

Agriculture, Trade and Consumer Protection

Agricultural Assistance

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June, 2021

Joint Committee on Finance

Paper #160

Food Security and Food Waste Reduction (Agriculture, Trade and Consumer Protection -- Agricultural Assistance)

[LFB 2021-23 Budget Summary: Page 56 and 62, #1 and #7]

CURRENT LAW

Feeding Wisconsin, the statewide affiliate of the national food bank organization Feeding America, comprises six regional food banks in the state. Food banks are nonprofit organizations that collect food and distribute donated food to local food pantries or similar organizations. Food pantries in turn distribute food or meals to persons in need. Food banks, as charitable organizations, are barred by federal law from selling or transferring donated food in exchange for money, property, or services.

The Wisconsin Community Action Program Association (WISCAP) provides support to 17 community action agencies and partnering organizations to coordinate distribution of federal commodities to food pantries or other organizations that disperse food to low-income individuals to alleviate hunger. Federal food commodities are provided under the federal Emergency Food Assistance Program (TEFAP), which allocates surplus commodity food purchased by the U.S. Department of Agriculture (USDA) to states. WISCAP reports that in 2020, Wisconsin's network of 350 food banks, food pantries, meal sites, and shelters distributed 35 million pounds of TEFAP commodities worth \$34 million, serving an estimated 170,000 people in Wisconsin each month.

The federal supplemental nutrition assistance program (SNAP), known as FoodShare in Wisconsin, provides federally-funded benefits to low-income individuals and families to buy food from participating retailers. In general, individuals qualify for FoodShare if they have gross incomes below 200% of the federal poverty line (\$53,000 annually in 2021 for a household of four). In 2019, approximately 840,000 individuals received a total of approximately \$774 million in federal assistance under the FoodShare program.

DISCUSSION POINTS

A. Food Security Grants

1. Assembly Bill 68/Senate Bill 111 would create a biennial appropriation and provide \$10,000,000 GPR each year for grants to nonprofit food assistance organizations to support purchase of food products made or grown in Wisconsin. Eligible organizations would include food banks, food pantries, and other organizations that provide food assistance. The bill would authorize DATCP to promulgate rules to administer the program, including issuing an emergency rule while a final rule is being promulgated.

2. Under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, Wisconsin was provided \$2.0 billion in direct payments to support the state's response to the COVID-19 pandemic, including costs related to public health response and emergency operations, economic relief and support, education, and essential government operations. The Governor allocated \$25 million of this funding for the Food Security Initiative, which supported: (a) infrastructure improvements and operational costs at food assistance organizations, such as curbside pick-up or delivery services, additional food processing and packaging, increased cleaning, facility improvements to increase storage capacity, and other costs related to the COVID-19 pandemic; and (b) purchase of Wisconsin agricultural products for distribution to Wisconsin residents facing food insecurity. Approximately \$7 million supported infrastructure and operational costs at 17 food assistance organizations. The remaining \$18 million supported purchase of approximately 10 million pounds of food for distribution to those in need. The following table shows purchases of food supported by the initiative by type.

Food Security Initiative Purchases

<u>Category</u>	<u>Amount</u>
Meat and Fish	\$6,866,100
Dairy	5,794,800
Pantry, Shelf-Stable, and Prepackaged Food	3,934,500
Frozen Food	908,700
Eggs	284,300
Fresh Fruit and Vegetables	<u>272,400</u>
Total	\$18,060,800

3. DATCP reports it would administer the proposed food security funding similarly to funding provided under the CARES Act. DATCP administered CARES Act Food Security Initiative funding with two limited-term employees (LTEs) and existing permanent staff, and intends to support proposed funding with similar LTE staffing and existing permanent staff. Funding would support Wisconsin residents facing food insecurity, and eligible expenses would include: (a) purchases of food from Wisconsin farms, food processors and manufacturers, food retailers, and food distribution businesses; (b) food production projects that reduce and redirect food waste; (c) coordination efforts to simplify sourcing and delivery of food products to food assistance organizations; and (d) projects

to support distribution and processing of surplus food production for donation to food assistance organizations.

4. CARES Act funding was provided to support response to the public health crisis and increase in unemployment. Food insecurity and resulting demand for food assistance grew significantly during the COVID-19 pandemic. Based on U.S. Census Bureau data, Feeding America, which operates locally as Feeding Wisconsin, estimates approximately 9.1% of Wisconsinites (equal to 530,000 individuals) faced food insecurity in 2019. In 2020, Feeding America estimates approximately 11.7% of Wisconsinites (680,000) faced food insecurity. Further, Second Harvest, a food bank operating in 16 counties in east and southeast Wisconsin, estimates it provided an average of approximately 49% more food by weight each week from March 15, 2020, through May 1, 2021, relative to the period from March, 2019, through February, 2020.

5. In February, 2020, Wisconsin's unemployment rate, as reported by the federal Bureau of Labor Statistics, was estimated at 3.2%. This rate increased to 14.8% (equal to 453,000 individuals) by April, 2020, and has declined since that time to an estimated 3.8% (117,000) as of March, 2021. Given the resulting economic recovery in the aftermath of the COVID-19 pandemic, the Committee could consider providing a lesser amount of funding, reflecting a smaller population of individuals potentially facing food insecurity.

6. The federal American Rescue Plan Act of 2021 (ARPA) provides \$2.5 billion in direct payments to Wisconsin. On May 10, 2021, the U.S. Department of Treasury indicated that funds may be used for economic support activities to households facing food, housing, or financial insecurity resulting from the COVID-19 pandemic. Thus, it is expected ARPA funding could be allocated to support additional food security activities, although funding would not be available for ongoing allocation and would need to be committed by December 31, 2024.

7. Given that food insecurity affects approximately 10% of Wisconsinites, it could be considered appropriate to provide funding for the purchase and distribution of Wisconsin agricultural products to food assistance organizations. The Committee could consider providing \$10,000,000 GPR each year for this purpose [Alternative A1]. Given the ongoing economic recovery, the Committee could also consider providing \$2,000,000 GPR each year for food security grants [Alternative A2]. Considering the first-time nature of the program, funding could be provided on a one-time basis during the 2021-23 biennium, and subsequent allocations could be considered during 2023-25 budget deliberations [Alternative A3]. Given existing food assistance programs administered by the federal government, and the availability of federal funding under ARPA to support additional food security funding, the Committee could consider taking no action [Alternative A4].

B. Food Waste Reduction Grants

8. AB 68/SB 111 would create an annual appropriation and provide \$100,000 GPR each year for food waste reduction grants. The bill would require DATCP to provide grants for projects that seek to reduce or compost food waste and redirect food supplies to hunger relief organizations. DATCP would be required to give preference to proposals serving census tracts lacking a grocery store and that have a median household income below the state median (estimated at \$61,700 in 2019). Finally, the bill would authorize DATCP to promulgate rules to administer the program.

9. Consideration has been given in recent legislative sessions to provide funding to organizations providing food assistance in Wisconsin to support the donation of excess or unmarketable products to food banks from farms or food processing facilities. 2019 AB 540/SB 490 and 2017 AB 577/SB 487, known as "harvest for hope" bills, would have provided funding of \$250,000 GPR each year to be provided as a grant to a statewide food bank association, specifically including Feeding Wisconsin and WISCAP, to cover costs related to harvest or transport of surplus dairy, produce, crops, or other food products for donation to food assistance organizations. Among other provisions, the bills (which had bipartisan sponsorship) would have limited reimbursement to farms or food processors in Wisconsin, and for products from farms or facilities in Wisconsin. The bills would have also required \$1 in private donations for each \$1 in provided state funding, and would have prohibited grantees from charging any fees to food banks or emergency feeding organizations receiving food under the program. The bills also intended for funding to last no more than five years.

10. In certain instances, economic conditions may discourage farmers from harvesting a surplus production of their crop due to lack of available markets or cost-prohibitive harvest and transportation costs. In these instances, a harvest for hope grant would defray costs of harvest, processing, or transport of agricultural commodities so that they may be provided to those facing food insecurity. Eligible expenses under the proposed harvest for hope bills would include: (a) reimbursement of farms and food processing facilities for costs related to harvesting, packaging, transporting, or donating products; (b) processing of donated food products into nonperishable form; (c) transport and storage of donated products; and (d) administrative expenses.

11. USDA estimates approximately 31% of the U.S. food supply is lost each year to food waste. Such waste includes post-harvest spoilage, inefficient processing, inappropriate storage or transportation, unsold food in retail settings, losses during food preparation, and excessive portion sizes. DATCP suggests that food waste reduction grants could support projects to reduce food waste, such as: (a) training grocery store employees to identify and redistribute food at risk of waste; (b) training for food service workers to reduce waste during preparation; (c) development of practices to reduce supply chain losses and optimize allocation of food in response to changes in demand; and (d) other pilot projects for innovative practices reducing food waste. As proposed in AB 68/SB 111, food waste reduction grants could also support efforts to harvest or process surplus produce or other agricultural commodities, as under proposed harvest for hope bills.

12. Given the high rate of food waste, and potential to capture surplus agricultural production for distribution to those facing food insecurity, the Committee could consider providing \$100,000 GPR each year to create a food waste reduction grant program as proposed under AB 68/SB 111 [Alternative B1]. The Committee could also consider providing \$250,000 GPR each year to create a harvest for hope grant program, under which DATCP would make grants to food assistance organizations that dispense food to low-income individuals to alleviate hunger to support costs related to the harvest, transportation, processing, distribution, and storage of surplus agricultural products, and require an equal recipient match to grant funding [Alternative B2]. Considering the first-time nature of such a program, the Committee could provide funding on a one-time basis during the 2021-23 biennium [Alternative B3]. Given existing federal programs for distribution of surplus agricultural commodities, the Committee could also consider taking no action [Alternative B4].

ALTERNATIVES

A. Food Security Initiative

1. Create a biennial appropriation and provide \$10,000,000 GPR each year for grants to nonprofit food assistance organizations to support the purchase of food products made or grown in Wisconsin. Authorize DATCP to promulgate rules to administer the program, including issuing an emergency rule while a final rule is being promulgated. Allow the emergency rule to be issued without the finding of an emergency, preparation of a statement of scope, or submittal of a final draft rule to the Governor.

ALT A1	Change to Base
GPR	\$20,000,000

2. Create a biennial appropriation and provide \$2,000,000 GPR each year for grants to nonprofit food assistance organizations to support the purchase of food products made or grown in Wisconsin. Authorize DATCP to promulgate rules to administer the program, including issuing an emergency rule while a final rule is being promulgated. Allow the emergency rule to be issued without the finding of an emergency, preparation of a statement of scope, or submittal of a final draft rule to the Governor.

ALT A2	Change to Base
GPR	\$4,000,000

3. Specify that funding be provided on a one-time basis during the 2021-23 biennium. (This alternative could be selected in addition to A1 or A2.)

4. Take no action.

B. Food Waste Reduction Grants

1. Create an annual appropriation and provide \$100,000 GPR each year to create a food waste reduction grant program. Require DATCP to provide grants for projects that seek to reduce or compost food waste and redirect food supplies to hunger relief organizations. Require the Department to give preference to proposals serving census tracts lacking a grocery store and that have a median household income below the state median. Further, require DATCP to promulgate rules to administer the food waste reduction grant program.

ALT B1	Change to Base
GPR	\$200,000

2. Create an annual appropriation and provide \$250,000 GPR each year to create a grant program under the provisions of 2019 Assembly Bill 540 / Senate Bill 490. (This would require DATCP to provide grants following a request for proposal process to a statewide food bank association that dispenses food to low-income individuals through food banks or emergency feeding organizations to alleviate hunger to support costs related to the harvest, transportation, processing, distribution, and storage of surplus agricultural products.) Require an equal recipient match to grant awards, and require DATCP to promulgate rules to administer the harvest for hope grant program.

ALT B2	Change to Base
GPR	\$500,000

3. Specify that funding be provided on a one-time basis during the 2021-23 biennium. (This alternative could be selected in addition to B1 or B2.)

4. Take no action.

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June, 2021

Joint Committee on Finance

Paper #161

Meat Processor Grants (Agriculture, Trade and Consumer Protection – Agricultural Assistance)

[LFB 2021-23 Budget Summary: Page 56, #1]

CURRENT LAW

The Department of Agriculture, Trade and Consumer Protection (DATCP) is responsible for supporting the meat and poultry industry in Wisconsin by regulating food safety standards, overseeing meat processing facilities, ensuring animal health standards, preventing animal disease outbreaks, and providing technical assistance for meat and poultry producers. Further, the Department is required to promote the interests of agriculture, and it does so through various marketing activities and grant programs.

DISCUSSION POINTS

1. A 2019 study by Dr. Steven Deller of the University of Wisconsin-Madison Department of Agricultural and Applied Economics estimated that meat and poultry processing businesses in Wisconsin generated sales of \$8.6 billion in 2017, and employed approximately 16,000 workers. Due to temporary closures of a number of high-volume meat establishments as a result of the COVID-19 pandemic, demand for slaughter capacity at other meat processing establishments increased in 2020. State-inspected meat processing facilities are generally smaller operations, and were less affected by COVID-19 closures. Consistent with this trend, total slaughters of cattle (43,300) and swine (46,100) at state-inspected facilities rose 32% in 2020 relative to 2019. Further, DATCP notes that supply chain disruptions associated with the COVID-19 pandemic caused consumers to pursue locally-sourced meat, which is often slaughtered at smaller state-inspected facilities. As a result of these pandemic disruptions and shifting consumer behavior, demand for increased capacity at smaller meat processing facilities has grown. DATCP reports it expects continued growth in coming years as consumer demand for locally-sourced meat products continues to grow.

2. Assembly Bill 68/Senate Bill 111 would provide \$1,000,000 GPR each year to create a meat processor grant program. Eligible facilities would be those that slaughter animals for human consumption, or that process meat or meat products, excluding rendering plants. DATCP estimates approximately 430 to 445 facilities in Wisconsin would be eligible for meat processor grants. The bill would authorize DATCP to promulgate rules to administer the program, including issuing an emergency rule while a final rule is being promulgated.

3. Although not specified in the bill, DATCP reports it intends to require an equal match for grant recipients (50% of project costs) and provide a maximum of \$100,000 per recipient. DATCP intends that the program would support plant improvements that grow the plant, implement innovative practices, or improve profitability. DATCP suggests such eligible costs could include: (a) updating or expanding the slaughter floor; (b) increasing workspace; (c) adding cooler or other storage space; (d) consulting services related to engineering, design, food safety, or process improvement; or (e) updating equipment to increase throughput.

4. DATCP suggests that a shortage of meat processing capacity imposes a bottleneck on growth in Wisconsin's meat industry. DATCP estimates that in the last five years, wait times from scheduling to slaughter have increased from approximately two months to two years. Currently, most meat processors are booked for slaughter services through 2023, meaning slaughter appointments are being scheduled for animals not yet born. Anecdotally, DATCP staff report cases of farmers who elect not to increase their livestock herd or poultry flock due to wait times of several months for slaughter appointments at processing facilities; however, there are no immediate estimates of the prevalence of such an occurrence. DATCP believes meat processor grants would assist in reducing slaughter wait times, and would allow identification of process and facility improvements that other facilities could implement statewide. It may be that financial assistance for meat processing facility improvements may increase meat processing capacity, reduce wait times for slaughter, and allow for additional growth in Wisconsin's meat industry.

5. DATCP argues that increased meat processing capacity would ensure continued growth in Wisconsin's meat industry, produce economic benefits for farmers, retailers, and consumers, and strengthen farm-to-table connections for meat products. Given the estimated annual contribution of meat processing to Wisconsin's economy and the increasing demand for meat processing, it could be considered appropriate to allocate general fund revenues to support growth in meat processing capacity in Wisconsin. The Committee could consider providing \$1,000,000 GPR each year to create a meat processing grant program [Alternative 1].

6. The bill would authorize DATCP to promulgate rules to implement the program. Under the rulemaking process, DATCP would propose a rule, seek public and industry input, review the economic impact of its proposal, and submit a final rule to the Legislature for consideration. If the Legislature wished to ensure certain requirements under the grant program, it could consider specifying them in statute. The Committee could consider specifying a grant maximum of \$100,000 per recipient [Alternative 4a], or \$50,000 per recipient [Alternative 4b], which would match the current maximum grant under the dairy processor grant program. Additionally, the Committee could consider requiring an equal match (50% of project costs) for recipients [Alternative 5a], or a 20% match [Alternative 5b], as under the dairy processor grant program.

7. Given the first-time nature of the program, the Committee could consider providing a lower amount, which would allow DATCP to pilot the program and give the Committee additional information to consider provision of larger grant awards under subsequent biennial budget deliberations. Under current law, the dairy processor grant program is provided \$200,000 GPR each year, and the Committee could consider providing an equal amount for meat processor grants [Alternative 2]. Further, the Committee could consider providing funding on a one-time basis during the 2021-23 biennium [Alternative 3]. The Committee could also take no action [Alternative 6].

ALTERNATIVES

1. Create a biennial appropriation and provide \$1,000,000 GPR each year to create a meat processing grant program. Specify that eligible recipients are facilities that slaughter animals for human consumption, or that process meat or meat products, excluding rendering plants. Authorize DATCP to promulgate rules to administer the program, including issuing an emergency rule while a final rule is being promulgated. Further, allow the emergency rule to be issued without the finding of an emergency, preparation of a statement of scope, or submittal of a final draft rule to the Governor.

ALT 1	Change to Base
GPR	\$2,000,000

2. Create a biennial appropriation and provide \$200,000 GPR each year to create a meat processing grant program. Specify that eligible recipients are facilities that slaughter animals for human consumption, or that process meat or meat products, excluding rendering plants. Authorize DATCP to promulgate rules to administer the program, including issuing an emergency rule while a final rule is being promulgated. Further, allow the emergency rule to be issued without the finding of an emergency, preparation of a statement of scope, or submittal of a final draft rule to the Governor.

ALT 2	Change to Base
GPR	\$400,000

3. Specify that funding be provided on a one-time basis during the 2021-23 biennium. (This alternative could be selected in addition to any of the alternatives above.)

4. In addition to any of the alternatives above, establish a maximum grant per recipient of one of the following:

- a. \$100,000; or
- b. \$50,000.

5. In addition to any of the alternatives above, require grant recipients to provide a match of one of the following:

- a. 50% of project costs (an equal match); or
 - b. 20% of project costs.
6. Take no action.

Prepared by: Rory Tikalsky



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June, 2021

Joint Committee on Finance

Paper #162

Dairy Promotion and Processor Grants (Agriculture, Trade and Consumer Protection -- Agricultural Assistance)

[LFB 2021-23 Budget Summary: Pages 56 and 61, #1 and #6]

CURRENT LAW

The statutes require the Department of Agriculture, Trade and Consumer Protection (DATCP) to promote the interests, growth, and sound development of dairying in the state. DATCP is responsible for licensing and oversight of dairy farms and food processing establishments, regulating animal waste management practices and farm conservation practices, and supporting administration of the milk marketing order. As of May 1, 2021, the National Agricultural Statistics Service reports Wisconsin had approximately 6,800 dairy herds. These herds produced 30.7 billion pounds of milk in 2020, and consisted of 1.27 million dairy cows. Wisconsin milk production has set an annual record each year since 2009.

To support DATCP's dairy development efforts, the Department is provided \$200,000 GPR each year for dairy promotion activities and \$200,000 GPR each year for dairy processor grants. Dairy promotion funding has supported a variety of initiatives since its inception, including grants to producers to increase milk production and scholarships for students from dairy backgrounds or seeking dairy education. Dairy processor grants provide funding to projects at dairy processing plants that, among other goals, grow the processing plant, contribute to processor innovation, or improve production and profitability. Eligible projects may include plant modernization and expansion, food safety improvements, staff training, and hiring of professional consultants. Dairy processor grants are provided on a reimbursement basis, and recipients must provide a match of at least 20% of project cost. Grants are limited to a maximum of \$50,000 per processor per year.

DISCUSSION POINTS

A. Dairy Promotion Funding

1. Dairy promotion funding initially supported production improvements at dairy farms as part of the Department's Grow Wisconsin Dairy 30x20 initiative, which sought to increase Wisconsin milk production to 30 billion pounds annually by 2020. Wisconsin's annual milk production reached this goal in 2016. Shortly after that time, trends in the dairy industry associated with increasing milk supply forced producers unable to find processors for their milk to reduce their herd size or exit the dairy industry. Thus, DATCP ceased providing Dairy 30x20 grants in 2015-16.

2. Over the five-year span from 2011-12 through 2015-16, DATCP provided \$942,000 in grants to 202 recipients. In 2016-17, DATCP lapsed the \$200,000 appropriation to the general fund. In 2017-18, DATCP provided \$105,000 to the Higher Educational Aids Board, which provided scholarships to individuals that had experience related to, or were pursuing education in, dairy farming. Since 2018-19, dairy promotion funding has been lapsed to the general fund, including in 2019-20 and 2020-21 under lapse requirements of the Department of Administration during the coronavirus pandemic.

3. In addition to DATCP dairy promotion grants, the Wisconsin Milk Marketing Board (doing business as Dairy Farmers of Wisconsin, DFW) is designated as the primary advocate for dairy in Wisconsin. The Board is created under Chapter 96 of the statutes consists of 25 active dairy producers across Wisconsin who are nominated and elected by Wisconsin producers and serve three-year terms. DFW is responsible for administering Wisconsin's milk marketing order, also known as the dairy checkoff, promulgated under administrative code Chapter ATCP 144. The milk marketing order imposes assessments on all dairy produced in the state to provide marketing, product research and development, and increased awareness of Wisconsin dairying and dairy products. Wisconsin producers contribute 10¢ per hundredweight towards state milk marketing efforts, and these assessments totaled \$30.4 million in 2019-20. By imposing an assessment on all dairy produced in the state, the milk marketing order allows producers to coordinate collectively to advocate for dairy production in Wisconsin and capture the benefits of scale in dairy production and processing innovations and marketing. The National Dairy Promotion and Research Board also is created under a federal milk marketing order and conducts similar dairy promotion business on behalf of producers nationwide. Wisconsin producers contribute 5¢ per hundredweight to federal efforts.

4. While DATCP has not allocated dairy promotion grant funding in recent years, the Department reports it intends to allocate base funding of \$200,000 annually during the 2021-23 biennium as grants to dairy producers to support activities that increase marketing or distribution of Wisconsin products. DATCP suggests such activities could include on-farm events to educate consumers, hiring a marketing consultant, or marketing trainings for producers. If the Committee took no action, the Department would allocate base funding to support marketing efforts by producers [Alternative A2].

5. Given the approximately \$30 million annually collected by DFW for marketing purposes, the Committee could consider reallocating dairy promotion funding for other purposes by deleting the appropriation [Alternative A1] or transferring funding for use under the dairy processor

grant program, as discussed below [Alternative C3].

B. Federal Rural Development Funding

6. Beginning in the early 2000s, DATCP received federal funding from two federal programs to operate a revolving loan fund to support business development. One program specified funding be directed for the purposes of dairy business development, while other funding was provided more generally for rural business development. Funding was allocated by DATCP as loans, which supported costs for businesses creating or expanding agricultural production or processing capacity. DATCP eventually ceased providing new loans, and loan repayments and interest have accrued in its rural development loan PR appropriation over time. The last loan repayments were made in March, 2021, and the appropriation has a current balance of \$883,200. The appropriation is authorized to expend all monies received, meaning existing funding of \$883,200 would remain available until exhausted.

7. Assembly Bill 68/Senate Bill 111 would modify the Department's rural development loan appropriation to also allow the Department to issue funding as grants, rather than solely as loans. DATCP reports that federal requirements specify it must allocate funding consistent with the original intent of the provided funding, but that such provision could include grants. While the Department is currently authorized to allocate funding as loans, it reports it would prefer to allocate funding as grants, as administrative activities related to issuance, determination of credit worthiness, servicing, and possible debt collection are less feasible given the small amount of funding.

8. Funding from the two programs has been comingled over time, so DATCP intends to allocate funding for dairy business development in rural areas to avoid questions of appropriate use of funding. DATCP reports it would provide grants to support: (a) development of innovative business models, operational practices, or new dairy products; (b) technical support and consulting related to business and succession planning; (c) startup of new dairy businesses and expansion of existing dairy businesses; and (d) technical education and training conferences for dairy businesses. DATCP proposes that it would provide grants of \$5,000 to \$100,000 to dairy producers, dairy processors, and other dairy organizations. DATCP would require a 20% recipient match and funding would support projects of up to two years in length. The Committee could consider modifying the rural development loan appropriation to also allow the provision of grants [Alternative B1].

9. The Committee could also consider reallocating rural development funding to support additional dairy processor grants, as discussed below [Alternative C5]. DATCP's proposed use of funding would support similar activities as under the dairy processor grant program. However, if funding were provided to dairy processor grants, dairy producers would be unable to receive funding.

C. Dairy Processor Grants

10. Since 2013-14, DATCP has allocated \$200,000 GPR annually for dairy processor grants. As seen in the table, demand for dairy processor grants has exceeded awards by an average of approximately \$350,000 across seven grant rounds, suggesting there is sufficient demand to support increased awards. However, it should be noted that applicants who do not receive funding regularly reapply, which may inflate requested amounts in subsequent years.

Dairy Processor Grants

<u>Year</u>	<u>Applications</u>	<u>Requested Amounts</u>	<u>Recipients</u>	<u>Awards</u>	<u>Food Safety</u>	<u>Modernization/ Expansion</u>	<u>Innovation</u>
2014	22	\$754,733	7	\$200,000	4.0	2.0	1.0
2015/16*	11	395,398	6	200,000	2.0	3.0	1.0
2017	14	678,304	8	200,000	2.0	4.0	2.0
2018	14	611,908	9	200,000	1.0	6.0	2.0
2019	14	512,238	10	200,000	0.5	4.0	5.5
2020	26	992,523	11	200,000	1.5	6.5	3.0
2021	<u>18</u>	<u>627,334</u>	<u>15</u>	<u>200,000</u>	<u>1.0</u>	<u>11.5</u>	<u>2.5</u>
Total	119	\$4,572,438	66	\$1,400,000	12.0	37.0	17.0

*DATCP conducted one grant round for both of 2015 and 2016.

11. It may be that recent trends in the dairy industry associated with lower dairy prices and excess supply place a downward pressure on future demand for dairy processor grants, due to low potential demand for additional goods produced as a result of a plant improvement. At the same time, increasing milk production may spur demand for increased milk processing capacity, and dairy processor grants may encourage plants considering expansions but not currently pursuing them. Further, modernization and innovation efforts may result in more cost-efficient processing methods or more profitable products, and allow a plant to process more dairy. Thus, expanded processing capacity could help alleviate pressure on producers to reduce their production.

12. AB 68/SB 111 would allocate an additional \$600,000 GPR each year for dairy processor grants. Given trends related to increasing milk supply, the Committee could adopt this proposal and provide a total of \$800,000 GPR each year for dairy processor grants [Alternative C1]. Over seven grant rounds, average grant requests per round have totaled approximately \$550,000. Given previous grant demand, the Committee could consider providing an additional \$300,000 GPR each year for dairy processor grants, for a total of \$500,000 GPR each year [Alternative C2].

13. Given the interconnected nature of dairy production and processing, the Committee could consider reallocating dairy promotion funding to dairy processor grants, for a total of \$400,000 GPR each year in dairy processor grants [Alternative C3]. The Committee could also transfer rural development funding to support additional dairy processing grants, and provide an additional \$441,600 each year of the 2021-23 biennium in one-time funding for dairy processing grants [Alternative C5].

14. Due to uncertainty in the dairy industry and evolving needs of producers and processors, the Committee could provide funding on a one-time basis during the 2021-23 biennium [Alternative C4], and consider additional funding for dairy processors during 2023-25 biennial budget deliberations. Given recent low milk prices and concerns about demand for, and cost-effectiveness of, investment in dairy processing, the Committee could take no action [Alternative C6].

ALTERNATIVES

A. Dairy Promotion Funding

1. Repeal the dairy promotion appropriation and delete \$200,000 GPR each year for dairy promotion grants.

ALT A1	Change to Base
GPR	- \$400,000

2. Take no action. (Dairy promotion grants would be budgeted at \$200,000 each year of the 2021-23 biennium and support marketing efforts by dairy producers.)

B. Rural Development Funding

1. Expand the rural development loan appropriation to also allow the Department to provide grants.

2. Take no action.

C. Dairy Processor Grants

1. Provide an additional \$600,000 GPR each year for dairy processor grants, for a total of \$800,000 each year of the 2021-23 biennium.

ALT C1	Change to Base
GPR	\$1,200,000

2. Provide an additional \$300,000 GPR each year for dairy processor grants, for a total of \$500,000 each year of the 2021-23 biennium.

ALT C2	Change to Base
GPR	\$600,000

3. Transfer \$200,000 GPR each year from the Department's dairy industry promotion appropriation to the appropriation for dairy processor grants. (Dairy processor grants would be budgeted \$400,000 each year of the 2021-23 biennium.)

4. Specify that additional funding be provided on a one-time basis during the 2021-23 biennium. (This alternative could be selected in addition to C1, C2, or C3 above.)

5. Allocate the \$883,200 rural development loan appropriation balance for dairy processor

grants by transferring the amount to the general fund and providing an equal amount of \$441,600 GPR each year of the 2021-23 biennium on a one-time basis for dairy processor grants.

ALT C5	Change to Base
GPR	\$883,200
GPR-REV	\$883,200

6. Take no action. Dairy processor grants would be budgeted at \$200,000 each year of the 2021-23 biennium.

Prepared by: Rory Tikalsky



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June, 2021

Joint Committee on Finance

Paper #163

Agricultural Business Development Grants (Agriculture, Trade and Consumer Protection -- Agricultural Assistance)

[LFB 2021-23 Budget Summary: Page 56, #1]

CURRENT LAW

The Department of Agriculture, Trade and Consumer Protection (DATCP) administers the Buy Local, Buy Wisconsin (BLBW) program to support growth in Wisconsin agricultural businesses and increase the consumption of foods in proximity to where they are produced. Program activities currently include: (a) production of a local foods marketing guide; (b) workshops for such topics as food safety assistance for producers; (c) facilitating relationships between food producers and nearby consumers, including DATCP activities related to farm-to-school programs around the state; and (d) administering Buy Local, Buy Wisconsin grants.

DATCP is provided \$200,000 GPR each year for Buy Local, Buy Wisconsin (BLBW) grants. BLBW grants support: (a) the creation, promotion and support of regional food systems and agricultural tourism trails; or (b) the development of regional food systems, including creating or expanding facilities for production, processing and transport of locally produced food, or strengthening networks of producers and consumers of locally produced food. The statutes require an equal recipient match on grant awards. Grants may not exceed \$50,000 per recipient in a fiscal biennium, by administrative rule. Contracts awarding grants generally are limited to two years, with possible extension to a third. Program administrative rules specify the following eligible costs: (a) operating expenses, including salaries and wages, contracts, travel, supplies and publicity; (b) real estate or equipment rental within the term of the grant contract; (c) non-durable equipment; and (d) reasonable depreciation expenses for capital equipment.

DISCUSSION POINTS

1. Consideration has been given in recent biennia to a variety of proposals intended to

support: (a) the development of new and innovative agricultural products; (b) the start-up, expansion, or innovation of specialty producers, first-time farmers, veteran farmers, or minority farmers; and (c) the expansion and strengthening of farm-to-table efforts, agritourism, and local food systems. While these proposed programs have represented a variety of approaches to agricultural development, all have sought to support the growth of agricultural businesses through specialization, operational expansion, or inclusion of new markets or customers.

Value-Added Agriculture and Small Farm Diversity Grants

2. Assembly Bill 68/Senate Bill 111 would provide \$400,000 GPR each year to create the value-added agriculture program. Under the program, DATCP would provide grants related to the promotion and implementation of agricultural practices that provide value-added agriculture products. Eligible activities would include: (a) marketing of value-added agricultural products; (b) collaboration, technical assistance, planning, and business development related to organic farming; and (c) education and training on best practices related to grazing. Under the bill, value-added agricultural products are generally defined as those that have been improved beyond their base commodity through marketing, renewable production methods, or processing. The bill would not specify a match requirement for grant recipients. Additionally, the bill would provide \$68,000 GPR in 2021-22 and \$90,600 GPR in 2022-23 with 1.0 GPR position and authorize DATCP to promulgate rules to administer the program.

3. AB 68/SB 111 also provides \$125,000 GPR each year to create a small farm diversity grant program. The program would allocate grants of \$5,000 to \$50,000 to agricultural producers in operation less than one year and that have earned less than \$350,000 in gross cash farm income. Grants would require a 30% match and eligible activities would include: (a) business planning, feasibility research, and engineering; (b) start-up costs for new agricultural production; (c) research and development; (d) development of on-farm processing; and (e) development of agritourism destinations. The bill would authorize DATCP to promulgate rules to administer the small farm diversity grant program.

4. The proposed value-added agriculture and small farm diversity grant programs are both generally intended to increase the viability of small agricultural operations through business planning, marketing, research and development, best practices implementation, and diversification of operations. It may be that assisting smaller or new agricultural operations would increase the diversity of agricultural production in Wisconsin, which could fortify Wisconsin's agriculture industry against volatility inherent to the agriculture economy, and ongoing consolidation in certain agricultural sectors. However, as seen in Table 1, the total number of smaller farming operations (defined as those with annual gross sales below \$250,000) has decreased only slightly in recent years, by 1.6% from 2015 to 2019, while the total number of larger operations (\$250,000 or more) declined by 8.4% over the same period.

TABLE 1

Number of Farms by Annual Gross Sales

<u>Year</u>	<u>\$1,000 to \$9,999</u>	<u>\$10,000 to \$99,999</u>	<u>\$100,000 to \$249,999</u>	<u>Total Under \$250,000</u>	<u>Percent Change</u>	
2015	29,600	20,400	7,100	57,100		
2016	29,200	20,200	7,000	56,400	-1.23%	
2017	28,700	20,100	7,000	55,800	-1.06	
2018	28,800	20,100	6,900	55,800	0	
2019	29,000	20,200	7,000	56,200	0.72	

<u>Year</u>	<u>\$250,000 to \$499,999</u>	<u>\$500,000 to \$999,999</u>	<u>\$1,000,000+</u>	<u>Total Over \$250,000</u>	<u>Percent Change</u>	<u>Total Farms</u>
2015	4,600	2,700	2,200	9,500		66,600
2016	4,400	2,700	2,200	9,300	-2.11%	65,700
2017	4,300	2,550	2,150	9,000	-3.23	64,800
2018	4,300	2,550	2,150	9,000	0	64,800
2019	4,250	2,400	2,050	8,700	-3.33	64,900

Source: Wisconsin Agricultural Statistics Service, *2020 Wisconsin Agricultural Statistics*

5. The Committee could consider creating the value-added agriculture grant program and providing \$400,000 GPR each year for value-added agriculture grants [Alternative 1]. The Committee could also consider creating the small farm diversity grant program and providing \$125,000 GPR each year for small farm diversity grants [Alternative 2]. Given the first-time nature of proposed programs, consideration could be given to providing funding on a one-time basis during the 2021-23 biennium [Alternative 5]. In addition to grant funding, the Committee could also consider providing 1.0 GPR position with \$68,000 GPR in 2021-22 and \$90,600 GPR in 2022-23 to administer any new agricultural business development grant program [Alternative 6]. Given the relatively small decrease in smaller agricultural operations in recent years, the Committee could also consider taking no action [Alternative 7].

Agricultural Development and Diversification Grants

6. Similar to the proposed programs, grant programs authorized under current law are intended to achieve agricultural business development and diversification goals. DATCP is authorized under s. 93.46 of the statutes to administer the agricultural development and diversification (ADD) grant program. However, the program is not currently authorized funding, and was last provided funding of \$321,000 GPR each year during the 2011-13 biennium. If funding were provided, DATCP could resume the program without additional statutory modifications or changes.

7. The ADD program supports grants for research, demonstration projects, and feasibility

analyses that would develop new or alternative practices in production and processing of agricultural commodities. Grants must serve one of the following purposes: (a) creation of jobs in the agricultural industry; (b) new capital investment and expansion in the agricultural industry; (c) agricultural product market development and expansion; (d) diversification and expansion of the production, processing and distribution of agricultural products, or forestry products that are used to produce alternative fuels, heat, or electricity; (e) commercial application of new technologies or practices related to agricultural products, or to the production of alternative fuels, heat, or electricity from forestry products; (f) increased use of surplus agricultural products; (g) improvement of the competitive position of the state's agricultural industry; or (h) efficient use of farmland and other agricultural resources. Recipients must provide a match equal to 25% of total project cost, and may receive grants of up to \$50,000.

8. The breadth of allowable projects under the ADD program would be anticipated to support development across a range of agricultural producers, products, and production techniques in Wisconsin. Additionally, it would likely reduce or eliminate various administrative burdens if DATCP were to implement existing statutes and rules for a grant program to support the startup and expansion of agricultural businesses, rather than create rules and procedures for multiple new programs, as would be the case under AB 68/SB 111.

9. The Committee could consider providing \$200,000 GPR each year to fund the existing agricultural development and diversification grant program [Alternative 3]. Further, the Committee could consider providing funding on a one-time basis during the 2021-23 biennium [Alternative 5].

Buy Local, Buy Wisconsin Grants

10. In addition to ADD grants, DATCP administers the Buy Local, Buy Wisconsin (BLBW) grant program, which supports the creation and expansion of agricultural production and processing to support the development of local food systems. BLBW was provided \$600,000 GPR during the 2021-23 biennium, including \$200,000 GPR in one-time funding. AB 68/SB 111 would renew one-time funding and provide \$300,000 GPR each year on an ongoing basis for BLBW grants. In addition to grant funding, AB 68/SB 111 would provide \$65,100 GPR in 2021-22 and \$86,800 GPR in 2022-23 with 1.0 GPR position to administer the BLBW grant program. Currently, the program is administered with limited-term staff and portions of other permanent staff within the Division of Agricultural Development.

11. Table 2 shows BLBW grant allocations since the program's inception in 2007-08. In the 2010-11, 2011-12, and 2012-13 fiscal years, the Department elected to lapse grant funding to meet agency lapse requirements under respective biennial budget acts. From 2008 to 2020, DATCP reports program recipients have reported new sales of approximately \$10 million associated with grant assistance, created or retained approximately 220 jobs, and approximately 2,800 producers have benefited from sales by program participants. DATCP does not formally track program participants' activities after grant-funded projects have completed, so information on the long-term retention or expansion of participant businesses is not available.

TABLE 2

Buy Local, Buy Wisconsin Grant History

<u>Year</u>	<u>Applications</u>		<u>Awarded</u>		<u>Not Funded</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Requests Minus Awards</u>
2008	95	\$3,216,800	7	\$225,000	88	\$2,991,800
2009	75	2,703,200	9	222,700	66	2,480,500
2010	37	1,533,500	5	177,700	32	1,355,800
2014	57	1,860,000	8	200,000	49	1,660,000
2015	41	1,545,600	8	199,300	33	1,346,300
2016	23	773,800	7	200,000	16	573,800
2017	32	1,093,400	8	200,000	24	893,400
2018	25	978,600	6	200,000	19	778,600
2019	31	1,104,200	9	200,000	22	904,200
2020	<u>33</u>	<u>1,182,000</u>	<u>9</u>	<u>300,000</u>	<u>24</u>	<u>882,000</u>
Totals	449	\$15,991,100	76	\$2,124,700	373	\$13,866,400

12. As seen in Table 2, demand for BLBW grants has consistently exceeded funding since the program's inception. Further, recent trends in sales of agricultural products have increased demand for farm-direct and locally produced agricultural products, which are thought to produce economic and social benefits for local communities, and may have lower environmental impact due to reduced transportation, processing, and packaging costs. Additional funding for BLBW grants would support continued growth in locally focused agriculture systems and allow local communities to capture the economic and social benefits of farm-direct food.

13. Given unmet demand for BLBW grants in recent years and potential community benefits, the Committee could consider providing an additional \$100,000 GPR each year on an ongoing basis for BLBW grants [Alternative 4]. The Committee could also consider providing funding on a one-time basis during the 2021-23 biennium [Alternative 5]. To support administration of the BLBW program, the Committee could consider providing 1.0 GPR position with \$68,000 GPR in 2021-22 and \$90,600 GPR in 2022-23 [Alternative 6]. The Committee could also take no action [Alternative 7].

ALTERNATIVES

1. Create a biennial appropriation and provide \$400,000 GPR each year to create a value-added agriculture grant program. Allow DATCP to provide education, technical assistance, and grants related to the promotion and implementation of agricultural practices that provide value-added agriculture products. Specify that activities include: (a) general market promotion of value-added agricultural products, including those produced using resource-conserving practices; (b) providing assistance related to organic farming practices, including business and market development assistance; (c) collaborating with organic producers and industry participants; and (d) providing grants to organic producers and industry participants for education or technical assistance related to organic farming, creating organic farming

plans, assisting farmers in the transition to organic farming, or educating and training farmers on best practices related to grazing. Define a value-added agricultural product as a product that: (a) has undergone a change in physical state; (b) is produced in a manner that enhances its value; (c) is physically segregated in a manner that enhances its value; (d) is a source of farm-based or ranch-based renewable energy; or (e) is aggregated and marketed as a locally produced farm product. Allow the Department to promulgate rules to administer the value-added agriculture program. (This alternative may be selected independently or in addition to other alternatives.)

ALT 1	Change to Base
GPR	\$800,000

2. Create a biennial appropriation and provide \$125,000 GPR each year to agricultural producers that have been in operation less than one year and earned less than \$350,000 in gross cash farm income. Specify grants would be from \$5,000 to \$50,000 per recipient and require a 30% match. Limit eligible costs to those for: (a) business planning, feasibility research, and engineering designs for new or expanded product lines; (b) start-up costs for new agricultural production; (c) research and development of food, feed, and fiber products that are innovative or add value to agricultural production; (d) development of on-farm processing of agricultural commodities; and (e) development of an agritourism venue. Specify the Department give preference to applicants that: (a) develop a business plan; (b) have a high probability for success; (c) feature research that is innovative and feasible; (d) are scalable for commercial use; and (e) demonstrate committed funding from other sources. Require recipients to submit annual reports on use of expenses and results of investments. Authorize DATCP to promulgate rules to administer the small farm diversity grant program. (This alternative may be selected independently or in addition to other alternatives.)

ALT 2	Change to Base
GPR	\$250,000

3. Provide \$200,000 GPR each year to resume the agricultural development and diversification grant program. (This alternative may be selected independently or in addition to other alternatives.)

ALT 3	Change to Base
GPR	\$400,000

4. Provide an additional \$100,000 GPR each year for Buy Local, Buy Wisconsin grants, for a total of \$300,000 GPR each year. (This alternative may be selected independently or in addition to other alternatives.)

ALT 4	Change to Base
GPR	\$200,000

5. Specify that grant funding be provided on a one-time basis during the 2021-23 biennium. (This alternative could be selected in addition to any of the above alternatives.)

6. Provide \$68,000 GPR in 2021-22 and \$90,600 GPR in 2022-23 with 1.0 GPR position in the Division of Agricultural Development's general program operations appropriation to administer agricultural business development grants. (This alternative could be selected in addition to any other alternative.)

ALT 6	Change to Base	
	Funding	Positions
GPR	\$158,600	1.00

7. Take no action.

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June, 2021

Joint Committee on Finance

Paper #164

Something Special from Wisconsin (Agriculture, Trade and Consumer Protection -- Agricultural Assistance)

[LFB 2021-23 Budget Summary: Page 56, #1]

CURRENT LAW

The Department of Agriculture, Trade and Consumer Protection (DATCP) operates the Something Special from Wisconsin branding program to increase awareness and interest in agricultural and food products with ingredients, production, or processing activities at least 50% attributable to Wisconsin. The program is administered by 1.4 GPR positions funded from the Division of Agricultural Development's general program operations appropriation. DATCP currently lists approximately 430 businesses participating in the program on its website.

Program participants certify their Wisconsin-made status with DATCP, and pay a fee of up to \$200, depending on their annual gross revenues. Fees for nonprofit participants are set at \$0, while the largest participants with \$500,000 or more in annual revenues pay \$200. DATCP collects funding in a program revenue appropriation authorized to expend up to \$57,700 each year under the 2021-23 base budget. In 2019-20, DATCP collected \$24,400 in fees from program participants, which supported administration of the program.

DISCUSSION POINTS

1. Assembly Bill 68/Senate Bill 111 would create a biennial appropriation and provide \$400,000 GPR in 2021-22 to support increased marketing efforts for the Something Special program to both consumers and potential participant businesses. DATCP would allocate funding as follows: (a) \$95,000 to produce brand promotion content for use in radio and television advertising; (b) \$90,000 to conduct social media, television, and online advertising of participant member products; (c) \$70,000 to engage Wisconsin sports teams in sponsorship or co-branding relationships to build brand awareness; (d) \$50,000 to pilot test retail pop-up stores in strategic markets during the 2021

holiday season; (e) \$35,000 to design and distribute additional retail displays at grocery stores or other retailers; (f) \$30,000 to place branded products in tourism shops at Wisconsin airports; (g) \$15,000 to produce promotional videos on program benefits to encourage producer participation; and (h) \$15,000 to update the program's website, including improved resources for participant businesses.

2. Something Special certification allows businesses to market their Wisconsin-sourced ingredients or workmanship. Recent trends in retail sales of food and other products have increased demand for farm-direct and locally produced agricultural products, which are thought to produce economic and social benefits for local communities, and may have lower environmental impact due to reduced transportation, processing, and packaging costs. As consumers seek locally sourced agricultural products, the Something Special from Wisconsin logo indicates to consumers the local nature of such products.

3. For many products, growth in retail sales may be dependent on marketing, brand recognition, and product placement efforts. However, such efforts may require significant upfront costs that are prohibitively expensive for relatively smaller local producers. DATCP reports that 70% of program participants are small businesses with less than \$100,000 in annual sales.

4. Provision of funding for marketing of the Something Special brand provides similar marketing and brand recognition benefits through coordination among a variety of products. Based on reporting from participants, DATCP estimates that small businesses with sales of less than \$100,000 annually see an increase in sales of perhaps 12% after joining the Something Special program. Further, as more businesses participate in the program, recognition of the Something Special logo increases, which may increase the economic benefit for other businesses to participate. DATCP estimates that marketing and outreach efforts supported by the proposed funding would increase membership by perhaps 150 companies.

5. The Wisconsin Department of Tourism is responsible for the promotion of Wisconsin's scenic, historic, cultural, recreational, and other attractions through digital, print, radio and television media. As the state's primary marketing agency, Tourism administers contracts with third-party vendors to advertise Wisconsin tourism, and maintains staff with expertise in marketing, design, branding strategy, and video production. As part of its duties, Tourism operates an Office of Marketing Services (OMS) clearinghouse to provide marketing services to other state agencies. Under its clearinghouse arrangement, Tourism maintains staff and expertise related to marketing, and charges state agencies per hour of services it provides. OMS is authorized 1.0 PR position and has a budget of \$141,100 PR annually to support marketing efforts on behalf of other state agencies. Further, the Office occasionally hires limited-term staff to support additional marketing efforts. DATCP reports it regularly collaborates with OMS and intends to do so in implementing the proposal.

6. Given the potential benefits to local Wisconsin small businesses of marketing the Something Special from Wisconsin brand, the Committee could consider providing \$400,000 GPR [Alternative 1] or \$200,000 GPR [Alternative 2] in 2021-22. As the proposal reflects an experimental use of funding, the Committee could require DATCP to report to the Committee and other relevant standing committees of the Legislature by September 30, 2022, on how funding has been allocated and the resulting impacts of marketing activities [Alternative 3]. The Committee could also take no action [Alternative 4], and DATCP could allocate existing program fee revenue to support marketing

and outreach efforts.

ALTERNATIVES

1. Create a biennial appropriation for marketing of the Something Special from Wisconsin program and provide funding of \$400,000 GPR in 2021-22 for that purpose.

ALT 1	Change to Base
GPR	\$400,000

2. Create a biennial appropriation for marketing of the Something Special from Wisconsin program and provide funding of \$200,000 GPR in 2021-22 for that purpose.

ALT 2	Change to Base
GPR	\$200,000

3. Require the Department to report to the Joint Committee on Finance by September 30, 2022, on how funding has been allocated and the resulting impacts of marketing activities.

4. Take no action.

Prepared by: Rory Tikalsky



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June, 2021

Joint Committee on Finance

Paper #165

Meat Talent Development Tuition Grants (Agriculture, Trade and Consumer Protection -- Agricultural Assistance)

[LFB 2021-23 Budget Summary: Page 60, #2]

CURRENT LAW

UW System operates agriculture programs at three of its institutions: UW-Madison, UW-Platteville, and UW-River Falls. Additionally, Wisconsin Technical College System (WTCS) schools offer a variety of agriculture- and meat industry-related courses and degree paths, including animal science, agribusiness, livestock production, and farm management. For the 2020-21 academic year, Wisconsin resident annual tuition rates (not including fees) for full-time students at public higher education institutions in Wisconsin vary from: (a) \$4,167 to \$5,636 at WTCS; (b) approximately \$6,400 at UW-Platteville and UW-River Falls; and (c) \$9,273 at UW-Madison.

A recent survey of public higher education institutions by the Department of Agriculture, Trade, and Consumer Protection (DATCP) estimated that in 2019-20, 205 students were enrolled in meat-related courses at WTCS. This number declined to 105 in 2020-21 due to the COVID-19 pandemic. Additionally, approximately 300 students are enrolled in animal science programs focusing on meat animals at UW System institutions in 2020-21.

DISCUSSION POINTS

1. A 2019 study by Dr. Steven Deller of the University of Wisconsin-Madison Department of Agricultural and Applied Economics estimated that meat and poultry processing businesses in Wisconsin generated sales of \$8.6 billion in 2017, and employed approximately 16,000 workers. Due to temporary closures of a number of high-volume meat establishments as a result of the COVID-19 pandemic, demand for slaughter capacity at other meat processing establishments increased in 2020. State-inspected meat processing facilities are generally smaller operations, and were less affected by

COVID-19 closures. Consistent with this trend, total slaughters of cattle (43,300) and swine (46,100) at state-inspected facilities rose 32% in 2020 relative to 2019. Further, DATCP notes that supply chain disruptions associated with the COVID-19 pandemic caused consumers to pursue locally-sourced meat, which is often slaughtered at smaller state-inspected facilities. As a result of these pandemic disruptions and shifting consumer behavior, demand for increased capacity at smaller meat processing facilities has grown. DATCP reports it expects continued growth in coming years as consumer demand for locally sourced meat products continues to grow.

2. Assembly Bill 68/Senate Bill 111 would provide DATCP \$1,237,500 each year for tuition grants that cover up to 80% of the first \$9,375 in tuition costs (\$7,500 per recipient) for individuals enrolling in meat processing programs at higher education institutions in Wisconsin. Additionally, the bill would provide \$69,200 GPR in 2021-22 and \$92,200 GPR in 2022-23 with 1.0 GPR position to administer the program. Under the bill, grants would be provided for tuition costs of enrolling in a "meat processing program." Meat processing program is not otherwise defined, but DATCP suggests programs would be those with coursework related to animal slaughter, carcass fabrication, meat cutting, meat safety, sausage making, meat curing and dry aging, livestock handling for meat processing, and meat business management and entrepreneurship.

3. DATCP contends that a shortage of skilled staff lengthens slaughter wait times, and imposes a bottleneck on activity in Wisconsin's meat industry. Anecdotally, DATCP staff report that cases of farmers who elect not to grow their livestock herd or poultry flock due to wait times of several months for slaughter appointments at processing facilities; however, there are no immediate estimates of the prevalence of such an occurrence. It may be that increased financial assistance for meat processing education and training may increase meat processing staff capacity, reduce wait times for slaughter, and allow for additional growth in Wisconsin's meat industry.

4. The proposal would support 80% of the first \$9,375 in tuition costs for a student enrolled in a meat processing program. As written, it is not clear if the \$9,375 cap in tuition payments is per year, or over the course of the student's post-secondary education. The administration indicates it intends total funding per student across all years to not exceed \$7,500. (Alternatives related to grant limits would clarify this intent.) Based on current tuition rates for public higher education institutions in Wisconsin, this \$7,500 cap would equal approximately 67% to 90% of tuition costs for two years at a Wisconsin technical college, or 20% of tuition costs for four years at UW-Madison.

5. Based on DATCP's survey of higher education programs in Wisconsin, perhaps 400 to 500 students in Wisconsin are currently seeking a degree in meat processing-related fields. Assuming current enrollment of 500 students, the proposed funding level of \$1,237,500 annually would be sufficient to provide a tuition grant of approximately \$2,500 per year for each existing student. An allocation of \$2,500 per year would cover approximately the following proportion of annual tuition costs for full-time in-state students: (a) 44% to 60% for WTCS students; (b) 39% for UW-Platteville or UW-River Falls students; and (c) 27% for UW-Madison students. It should be noted that these amounts assume all eligible students apply, and that there is no growth in student enrollment in such programs. It is expected the proposal could increase interest or enrollment in meat processing programs, although it is unclear the magnitude of such a change.

6. As written, the bill does not specify prioritization criteria for recipients of funding. Based

on current enrollment levels, it is possible not all applicants would receive tuition assistance up to the \$7,500 limit per student. To ensure all eligible students have access to some level of tuition grant, awards could be prorated based on the number of eligible applicants. Proration would allow for allocation of funding to a larger group of applicants, potentially increasing the number of students who would pursue careers related to meat processing.

7. In 2018-19, approximately 62% of student financial aid provided in Wisconsin was need-based. The proposal does not specify need-based criteria, and DATCP reports it does not intend to impose such criteria for recipients. In general, need-based aid is provided based on the expected contribution of a student and their family towards educational costs, and students with lower financial ability to pay receive a relatively higher tuition award. Allocation of funding based on need would enable students to pursue post-secondary education related to meat processing in situations where other post-secondary education may be cost-prohibitive. Thus, allocation of funding based on need would be expected to further increase the pool of students pursuing meat processing education relative to the initially proposed program.

8. In general, the per-dollar effect of a financial incentive declines as additional funding is provided. That is, each additional dollar awarded in tuition grants to encourage students to pursue meat processing education is expected to generate less increased enrollment than the initially invested funding. For example, while a larger incentive might encourage a reluctant biology-focused student to enroll in a meat processing program, the same incentive split in half could capture the interest of two agriculture-focused students that are undecided on their specialization. Thus, a lower funding amount could capture the interest of students already likely to consider coursework related to meat processing at a lower annual cost.

9. The Higher Educational Aids Board (HEAB) is the primary state agency responsible for the management and oversight of the state's financial aid system, and HEAB administers most state-funded student financial aid programs. DATCP has limited experience providing tuition grants to support agriculture-related higher education. In 2017-18, the Department offered scholarships for individuals that had experience related to, or were pursuing education in, dairy farming. At that time, DATCP contracted with HEAB to administer the tuition grants funding. Directing administration of the tuition grant program to HEAB could allow for more effective administration of the program.

10. Given the estimated annual contribution of meat processing to Wisconsin's economy and the increasing demand for meat processing expertise, it could be considered appropriate to allocate general fund revenues to increase the meat processing workforce. The Committee could consider adopting the AB 68/SB 111 proposal to provide \$1,306,700 GPR in 2021-22 and \$1,329,700 GPR in 2022-23 with 1.0 GPR position to establish a grant program to cover up to 80% of the first \$9,375 in tuition costs for individuals enrolling in meat processing programs in Wisconsin [Alternatives A1, A3, B1, C1, and D1].

11. If the Committee wished to create a more targeted program, it could consider providing \$250,000 GPR each year for tuition grants [Alternative A2], and specifying a state match rate of 25% of the first \$10,000 in tuition costs for up to \$2,500 per student [Alternative B2]. Given the first-time nature of the program, the Committee could also provide funding on a one-time basis during the 2021-23 biennium, and consider continued funding for the program during 2023-25 biennial budget

deliberations [Alternative A4].

12. If the Committee wished to ensure broader impact or increased access to tuition grants, it could consider prorating awards to all eligible applicants [Alternative C1] or prioritizing allocation of tuition grants to students with the highest need [Alternative C2]. Further, considering HEAB's experience administering financial aid programs, the Committee could consider creating and funding the program under HEAB, and directing HEAB to collaborate with DATCP in establishing and conducting outreach for the program [Alternative D2].

ALTERNATIVES

A. Funding Level and Staff

1. Create an annual appropriation and provide \$1,237,500 GPR each year for tuition grants to students pursuing education in meat processing and related fields.

ALT A1	Change to Base
GPR	\$2,475,000

2. Create an annual appropriation and provide \$250,000 GPR each year for tuition grants to students pursuing education in meat processing and related fields.

ALT A2	Change to Base
GPR	\$500,000

3. Provide 1.0 GPR position with \$69,200 GPR in 2021-22 and \$92,200 GPR in 2022-23 to administer the program. (This alternative could be selected in addition to A1 or A2 above.)

ALT A3	Change to Base	
	Funding	Positions
GPR	\$161,400	1.00

4. Specify that funding be provided on a one-time basis during the 2021-23 biennium. (This alternative could be selected in addition to any of the alternatives above.)

5. Take no action.

B. Grant Criteria

1. Limit the state cost-share of tuition grants to 80% of the first \$9,375 in tuition costs, for total grants per individual of \$7,500.

2. Limit the state cost-share of tuition grants to 25% of the first \$10,000 in tuition costs, for total grants per individual of \$2,500.

C. Allocation Priority

1. Require that tuition grants be provided to all eligible applicants, and that awards be prorated consistent with the program's funding level.

2. Require that tuition grants be provided with consideration to student financial need, with larger awards provided to higher-need students. (This alternative could be selected independently or in addition to C1.)

D. Administering Agency

1. Create the tuition grant program under the Department of Agriculture, Trade and Consumer Protection, and direct the Department to collaborate with HEAB in administration of the program.

2. Create the tuition grant program under the Higher Educational Aids Board, and direct the Board to collaborate with DATCP in establishing and conducting outreach related to the program.

Prepared by: Rory Tikalsky



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June, 2021

Joint Committee on Finance

Paper #166

Wisconsin Initiative for Agricultural Exports (Agriculture, Trade and Consumer Protection – Agricultural Assistance)

[LFB 2021-23 Budget Summary: Page 60, #3]

CURRENT LAW

The U.S. Census Bureau compiles statistics on imports and exports in the United States. Data is compiled by industry and product based upon the classification standard known as the Harmonized Tariff Schedule, which is typically used to identify customs duties on imports and is compiled by the U.S. International Trade Commission. The attachment shows exports of dairy, livestock, fruit, vegetable, and other agricultural products from Wisconsin summarized by commodity category and selected subcategories since 2002. (Finished food and beverage products are excluded.) Across agricultural export categories, exports have declined from a high of \$1.24 billion in 2014 to \$1.02 billion in 2020, not taking into account inflation. Major export subcategories include wheat, cheese, soybeans, and milk products.

Agricultural marketing boards are created under Chapter 96 of the statutes and have marketing orders promulgated under administrative code Chapters ATCP 141 through 149 for cherries, corn, cranberries, ginseng, milk, potatoes, and soybeans. Marketing boards are led by producer-elected members and support marketing, research and development, and educational programming related to their respective products. In general, marketing boards impose an assessment per unit of product harvested and offered for sale, which supports these efforts. By imposing an assessment on all sales of a given product, marketing orders allow producers to coordinate collectively to advocate for the sale and production of their product, and capture the benefits of scale in research and marketing. For example, the Wisconsin Milk Marketing Board (which does business as Dairy Farmers of Wisconsin, DFW), imposes assessments of 10¢ per hundredweight, and collected \$30.4 million in 2019-20 to support marketing, product research and development, and increased awareness of Wisconsin dairying and dairy products. While the Department of Agriculture, Trade and Consumer Protection (DATCP) regulates and offers

administrative support to marketing boards, boards operate and collect assessments independently from the state.

DISCUSSION POINTS

1. Assembly Bill 68/Senate Bill 111 would create a biennial GPR appropriation and provide \$1,074,400 in 2021-22 and \$1,092,200 in 2022-23 with 1.0 position to establish and administer the Wisconsin Initiative for Agricultural Exports. The bill would specify that 50% of funding be allocated to support exports of dairy products, and half of funding be allocated to support exports of vegetable, meat, and fish products. (The administration subsequently indicated it intended the latter category to include all agricultural products, including fruits.) Funding would be provided under the International Agribusiness Center (IAC), housed in the Division of Agricultural Development, which provides technical expertise, market research, and market development initiatives to establish trade-enhancing partnerships and grow Wisconsin's agricultural exports.

2. DATCP cultivates relationships with international buyers through attendance at international trade shows, international trade missions, and reverse buyer missions. During a reverse buyer mission, DATCP invites potential buyers of Wisconsin agricultural products to Wisconsin in order to educate them about Wisconsin products and connect them with Wisconsin producers. Reverse buyer missions include: (a) collaboration with industry partners, the University of Wisconsin Center for Dairy Research, and in-country trade partners such as the U.S. Department of Agriculture (USDA) Foreign Agricultural Service and Food Export Association; (b) vetting of buyers, including a needs assessment and examination of financial viability and alignment with Wisconsin producer capacity; and (c) recruitment of Wisconsin companies to participate. When buyers visit, they conduct company tours and engage in one-on-one meetings with sellers, and DATCP follows up to provide technical support and resources necessary to establish and grow Wisconsin sales. For example, as part of the 2019 Food Export Midwest event, DATCP facilitated 189 meetings between 16 Wisconsin companies and 22 prospective buyers, resulting in actual sales of \$120,000 and anticipated sales of \$2,200,000. DATCP notes that IAC events are dependent on partnerships and leadership from USDA's Food Export Association and other organizations, and that provision of additional funding would allow it to lead more events.

3. In 2019, IAC attended nine international trade shows, conducted 10 international trade missions, and hosted one buyers mission in partnership with 57 Wisconsin companies. Initial sales from these 2019 events totaled \$28.4 million, with an additional anticipated \$38.4 million in sales. In 2020, IAC attended three international trade shows and conducted two international trade missions with 21 companies. Initial sales from these 2020 events totaled \$3.1 million, with an additional anticipated \$17.6 million in sales. In 2019, DATCP visited or hosted delegations from the following countries: Australia, Brazil, Canada, China, Colombia, India, Japan, Mexico, Panama, South Korea, Vietnam, and the United Arab Emirates. In 2020, DATCP visited or hosted delegations from Chile, China, Japan, Peru and the United Arab Emirates. COVID-19 shutdowns significantly impacted in-person events by IAC, and DATCP reports IAC staff pivoted to provide one-on-one consultations with Wisconsin companies on issues related to export documentation, regulatory compliance, logistics, international business development, collaborating with international trade promotion programs, and applying for grant funding. DATCP anticipates international trade shows and missions

will resume beginning in September, 2021.

4. Table 1 shows DATCP's proposed allocation of funding for the Wisconsin Initiative for Agricultural Exports. Funding would be intended to support additional IAC activities, allowing DATCP to engage with approximately 110 companies annually in addition to the approximately 40 currently benefiting from IAC activities. Additional activities resulting from proposed funding would include: (a) DATCP presence at three international trade exhibition events each year; (b) three international trade missions each year to meet with companies and establish trade relationships in new markets; (c) three reverse buyer missions, during which DATCP invites prospective buyers to Wisconsin to learn about Wisconsin products and meet with Wisconsin producers; (d) social media campaigns in Asia, Europe, Latin America, and the Middle East; (e) international market research for specific countries and products; and (f) staff travel and administrative costs supporting the program.

TABLE 1

Wisconsin Initiative for Agricultural Exports Proposed Allocation -- AB 68/SB 111

	<u>2021-22</u>	<u>2022-23</u>
Trade Shows	\$249,900	\$249,900
Trade Missions	297,900	297,900
Reverse Buyer Missions	175,500	175,500
Online and Social Media Campaigns	192,600	192,600
Administration and Travel Costs	67,500	67,500
Market Research	37,500	37,500
Staff (1.0 Position)	<u>53,500</u>	<u>71,300</u>
Total	\$1,074,400	\$1,092,200

5. Given the large-scale production and fungible nature of agricultural commodities, individual marketing efforts to improve market demand for an individual's agricultural production are generally ineffective. While an individual could conduct marketing activities to increase interest in his or her product, benefits may often also accrue to other producers of the same commodity. To share the high individual costs and collective benefits of agricultural marketing, agricultural marketing boards have been created to coordinate marketing efforts of various commodities in Wisconsin, and impose assessments equally among producers in proportion to their production and resulting relative benefit of any marketing activity. In 2019-20, DATCP reports marketing boards collected a total of \$36.5 million, consisting of: (a) \$30.4 million for milk; (b) \$1.8 million for soybeans; (c) \$1.8 million for potatoes; (d) \$1.6 million for corn; (e) \$530,000 for cranberries; (f) \$310,000 for ginseng; and (g) \$38,000 for cherries.

6. Assembly Substitute Amendment 1 to Assembly Bill 314 and the identical Senate Substitute Amendment 1 to Senate Bill 325 would create a continuing GPR appropriation at DATCP to promote exports of Wisconsin agricultural products (both bills have bipartisan sponsorship). The amended bills would require DATCP, in collaboration with the Wisconsin Economic Development Corporation (WEDC), to seek to increase Wisconsin agricultural exports to 25% more than their December 31, 2021, amount by June 30, 2026, for the following: (a) milk and dairy products; (b)

meat, poultry, fish, and meat products; and (c) crops and crop products. The amended bills would direct DATCP to submit a request to the Joint Committee on Finance within 30 days of publication of the 2021-23 biennial budget for release of up to \$5 million GPR from the Committee's supplemental appropriation to support the initiative. The amended bills would require that DATCP allocate no more than \$1,000,000 each fiscal year, and a total amount of \$2,500,000 for the goal under "a," and \$1,250,000 each for the goals under "b" and "c." DATCP and WEDC would be required to submit a plan to appropriate committees of the Legislature by December 31, 2021, on how funding would be allocated, and the bills would require the Legislative Audit Bureau to conduct an audit by December 31, 2026, of program activities. The amended bills would require DATCP to reallocate 1.0 GPR position and funding to administer the program. DATCP would be responsible for identifying a position from its existing staff allocation and reporting to the Committee on the transferring appropriation for the reallocated position.

7. AB 68/SB 111 and the amended AB 314/SB 325 differ in three primary ways: (a) the budget bill would immediately allocate funding, while AB 314/SB 325 would provide funding under the Committee's supplemental appropriation; (b) the budget bill would provide an additional position to DATCP to administer the provision, while AB 314/SB 315 would direct reallocation of existing DATCP staff; and (c) AB 314/SB 325 would define specific goals for growth of exports among various project categories. Both proposals would provide approximately the same \$1 million per year in funding and allocation among specified product categories.

8. DATCP reports that it would need an additional 1.0 position to administer the program under either proposal. The amended bills would direct DATCP to reallocate an existing position to administer the program. It is unclear at this time what position may be available for reallocation. Currently, all position vacancies of more than three months at DATCP are either in recruitment or being held vacant to meet Department of Administration-directed lapse requirements related to the COVID-19 pandemic. If DATCP were to reallocate a position, it would be incumbent on the Department to prioritize existing Department duties relative to administration of the proposed program.

9. A 2019 study by Dr. Steven Deller of the University of Wisconsin-Madison Department of Agricultural and Applied Economics estimated the Wisconsin agricultural industry produced annual revenues of approximately \$105 billion in 2017. Given the substantial contribution of agriculture to Wisconsin's economy, it could be considered appropriate to allocate general fund revenues to support continued international marketing and development of Wisconsin agriculture. The Committee could create a biennial appropriation at DATCP and provide \$1,074,400 GPR in 2021-22 and \$1,092,200 GPR in 2022-23 with 1.0 GPR position to establish and administer the Wisconsin Initiative for Agricultural Exports. [Alternative 1]

10. The Committee could also consider the process proposed in the amended AB 314/SB 325. The Committee could create a continuing appropriation, provide \$1,000,000 GPR each year in the Committee's supplemental appropriation, and direct DATCP to submit a proposal in collaboration with WEDC for release of funding to support an increase in dairy, meat, poultry, fish, crop, and other agricultural product exports by 25% over their 2021 level by 2026 [Alternative 2]. When considering a request for release of supplemental funding, the Committee could consider if additional staff were

necessary to administer the program at that time.

11. Given AB 314/SB 325, the Committee could also take no action [Alternative 3]. Also, if producers of a given agricultural product wished to increase marketing efforts related to that product, they could increase assessments under their marketing order, or seek to create a new marketing board for a commodity not currently under a marketing order.

ALTERNATIVES

1. Create a biennial appropriation and provide \$1,074,400 GPR in 2021-22 and \$1,092,200 GPR in 2022-23 with 1.0 GPR position to establish and administer the Wisconsin Initiative for Agricultural Exports. Specify that half of funding support increasing dairy product exports, and half of funding support increasing meat, fish, vegetable, fruit, and other agricultural product exports.

ALT 1	Change to Base	
	Funding	Positions
GPR	\$2,166,600	1.00

2. Create a continuing appropriation and allocate \$1,000,000 GPR each year in the Committee's supplemental appropriation. Direct DATCP, in collaboration with WEDC, to submit a proposal for allocation of funding to pursue an increase in dairy, meat, poultry, fish, crop, and other agricultural product exports by 25% over their 2021 level by 2026.

ALT 2	Change to Base
GPR	\$2,000,000

3. Take no action.

Prepared by: Rory Tikalsky
Attachment

ATTACHMENT

Agricultural Exports from Wisconsin, 2002 to 2020 Commodity Category (Millions of Dollars)

<u>Commodity Category (HTS Code)</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
10 Cereals	\$238.0	\$219.2	\$216.3	\$250.7	\$254.7	\$502.5	\$230.4	\$243.7	\$523.0	\$382.8	\$184.8
04 Dairy Products; Eggs; Honey; Other Edible Animal Prods (Non-Meat)	36.0	45.8	42.8	76.7	84.9	195.8	212.8	166.8	212.9	231.4	281.8
12 Oil, Seeds, Etc.; Misc. Grain, Seed, Fruit, Plant, Etc.	167.7	129.0	90.1	87.3	97.9	86.6	98.7	97.1	157.8	157.6	178.3
02 Meat and Edible Meat Offal	73.6	104.1	10.8	20.3	27.4	42.1	54.8	51.6	91.3	119.7	104.5
05 Other Misc. Products of Animal Origin	25.2	25.3	24.7	27.0	31.5	44.1	49.7	42.9	47.0	58.4	61.3
11 Milling Products; Malt; Starch; Inulin; Wheat Gluten	10.3	7.9	16.9	37.4	21.2	57.4	75.3	59.5	65.1	63.5	30.9
07 Edible Vegetables & Certain Roots & Tubers	14.5	17.7	12.7	19.2	20.1	14.6	14.6	16.0	26.0	18.3	18.7
08 Edible Fruit & Nuts; Citrus Fruit or Melon Peel	2.5	5.9	6.0	9.2	7.8	11.2	11.9	10.5	13.4	18.3	22.1
01 Live Animals	6.9	5.4	1.6	3.8	4.6	8.0	13.2	5.5	8.2	13.3	26.6
13 Lac; Gums, Resins & Other Vegetable Sap & Extract	6.3	10.7	4.2	3.1	3.9	5.3	24.6	10.4	6.4	5.0	6.7
09 Coffee, Tea, Mate & Spices	0.2	0.5	0.5	0.6	0.8	1.0	1.3	0.9	1.1	2.2	2.4
03 Fish, Crustaceans & Aquatic Invertebrates	1.0	2.1	2.8	2.8	2.7	3.6	3.9	3.8	3.2	3.1	2.1
06 Live Trees, Plants, Bulbs, Etc.; Cut Flowers, Etc.	1.1	1.0	1.2	1.3	1.4	1.1	1.7	1.6	1.7	1.6	2.1
14 Other Vegetable Plaiting Materials & Products	<u>0.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.1</u>	<u>0.0</u>	<u>0.2</u>	<u>0.1</u>	<u>0.2</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Total	\$583.3	\$574.8	\$430.6	\$539.5	\$558.9	\$973.7	\$792.9	\$710.4	\$1,157.3	\$1,075.4	\$922.2
<u>Commodity Category (HTS Code)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	Total- <u>2002-20</u>	Average <u>2016-20</u>	
10 Cereals	\$240.4	\$249.8	\$249.6	\$178.4	\$153.1	\$182.4	\$152.4	\$114.3	\$4,766.6	\$156.1	
04 Dairy Products; Eggs; Honey; Other Edible Animal Prods (Non-Meat)	397.9	407.9	274.2	251.6	298.6	281.8	237.9	263.4	4,001.1	266.7	
12 Oil, Seeds, Etc.; Misc. Grain, Seed, Fruit, Plant, Etc.	139.7	178.3	138.1	228.7	309.8	152.6	161.9	188.5	2,845.8	208.3	
02 Meat and Edible Meat Offal	125.7	144.3	118.3	122.3	133.8	159.2	144.3	146.6	1,794.7	141.2	
05 Other Misc. Products of Animal Origin	66.6	104.6	111.9	99.9	110.7	126.2	141.1	178.8	1,376.9	131.3	
11 Milling Products; Malt; Starch; Inulin; Wheat Gluten	22.7	74.4	47.7	46.1	51.3	42.7	42.4	31.4	804.0	42.8	
07 Edible Vegetables & Certain Roots & Tubers	29.9	30.4	27.6	32.2	41.5	40.9	49.4	51.8	496.0	43.1	
08 Edible Fruit & Nuts; Citrus Fruit or Melon Peel	16.7	18.5	16.9	13.9	18.3	15.7	16.2	12.6	247.7	15.4	
01 Live Animals	13.6	10.6	12.7	6.0	9.5	9.4	9.4	8.0	176.4	8.5	
13 Lac; Gums, Resins & Other Vegetable Sap & Extract	5.6	6.6	6.7	7.0	8.7	9.6	9.4	11.7	152.0	9.3	
09 Coffee, Tea, Mate & Spices	3.1	3.1	3.9	6.4	7.3	7.4	12.5	9.4	64.6	8.6	
03 Fish, Crustaceans & Aquatic Invertebrates	2.3	4.5	3.4	2.7	2.9	2.4	4.2	3.0	56.3	3.0	
06 Live Trees, Plants, Bulbs, Etc.; Cut Flowers, Etc.	1.2	1.8	1.4	1.0	1.6	1.5	2.1	2.3	28.6	1.7	
14 Other Vegetable Plaiting Materials & Products	<u>0.1</u>	<u>0.3</u>	<u>0.4</u>	<u>0.6</u>	<u>0.7</u>	<u>0.7</u>	<u>0.8</u>	<u>1.1</u>	<u>5.8</u>	<u>0.8</u>	
Total	\$1,065.6	\$1,235.1	\$1,012.7	\$996.9	\$1,147.8	\$1,032.4	\$983.9	\$1,022.9	\$16,816.5		

Agricultural Exports from Wisconsin, 2002 to 2020
Selected Commodity Subcategories*
(Millions of Dollars)

<u>Commodity Subcategory (HTS Code)</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
1001 Wheat	\$198.5	\$178.3	\$205.2	\$234.2	\$199.8	\$438.2	\$189.1	\$216.3	\$463.6	\$313.8	\$159.2
0406 Cheese and Curd	16.3	19.0	19.9	42.2	46.6	75.1	97.4	95.6	109.8	105.9	149.5
1201 Soybeans	132.7	89.5	59.7	54.9	77.7	48.6	68.9	60.9	72.9	108.8	92.2
0404 Whey and Milk Products	12.7	14.4	14.6	22.5	31.5	79.9	57.8	51.2	78.7	99.0	114.1
0511 Miscellaneous Animal Products	23.3	23.3	23.5	26.5	31.1	42.4	48.8	42.4	44.2	54.9	57.6
0202 Meat of Bovine Animals, Frozen	23.7	14.7	0.6	1.8	4.9	8.8	19.0	21.3	49.0	57.6	48.7
1005 Corn	37.7	38.7	10.6	11.9	51.2	57.2	36.1	26.4	47.3	62.2	22.8
1107 Malt	5.4	1.6	9.3	26.0	10.2	30.6	58.5	42.6	48.9	41.0	13.4
0201 Meat of Bovine Animals, Fresh or Chilled	32.1	35.6	0.6	1.5	5.2	15.9	19.2	17.4	20.7	30.8	28.4
1211 Plants for Pharmacy, Perfume, Insecticides Etc.	13.3	23.3	16.4	10.5	15.1	23.2	10.1	17.1	23.6	23.1	23.7
0713 Leguminous Vegetables	3.2	4.2	1.9	5.4	3.4	3.4	1.7	2.7	9.2	6.1	7.1
0206 Edible Offal, Bovine, Swine, Sheep, Goat, Horse, Etc.	8.5	12.0	1.3	2.1	2.7	5.4	5.9	5.3	13.3	23.0	18.5
1205 Rape or Colza Seeds	0.0	0.0	0.0	1.7	0.0	0.0	0.0	9.4	30.5	12.5	50.0
0405 Butter and Other Fats and Oils Derived from Milk	0.7	1.7	0.2	0.3	0.2	14.4	29.9	6.1	8.7	14.2	4.9
0402 Milk and Cream	3.6	8.6	5.7	7.1	4.1	17.1	18.7	10.0	11.5	7.5	7.1
1302 Vegetable Saps & Extracts	6.3	10.6	4.1	2.9	3.5	5.3	24.4	10.4	6.3	4.9	6.6
0203 Meat of Swine, Fresh, Chilled or Frozen	2.3	33.2	3.0	5.2	4.9	5.9	5.4	3.9	4.6	6.8	7.9
0811 Fruit & Nuts	0.8	3.0	3.3	3.5	3.5	4.3	6.6	5.6	7.5	10.6	10.8
0102 Bovine Animals, Live	4.7	3.6	0.0	1.4	1.0	5.4	10.9	3.7	6.9	11.4	24.1
1208 Flour & Meal of Oil Seed & Olea Fruit (no Mustard)	0.5	0.6	2.4	1.2	2.7	2.9	2.5	0.5	0.3	1.0	2.8
0810 Miscellaneous Fresh Fruit	0.8	1.4	1.0	3.3	1.8	4.7	3.6	2.7	3.9	4.2	3.9
0710 Vegetables, Frozen	2.4	2.2	2.1	1.7	1.8	2.1	3.2	2.7	2.1	2.5	2.8
0504 Animal Guts, Bladders, Stomachs & Parts	0.9	1.3	0.3	0.1	0.1	1.3	0.8	0.4	2.1	2.4	2.5
0701 Potatoes (except Sweet Potatoes), Fresh Or Chilled	2.3	1.9	1.3	1.6	2.7	2.1	2.8	2.4	2.6	2.3	2.9
0210 Meat & Edible Offal Salted, Dried Etc. & Flour & Meal	2.4	3.5	3.3	6.1	7.1	4.2	3.6	2.6	2.1	0.6	0.5
0813 Miscellaneous Dried Fruit; Mixtures Of Nuts Or Dried Fruit	0.4	0.4	1.2	2.1	1.9	1.8	1.0	1.0	1.4	3.4	6.6
0403 Buttermilk, Yogurt, Kephir Etc.	1.1	1.1	0.3	0.5	0.5	7.1	6.2	1.4	1.1	1.8	1.9
0901 Coffee, Etc.	0.0	0.0	0.1	0.1	0.2	0.1	0.2	0.3	0.1	0.0	0.3
1210 Hop Cones	0.1	0.1	0.1	0.1	0.4	0.1	0.5	0.1	0.3	0.3	0.0

Agricultural Exports from Wisconsin, 2002 to 2020
Selected Commodity Subcategories* (continued)
(Millions of Dollars)

<u>Commodity Category (HTS Code)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total- 2002-20</u>	<u>Average 2016-20</u>
1001 Wheat	\$217.8	\$210.3	\$210.3	\$130.6	\$127.2	\$142.7	\$129.2	\$101.6	\$4,066.0	\$126.3
0406 Cheese and Curd	183.1	182.8	153.3	127.9	133.8	144.3	113.0	122.2	1937.6	128.2
1201 Soybeans	77.2	105.3	80.4	166.6	252.7	98.0	116.3	155.9	1919.3	157.9
0404 Whey and Milk Products	170.7	181.7	103.2	108.3	138.6	112.3	98.6	115.5	1605.4	114.7
0511 Miscellaneous Animal Products	62.3	100.2	105.1	93.1	103.6	116.0	130.7	172.7	1301.9	123.2
0202 Meat of Bovine Animals, Frozen	72.4	82.5	58.1	60.4	66.0	76.3	71.1	56.9	793.7	66.1
1005 Corn	19.6	35.4	36.8	46.6	25.0	38.3	21.9	11.1	636.6	28.6
1107 Malt	17.6	67.9	43.8	39.3	48.0	38.0	37.6	23.6	603.5	37.3
0201 Meat of Bovine Animals, Fresh or Chilled	28.6	36.5	29.7	32.9	43.2	56.6	43.6	56.0	534.5	46.5
1211 Plants for Pharmacy, Perfume, Insecticides Etc.	40.9	30.4	26.5	27.1	33.4	28.7	25.0	22.1	433.4	27.3
0713 Leguminous Vegetables	14.0	18.2	19.4	22.0	25.2	30.6	36.8	39.3	253.9	30.8
0206 Edible Offal, Bovine, Swine, Sheep, Goat, Horse, Etc.	13.2	17.3	23.7	19.9	15.2	15.3	19.6	20.0	242.2	18.0
1205 Rape or Colza Seeds	10.6	24.7	17.8	16.9	8.7	6.6	7.8	0.0	197.5	8.0
0405 Butter and Other Fats and Oils Derived from Milk	24.7	24.9	5.1	5.6	14.8	13.3	16.1	8.3	194.0	11.6
0402 Milk and Cream	14.6	13.2	9.3	6.8	8.0	7.4	6.7	9.8	176.7	7.7
1302 Vegetable Saps & Extracts	5.2	6.4	6.5	6.0	7.5	9.1	8.9	11.4	146.3	8.6
0203 Meat of Swine, Fresh, Chilled or Frozen	7.7	6.7	5.8	5.0	6.8	6.4	6.8	11.1	139.5	7.2
0811 Fruit & Nuts	8.8	8.9	8.7	8.8	11.9	9.9	8.9	5.0	130.3	8.9
0102 Bovine Animals, Live	10.8	6.7	6.9	3.5	2.8	6.4	7.0	5.0	122.3	5.0
1208 Flour & Meal of Oil Seed & Olea Fruit (no Mustard)	3.0	7.7	7.7	6.3	9.5	12.2	5.4	3.7	72.8	7.4
0810 Miscellaneous Fresh Fruit	4.5	5.0	2.8	3.5	4.1	4.5	4.3	3.4	63.4	4.0
0710 Vegetables, Frozen	3.7	2.0	1.7	3.8	10.7	4.0	5.9	5.3	62.4	5.9
0504 Animal Guts, Bladders, Stomachs & Parts	2.7	4.0	5.9	5.3	5.3	8.5	10.0	6.0	59.8	7.0
0701 Potatoes (except Sweet Potatoes), Fresh Or Chilled	4.1	3.9	2.2	1.8	3.0	3.6	3.2	4.8	51.6	3.3
0210 Meat & Edible Offal Salted, Dried Etc. & Flour & Meal	2.8	0.4	0.9	3.0	1.9	2.3	1.7	2.1	50.9	2.2
0813 Miscellaneous Dried Fruit; Mixtures Of Nuts Or Dried Fruit	3.1	4.4	4.8	1.5	1.3	0.9	2.4	3.8	43.6	2.0
0403 Buttermilk, Yogurt, Kephir Etc.	1.9	1.9	1.7	2.0	2.3	1.1	2.6	1.9	38.4	2.0
0901 Coffee, Etc.	0.8	0.8	0.8	2.1	3.5	4.1	8.6	6.5	28.7	4.9
1210 Hop Cones	0.1	0.7	1.2	1.8	1.9	3.0	2.7	2.9	16.4	2.4

*Selected subcategories are those with an average of more than \$2 million in exports in the last five years.

Source: U.S. Census Bureau, <https://www.census.gov/foreign-trade/data/index.html>



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June, 2021

Joint Committee on Finance

Paper #167

Regional Farmer Support (Agriculture, Trade and Consumer Protection – Agricultural Assistance)

[LFB 2021-23 Budget Summary: Page 61, #4]

CURRENT LAW

The Wisconsin Farm Center, housed in DATCP's Division of Agricultural Development, offers services supporting farmers and their families, including: (a) a hotline that farmers may call for information, referrals, and crisis support; (b) mental health assistance, including a 24-hour counseling hotline, in-person and virtual counseling sessions, and workshops for farmers on mental health issues; (c) technical assistance related to production, processing, and marketing; (d) financial consultations and farm succession planning; (e) minority and veteran farmer outreach; and (f) mediation and arbitration assistance. Under the 2021-23 base budget, the Farm Center is budgeted 6.5 permanent positions, as well as several limited-term staff, for a total of approximately \$750,000 each year in salary and fringe benefit costs.

The UW-Madison Division of Extension provides educational programs related to agriculture, natural resources, geological and natural history, community and economic development, and other topics through an office located in every county in the state. The agriculture and natural resources program uses UW research and knowledge to address community agricultural and natural resources needs.

DISCUSSION POINTS

1. Assembly Bill 68/Senate Bill 111 would provide \$347,400 GPR in 2021-22 and \$436,600 GPR in 2022-23 with 5.0 GPR positions to increase Farm Center staffing. While existing Farm Center staff are located at DATCP's main office in Madison, proposed staff would each be assigned to a different region in northwest, north, central, southwest, and northeast Wisconsin. DATCP intends that proposed positions would operate locally to build relationships with farmers,

and local organizations and businesses that support and provide services to farmers. Proposed staff would allocate approximately: (a) 50% of its time answering calls from the Farm Center hotline, and researching and providing information in response to caller requests; and (b) 50% of its time engaging in outreach activities such as visiting farms, attending industry events, building relationships with local leaders, farmers, and agribusiness professionals, and connecting with agriculture educational programs.

2. DATCP believes that outreach and engagement by the proposed positions would increase demand for Farm Center services. DATCP suggests that it may be more effective to conduct outreach to provide Farm Center services before farmers reach a point of crisis or dire need. In particular, DATCP suggests that proactive business consultations and succession planning may allow farms to be more resilient to economic pressures that have driven farm closures in recent years. Further, DATCP suggests that local engagement may allow the Department to more effectively design Farm Center offerings to meet farmer needs, and allow the Department to reach minority and underserved producers.

3. The UW-Madison Division of Extension provides outreach to local citizens and communities, with institutes focusing on agriculture, community development, health and well-being, human development and relationships, natural resources, and positive youth development. As part of the agriculture institute, educators work in local communities through activities such as working directly with farmers and other agricultural producers, speaking to civic groups and county boards, facilitating meetings, and providing information publicly through newspapers, radio, or television programs. Educators provide information on topics including safe and healthy agricultural practices, farm profitability, farm succession and planning, using resources in a sustainable way, and best practices for growing various crops.

4. In 2020-21, the Division of Extension budgeted \$3.5 million for agriculture agents and educators, using a combination of state and federal funding. As of April, 2021, 52.1 full-time equivalent (FTE) agricultural educators are working in 56 of Wisconsin's 72 counties. (A decline in agricultural educator positions from 57.4 FTE in May, 2019, may be partially associated with a hiring freeze during the COVID-19 pandemic.) Some educators work part-time in more than one county; in those cases, the county portion of the funding is split between counties. While positions are supported primarily by Extension, counties provide a portion of the funding for county-based educators, equal to approximately 41% of total funding for educators.

5. While the Farm Center and Extension may provide expertise and counsel in a variety of similar areas relating to farm business, the Farm Center is typically associated with providing services that may be more socially beneficial, including crisis intervention and mediation. Given the opportunity to further such outreach in regions of Wisconsin, the Committee could consider providing \$347,400 GPR in 2021-22 and \$436,600 GPR in 2022-23 with 5.0 GPR positions to provide regional Farm Center staff [Alternative 1]. The Committee could also consider providing \$139,000 GPR in 2021-22 and \$174,600 GPR in 2022-23 with 2.0 GPR positions to conduct outreach activities [Alternative 2].

6. However, considering the existing network of Extension agricultural agents located in each county that provide outreach services to farmers on agricultural practices, business management,

and succession planning, the Committee could decide not to provide additional positions to the Farm Center and take no action [Alternative 3]. It should be noted that AB 68/SB 111 includes a provision to provide \$500,000 GPR in 2021-22 and \$1,500,000 GPR in 2022-23 to increase county agriculture extension agents by 20 positions.

ALTERNATIVES

1. Provide \$347,400 GPR in 2021-22 and \$436,600 GPR in 2022-23 with 5.0 GPR positions in the Division of Agricultural Development's general program operations appropriation to create a regional network of Farm Center staff.

ALT 1	Change to Base	
	Funding	Positions
GPR	\$784,000	5.00

2. Provide \$139,000 GPR in 2021-22 and \$174,600 GPR in 2022-23 with 2.0 GPR positions in the Division of Agricultural Development's general program operations appropriation to create a regional network of Farm Center staff.

ALT 2	Change to Base	
	Funding	Positions
GPR	\$313,600	2.00

3. Take no action.

Prepared by: Rory Tikalsky



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June, 2021

Joint Committee on Finance

Paper #168

Farmer Mental Health Assistance (Agriculture, Trade and Consumer Protection -- Agricultural Assistance)

[LFB 2021-23 Budget Summary: Page 61, #5]

CURRENT LAW

The Wisconsin Farm Center, housed in DATCP's Division of Agricultural Development, offers services supporting farmers and their families, including: (a) a hotline that farmers may call for information, referrals, and crisis support; (b) mental health assistance, including a 24-hour counseling hotline, in-person and virtual counseling sessions, and workshops for farmers on mental health issues; (c) technical assistance related to production, processing, and marketing; (d) financial consultations and farm succession planning; (e) minority and veteran farmer outreach; and (f) mediation and arbitration assistance.

DISCUSSION POINTS

1. Research¹ published in January, 2020, by the Centers for Disease Control and Prevention (CDC) estimates that the suicide rate for men in the "Farming, Fishing, and Forestry" category was 31.4 per 100,000 civilian non-institutionalized working persons in 2016. Further, it estimated the suicide rate for men in the "Farmers, Ranchers, and Other Agriculture Managers" subcategory was 43.2 per 100,000 civilian non-institutionalized working persons in 2016. For comparison, across all industries in the dataset, the suicide rate for working men was estimated at 27.4 per 100,000 in 2016, and the suicide rate among all working-age adults (age 16 to 64) was estimated at 18.0 per 100,000 in 2017. Thus, data suggest that men working in the farming, fishing, and forestry industries face suicide rates 15% higher than other working men and 75% higher than the national average. Similarly, men working as farmers, ranchers, and other agricultural managers face suicide

¹ Peterson C, Sussell A, Li J, Schumacher PK, Yeoman K, Stone DM. Suicide Rates by Industry and Occupation — National Violent Death Reporting System, 32 States, 2016. DOI: <http://dx.doi.org/10.15585/mmwr.mm6903a1>

rates 58% higher than other working men and 140% higher than the national average. Researchers report insufficient data was available for women in these categories to develop statistical estimates with sufficient confidence. Further, a separate 2017 report² from CDC showed that suicide rates are higher in nonmetropolitan/rural areas (19.74 per 100,000 in 2013-2015), as opposed to medium/small metropolitan (16.77) and large metropolitan areas (12.72).

2. 2019 Wisconsin Act 9 set aside \$100,000 GPR each year during the 2019-21 biennium in one-time funding for farmer mental health assistance activities, subject to approval by the Joint Committee on Finance. The Committee approved allocation of that funding in September, 2019, providing funding on a one-time basis during the 2019-21 biennium. Prior to funding under Act 9, DATCP operated a counseling voucher program supported by grant funding received primarily from the U.S. Department of Health and Human Services between 2000 and 2010.

3. During the 2019-21 biennium, farmer mental health assistance funding has supported: (a) a 24-hour Wisconsin Farmer Wellness hotline and telephone counseling service for distressed farmers; (b) vouchers covering the cost of counseling sessions for farmers; (c) training and outreach to agriculture and health care professionals to help identify and address farm-related mental health challenges; (d) in-person and virtual support groups, meetings, and trainings to support farmers and their families addressing mental health challenges; (e) a podcast addressing challenges facing Wisconsin farmers; and (f) limited-term staff costs supporting these initiatives. Table 1 shows anticipated allocations amongst these activities based on 2019-20 and 2020-21 year-to-date expenditures, and DATCP estimated allocations for the remainder of the biennium.

TABLE 1

2019-21 Farmer Mental Health Funding Allocation

<u>Expenditure Category</u>	<u>Amount</u>
24/7 Hotline and Counseling Services	\$66,400
Limited-Term Staff	57,200
Training, Outreach, and Education	32,300
Counseling Vouchers	21,800
Farmer Support Groups	15,800
Rural Realities Podcast	5,000
Job Hunting Support Resources	<u>1,500</u>
Total	\$200,000

4. Farmers calling DATCP's Farm Center hotline or the Wisconsin Farmer Wellness counseling hotline are screened regarding their current mental health and need for counseling. Staff are trained to identify signs of high stress and suicidal ideation, talk with farmers to reduce their feeling of isolation, and refer them to professional help. Callers are offered an initial allocation of three vouchers that may be used to receive counseling sessions from providers recruited by DATCP.

² Ivey-Stephenson AZ, Crosby AE, Jack SP, Haileyesus T, Kresnow-Sedacca M. Suicide Trends Among and Within Urbanization Levels, 2001–2015. DOI: <http://dx.doi.org/10.15585/mmwr.ss6618a1>

Currently, DATCP reports approximately 210 providers in 60 of 72 Wisconsin counties accept its counseling vouchers. Table 2 shows counseling voucher allocations since 2011. DATCP currently reimburses providers \$100 per counseling session, and in certain circumstances up to \$140 to cover travel costs for counselors traveling to counties without an existing provider.

TABLE 2

Counseling Voucher Allocations

<u>Calendar Year</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Percent Redeemed</u>	<u>Cost</u>
2011	49	36	73%	\$2,700
2012	38	14	37	1,050
2013	48	40	83	3,000
2014	26	13	50	975
2015	76	34	45	2,550
2016	31	2	6	150
2017	29	11	38	1,100
2018	89	22	25	2,200
2019	181	74	41	7,400
2020	<u>255</u>	<u>142</u>	56	<u>14,200</u>
Total	822	388	47%	\$35,325

5. Assembly Bill 68/Senate Bill 111 would provide DATCP \$100,000 GPR each year on an ongoing basis to continue DATCP farmer mental health assistance programming. DATCP reports funding would continue to support: (a) the Farmer Wellness hotline and tele-counseling services; (b) counseling vouchers; (c) twice monthly virtual support group meetings for farmers and farm couples; (d) 8 to 10 podcast episodes per year on farm-related challenges; and (e) limited-term staff to support mental health programming. DATCP also intends to increase its outreach and education related to Farm Center services and mental health assistance, and increase its efforts to provide support to farmers seeking retraining and employment as they transition out of farming or add off-farm income. Table 3 shows DATCP's proposed allocation of funding amongst these categories.

TABLE 3

Proposed 2021-23 Farmer Mental Health Funding Allocation

	<u>2021-22</u>	<u>2022-23</u>	<u>Biennium</u>
24/7 Hotline and Counseling Services	\$25,000	\$40,000	\$65,000
Limited-Term Staff	24,545	24,545	49,090
Counseling Vouchers	24,000	25,000	49,000
Farmer Support Groups	7,000	7,000	14,000
Outreach and Education	11,355	1,755	13,110
Job Hunting Support Resources	6,400	0	6,400
Rural Realities Podcast	<u>1,700</u>	<u>1,700</u>	<u>3,400</u>
Total	\$100,000	\$100,000	\$200,000

6. The federal Consolidated Appropriations Act of 2021 (CAA), signed into law on December 27, 2020, provided \$28 million in funding for state departments of agriculture, up to \$500,000 per state, to expand or sustain their farmer stress assistance programs. The CAA required the U.S. Department of Agriculture (USDA) to disburse funding to states no later than 60 days after enactment of the bill. However, the allocation process is ongoing. In early May, 2021, DATCP received guidance from USDA regarding allocation of CAA state farmer stress assistance funding. Under that guidance, DATCP must submit an application for use of funding by June 15, 2021.

7. USDA guidance specifies allowable costs under the federal grant include: (a) telephone helplines and websites; (b) training and workshops for farmers, or other agriculture-adjacent individuals that work with farmers facing stress or mental health issues; (c) support groups; and (d) outreach and educational activities. Additionally, guidance specifies that funding may support existing state farmer stress assistance initiatives, and does not require a state match to federal funding. The CAA requires DATCP to report to USDA on use of funding within 180 days of the end of the COVID-19 public health emergency, as declared by the Secretary of the U.S. Department of Health and Human Services. DATCP anticipates the CAA grant period would begin September 1, 2021, and last one year. However, it is unclear at this time if a declared end to the federal public health emergency would prohibit continued use of CAA funding.

8. The federal American Rescue Plan Act of 2021 (ARPA) provides \$2.5 billion in direct payments to Wisconsin. On May 10, 2021, the U.S. Department of Treasury indicated that funds may be used for COVID-19 response activities, including mental health treatment and other behavioral health services. It is possible certain DATCP farmer mental health assistance activities could be supported by ARPA funding under this mental health treatment criteria, although it is not certain all such activities would be allowable.

9. In 2020, the University of Illinois and Illinois Extension received a \$7.2 million Farm and Ranch Stress Assistance Network grant from USDA. Under the grant, Illinois will lead a regional network of state and local partner agencies to coordinate programming that seeks to reduce farm stress, improve financial planning and decision making in farm settings, and increase access to mental health resources for farmers. As part of this project, DATCP will receive \$85,300 through August, 2023, to organize focus groups studying farmer mental health, host trainings for and conduct outreach to health care professionals on farm-specific mental health treatment, and develop a best practices guide for providing farmer mental health assistance vouchers. DATCP indicates Farm and Ranch Stress Assistance Network grant funding would not be available to offset state farmer mental health assistance support activities, but would still support development of practices that would benefit the state program.

10. Given mental health challenges experienced by farmers, the higher risk of suicide for persons with occupations related to farming and for those in rural areas, and ongoing DATCP efforts related to farmer mental health assistance, the Committee could consider providing \$100,000 GPR each year on an ongoing basis for farmer mental health assistance activities [Alternative 1]. The Committee could also provide funding on a one-time basis during the 2021-23 biennium [Alternative 3], and consider continued funding during subsequent budget deliberations.

11. Considering the anticipated allocation of CAA funding that would support continuation

of existing DATCP farmer mental health assistance activities, the Committee could take no action [Alternative 4]. However, given delays in allocation of funding, it is likely DATCP would have to temporarily cease mental health assistance operations while waiting for receipt of federal funds. Further, the allowable timeline for use of funding is currently unclear, and CAA funding may be required to be spent prior to the end of the 2021-23 biennium. Thus, the Committee could consider providing \$50,000 GPR each year of the biennium, and requiring DATCP to expend federal funding provided under the CAA for farmer mental health assistance activities before using GPR [Alternative 2]. State funding would allow the Department to continue mental health assistance program operations while receipt of CAA funding is pending, but priority would be given to use of federal funding when available.

ALTERNATIVES

1. Provide \$100,000 GPR each year to support farmer mental health assistance programming at DATCP.

ALT 1	Change to Base
GPR	\$200,000

2. Provide \$50,000 GPR each year of the biennium to DATCP for farmer mental health assistance activities. Further, require DATCP to expend federal funding provided under the CAA for farmer mental health assistance activities before using GPR.

ALT 2	Change to Base
GPR	\$100,000

3. Specify that funding be provided on a one-time basis during the 2021-23 biennium. (This alternative could be selected in addition to Alternatives 1 or 2).

4. Take no action.

Prepared by: Rory Tikalsky

Agriculture, Trade and Consumer Protection -- Agricultural Assistance

LFB Summary Items For Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
8	Agricultural Economist

