ALE) portion of ACEP.* The purchase of agricultural conservation

easements is an important farm transition strategy, offering exiting farmers equity for retirement while reducing the cost of land for new or established farmers.

- *Incentivizing succession planning* through federal farm programs.

**Implementation of Food Safety Modernization Act:** Many questions remain about how FSMA will be implemented and the affiliated costs to farmers and state agencies. Mid-sized farms marketing through direct and intermediated channels and those seeking to scale up to do so will likely need to implement new practices and add to existing farm infrastructure. Funding to support training for these farms in FSMA requirements will be essential.

**Livestock slaughter and processing:** As a small-scale poultry grower seeking to scale up, the cost and availability of slaughter and processing are significant barriers. Last year, the closest USDA-inspected poultry processor to us was over 100 miles away. While we could invest in our own facility, we would be unable to process anything but whole carcasses and unable to sell across the state line that sits 10 miles to the north. Solutions are complicated, but encouraging state meat and poultry inspection programs would help, and could enable more poultry and livestock producers to direct market their products across state lines. It would also help if the Food Safety Inspection Service would work directly with small and very small processing plants to address the specific issues they face.

**Climate change and risk management:** According to USDA's Northeast Regional Climate Hub, the Northeast has seen a 73% increase in extreme weather events; Hurricanes Irene and Sandy are illustrative examples. While extreme weather brings greater production risk, rising temperatures are bringing new pest and disease pressures. To address these, the following will be important:

- *Whole Farm Revenue Protection that provides a reliable and affordable safety net for the type of diverse farm operations in our region.*
- *Robust funding for Conservation Technical Assistance, Conservation Stewardship Program, the Environmental Quality Incentives Program, and full implementation of Regional Equity.* Conservation planning and practices will be needed to improve soil health and resiliency to changing and extreme weather. Regional equity remains important to ensure that conservation dollars continue to flow to smaller states where demand for conservation programs is strong; an analysis of the provision's implementation since the statutory changes in the last Farm Bill would help to understand how, if at all, conservation funding levels have changed in Regional Equity states.

I appreciate this opportunity to testify today, and am grateful to members of the Subcommittee for their interest in understanding the opportunities and challenges around direct marketing.