

Agriculture, Trade and Consumer Protection

Agricultural Assistance

(LFB Budget Summary Document: Page 61)

LFB Summary Items for Which an Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
1 (part) & 2	Food Security Programs (Paper #175)
1 (part)	Meat Processor Grants (Paper #176)
1 (part)	Dairy Processor Grants (Paper #177)
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LFB Summary Items Removed From Budget Consideration

<u>Item #</u>	<u>Title</u>
5	Regional Famer Support
8	Food Waste Reduction Grants



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May 18, 2023

Joint Committee on Finance

Paper #175

Food Security Programs (Agriculture, Trade and Consumer Protection – Agricultural Assistance)

[LFB 2023-25 Budget Summary: Page 61, #1 (part) and Page 63, #2]

CURRENT LAW

In May 2020, the Department of Agriculture, Trade and Consumer Protection (DATCP) began administering the Food Security Initiative, funded through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA). \$65 million has been provided through the Food Security Initiative to Wisconsin hunger relief organizations. Additionally, in 2021, Wisconsin tribal nations received funding through the 2018 Farm Bill and subsequent grant awards from the U.S. Department of Agriculture (USDA) for the creation of a tribal elder community food box program. The tribal elder community food box program provided \$1.8 million in funding for improving food security in Wisconsin tribal nations through 2022.

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. Feeding Wisconsin reports distributing 86 million meals, or \$153 million in purchased and recovered food, through network food banks in 2021. Food Security Initiative funding was also provided to the Wisconsin Hunger Task Force, a nonprofit organization addressing food insecurity through food banks, public education, and community action.

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 USDA to states. WISCAP reports that in 2022, Wisconsin's network of approximately 340 food banks, food pantries, meal sites, and shelters distributed 60.5 million pounds of food, including 13.5 million pounds of TEFAP commodities, serving an estimated 148,000 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 (\$55,300 annually in 2023 for a household of four). In 2022, approximately 940,000 individuals received a total of approximately \$2.1 billion in federal assistance under the FoodShare program.

DISCUSSION POINTS

Food Security Grant Program

1. Under the 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.

TABLE 1

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

2. DATCP also received an allocation of \$30 million from the State Fiscal Recovery Fund (SFRF) under the American Rescue Plan Act (ARPA) in December, 2021. The Hunger Task Force and Feeding Wisconsin were each allocated \$15 million to purchase food resources and to invest in storage, distribution, and transportation of purchased items. In October, 2022, an additional \$10 million in ARPA funding was provided to the organizations to continue support for these activities and to cover expenses incurred through June, 2023. Total funding for food security initiatives from May, 2020 through June, 2023 in Wisconsin from CARES and ARPA is \$65 million.

3. While CARES and ARPA funds were used to respond to food security issues exacerbated by the COVID-19 pandemic, food security in Wisconsin has arguably not made notable improvements as the pandemic has subsided. An April, 2023, annual report from the Department of Health Services (DHS) on hunger prevention in Wisconsin through 2021 indicates Wisconsin's percentage of food insecure households has decreased slightly in recent years, but the U.S. average has fallen faster and is more on par with Wisconsin's percentage of food insecure households. Feeding Wisconsin further reports as of February, 2023, 7.2% of Wisconsinites and 12.6% of Wisconsin children are considered food insecure.

4. Assembly Bill 43/Senate Bill 70 would create a biennial appropriation and provide \$15,000,000 each year for grants to eligible nonprofit food assistance organizations to support the purchase of food products made or grown in Wisconsin. Eligible organizations would include food banks, food pantries, and other nonprofit organizations that provide food assistance.

5. DATCP reports it would administer the proposed \$15 million in food security funding in the 2023-25 biennium 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 a corresponding state program with an LTE employee. 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.

6. The all-items Consumer Price Index increased 6% from February, 2022 to February 2023, with the index for food alone jumping 9.5%, according to USDA's Economic Research Service (ERS). Within that food category, grocery store prices jumped more than 10.2% and restaurant costs rose nearly 8.4%. In 2023, all food prices are predicted to increase 7.5%, according to the ERS.

7. In December, 2022, the federal Consolidated Appropriations Act, 2023, ended SNAP emergency allotment benefits that were providing additional funding to Wisconsin's FoodShare program. With emergency funding, Wisconsin FoodShare households were receiving base FoodShare benefits and additional COVID-19 benefits, based on the number of people per household, household income, and other allowable bill expenses. The last month of benefits received from the program was February, 2023. DHS emphasizes the impact that SNAP benefits had on Wisconsin families and points to the need for local resources such as food pantries and food banks to fill the gap left behind by SNAP.

8. Feeding Wisconsin is the state association of six Feeding America member food banks and 1,000 local food programs serving all 72 counties in the state. In February, 2023, Feeding Wisconsin reported that regional food banks and pantries were experiencing a 30 to 45% increase in demand, prior to the end of emergency SNAP benefits. Feeding Wisconsin contends that the allocation of \$15 million in the 2023-25 biennium would increase the capacity of food banks and pantries to acquire and distribute locally grown foods to low-income Wisconsin residents. Feeding Wisconsin also says that the program funding would allow flexibility and local decision making to better manage the needs that individual food banks may have.

9. Given that food insecurity continues to impact Wisconsinites and federal COVID-19 support for food security is subsiding, 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 \$15,000,000 GPR each year for this purpose [Alternative A1].

10. While inflation is still impacting grocery store and restaurant food prices, the ERS reports that inflationary pressures have begun to ease since 2022 highs. The Committee could consider providing \$5,000,000 GPR each year for food security grants given ongoing economic recovery [Alternative A2]. Considering the first-time nature of a state-funded program, funding could be provided on a one-time basis during the 2023-25 biennium, and subsequent allocations could be considered during 2025-27 budget deliberations [Alternative A3].

Tribal Food Security Program

11. According to the USDA Current Population Survey Food Insecurity Supplement, in 2021, food insecurity rates among the tribal and Alaskan native population in the United States were 10 percent higher than the rates of food insecurity among the white population. The UW-Madison Center for Integrated Agricultural Systems reports that most tribal lands in Wisconsin are located in regions designated as "frontier and remote" by USDA, indicating that these areas have limited access to food and healthcare. As a result, tribal communities often rely on federal food distribution programs, such as USDA's Food Distribution Program on Indian Reservations (FDPIR). USDA reports that many tribal households use FDPIR as an alternative to SNAP, because SNAP offices or authorized food stores are not always accessible near tribal lands.

12. Under the 2018 Farm Bill, eight tribal FDPIRs nationwide were awarded contracts to choose and purchase their own foods through the FDPIR Self-Determination Project, including three in Wisconsin. In 2021, USDA announced \$3.5 million would be provided to the selected FDPIRs for implementation of the project. With grant funding from the USDA and Feeding America National, the tribal elder community food box pilot program was created by a planning committee of tribal officials and farmers, food bank leaders, UW System staff, and the Wisconsin Food Hub Cooperative (WFHC) to facilitate the purchase and distribution of food to tribal elders. The planning committee has organized as the nonprofit Great Lakes Intertribal Food Coalition. Feeding Wisconsin staff and volunteers and the WFHC manage distribution of food boxes, which contain perishable items including a combination of meat and produce sourced from Indigenous and local producers, and recipes with suggested uses of box items.

13. In 2021, the pilot program served seven tribal Nations in Wisconsin and Michigan and delivered approximately 11,000 boxes of food produced by Indigenous farmers and local farmers. In 2022, the program served all 11 tribal Nations in Wisconsin and delivered approximately 24,400 boxes of food. Of boxes provided in 2022, approximately 59% of product inside the boxes was produced by Indigenous farmers, with the remaining amount produced by local farmers. In 2023, the program anticipates producing 30,000 boxes and supplying products from 20 or more Indigenous producers. In 2023, Feeding Wisconsin reports the program is shifting focus to allow some grant funding to go towards bolstering operations on Indigenous farms to ensure that farmers can keep up with anticipated program demand.

14. Federal funding for pilot programs under FDPIRs is authorized through 2023, when the 2018 Farm Bill expires. AB43/SB70 would provide \$2,000,000 tribal gaming PR annually for grants to nonprofit food assistance organizations that purchase and distribute food to tribal elders and to entities supporting the growth and operation of participating food producers. The bill specifies that grant recipients should give preference to indigenous-based food producers and local food producers when purchasing food for distribution. DATCP would be provided with rule-making authority to implement the program and would use existing food security LTE staff to administer the program.

15. The tribal gaming PR appropriation under the Department of Administration is estimated to begin the biennium in a deficit. Under AB43/SB70, it is anticipated no transfers of tribal gaming PR would be made to the general fund, but the deficit would be resolved by June 30, 2025, with revenues anticipated through the 2023-25 biennium.

16. According to DHS, Indigenous individuals in Wisconsin are three times more likely to die from diabetes than white individuals and also experience increased rates of heart disease, cancer, and obesity. Organizers of the tribal community food box program contend that the food and recipes provided in the boxes could improve the health of Wisconsin's Indigenous population.

17. Given the demand for the tribal community elder food box program since its inception in 2021 and the potential benefits of continuing the program for food security and population health, the Committee could consider providing additional funding to the program [Alternative B1]. The Committee could also consider taking no action. It is possible that with the passage of the 2023 Farm Bill, additional funding would be made available for the existing pilot program through 2028. Funding could be provided on a one-time basis in the 2023-25 biennium until Congress determines the potential allocation of additional federal funding under the Farm Bill [Alternative B2]. The Committee could also take no action [Alternative B3].

ALTERNATIVES

A. Food Security Grants

1. Provide \$15,000,000 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	\$30,000,000

2. Provide \$5,000,000 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	\$10,000,000

3. In addition to Alternatives A1 or A2 above, specify that funding be provided on a one-time basis during the 2023-25 biennium.

4. Take no action.

B. Tribal Food Security Program

1. Provide a \$2,000,000 tribal gaming PR each year for grants to nonprofit food assistance organizations that purchase and distribute food to tribal elders and to entities supporting the growth and operation of participating food producers.

ALT B1	Change to Base
PR	\$4,000,000

2. In addition to Alternative B1, specify that funding be provided on a one-time basis in the 2023-25 biennium.

3. Take no action.

Prepared by: Margo Poelstra



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May 18, 2023

Joint Committee on Finance

Paper #176

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

[LFB 2023-25 Budget Summary: Page 61, #1]

CURRENT LAW

The Department of Agriculture, Trade and Consumer Protection (DATCP) is responsible for supporting the meat and poultry industry in Wisconsin by adopting and enforcing 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.

The meat processor grant program was created by 2021 Wisconsin Act 58, the biennial budget act, to provide grant funding to facilities that slaughter animals for human consumption, or that process meat or meat products, excluding rendering plants, to promote the growth of the meat industry in Wisconsin. Following action by the Joint Committee on Finance, \$200,000 was allocated for grants in each of 2021-22 and 2022-23 in a biennial appropriation. Base funding for the program is \$200,000 GPR each year.

The meat processor grant program provides grants of up to \$50,000 per recipient for projects up to two years in duration and requires an equal match (50% of project costs). Eligible recipients are either DATCP- or U.S. Department of Agriculture-inspected meat processing facilities located in Wisconsin. Eligible projects are those that: (a) grow or develop the current business's harvest or throughput capacity; (b) improve facility production or profitability; or (c) assist processors in solving capacity or production bottleneck challenges. Grants are provided on a reimbursement basis, and support costs including equipment, engineering, architecture, design, construction, and food safety advisory services.

DISCUSSION POINTS

1. 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. The result was increased demand for slaughter at smaller, state-inspected facilities as animals were diverted from larger facilities. Consistent with this trend, total slaughters of cattle (40,000) rose 21% in 2020 relative to 2019 and total slaughters of swine (45,500) rose 34% in 2020 relative to 2019. DATCP reports as of April, 2023, that total slaughters for cattle have remained high compared to pre-pandemic levels, but that numbers have moderated in the past two years, totaling 40,100 slaughters in 2021 and 40,200 in 2022. Total slaughters of swine have declined approximately 29% to 32,300 slaughters, consistent with pre-pandemic levels.

2. 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 grew. DATCP reports it expects continued growth in coming years as consumer demand for locally-sourced meat products continues.

3. The meat processor grant program, created under 2021 Act 58, provides support to small-scale, state-inspected meat processing establishments. In the 2021-22 grant cycle, the first meat processor grant round, DATCP received 100 applications requesting approximately \$4.4 million in funding. DATCP chose five projects, awarding each project between \$25,000 and \$50,000. Awarded projects meet various aspects of the following program objectives: (a) establishment of expansion efforts to provide assistance with siting, engineering, design, and layout of new facilities or production lines; (b) increase of an establishment's harvest capacity by 20% or more annually; and (c) increase of meat or meat product production and demonstrated benefits to harvest capacity within the supply chain. Preference was given to projects that demonstrated an industry-wide benefit or increased animal harvest benefitting multiple Wisconsin producers and farmers.

4. In response to strong demand for the first meat processor grant round, \$10 million in discretionary funding under the federal American Rescue Plan Act (ARPA) was allocated for the creation of a Meat and Poultry Supply Chain Resiliency grant program in May, 2022. DATCP received 99 applications requesting approximately \$11.1 million in funding and awarded the allocated \$10 million to 88 recipients. Eligible projects included siting, engineering, design, or layout of new facilities or production lines and any project that could increase a facility's harvest capacity by 20% or more each year. The maximum grant award was \$150,000 and required equal matches from processors and project lengths within two years.

5. In the second round of meat processor grants, the 2022-23 grant cycle, DATCP received 70 applications requesting approximately \$2.8 million in funding. DATCP contends that oversubscription in the 2022-23 grant round, following the investment of \$10 million for the Meat and Poultry Supply Chain Resiliency Program, indicates ongoing need and demand from Wisconsin meat processors. Assembly Bill 43/Senate Bill 70 would increase funding for the meat processor grant program by \$800,000 GPR annually. The bill would provide \$1,000,000 each year in ongoing funding for the program.

6. DATCP suggests that a shortage of meat processing capacity imposes a bottleneck on growth in Wisconsin's meat industry. DATCP estimates that in recent years, wait times from scheduling to slaughter have increased from approximately two months to two years. As of 2023, DATCP reports that most meat processors are booked for slaughter services through the end of 2024, meaning slaughter appointments are being scheduled for animals not yet born. DATCP contends that meat processor grants assist in reducing slaughter wait times, and allow identification of process and facility improvements that other facilities could implement statewide. It may be that additional 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.

7. DATCP argues that increased meat processing capacity would support 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 contribution of meat processing to Wisconsin's economy and ongoing demand for meat processing grant funding, 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 support the meat processing grant program [Alternative 1].

8. Since July, 2021, the U.S. Department of Agriculture (USDA) has provided \$375 million to 30 businesses for the Meat and Poultry Processing Expansion Program to create and expand small livestock processors across the U.S. and improve meat processing resiliency. As of March, 2023, one Wisconsin processor received \$1.6 million for a 19,400-square-foot expansion project for increasing production, improving food safety, and streamlining processes in the facility. The project is anticipated to add 35 meat processing jobs.

9. In April, 2023, USDA announced an investment of \$125 million for two new grant programs, the Indigenous Animals Harvesting and Meat Processing grant program and the Local Meat Capacity grant program. Each grant program intends to provide funding to small, independent, local meat and poultry processing plants. Local Meat Capacity grants will fund expansion and equipment-only costs for smaller-scale projects, similar to the criteria of the state program.

10. Substantial federal funding for smaller meat processing establishments may indicate lesser needs for additional state appropriations for such purposes. However, to the extent state and federal programs may have differing eligibility criteria, and because Wisconsin establishments would compete against applicants from other states, it may be desirable to have additional state funding to fulfill the aims of the program. Given increasing federal investment in meat processing and overlapping eligibility between state and federal programs, it could be considered appropriate to provide an additional \$300,000 annually for the state program [Alternative 2]. The Committee could also consider taking no action and base funding for the meat processing grant program would be \$200,000 GPR in each year of the 2023-25 biennium [Alternative 3].

ALTERNATIVES

1. Provide an additional \$800,000 each year of the 2023-25 biennium for grants to facilities

that slaughter animals for human consumption, or that process meat or meat products, excluding rendering plants. Total funding for meat processing grants would be \$1,000,000 in each year of the 2023-25 biennium.

ALT 1	Change to Base
GPR	\$1,600,000

2. Provide an additional \$300,000 each year of the 2023-25 biennium for grants to facilities that slaughter animals for human consumption, or that process meat or meat products, excluding rendering plants. Total funding for meat processing grants would be \$500,000 in each year of the 2023-25 biennium.

ALT 2	Change to Base
GPR	\$600,000

3. Take no action.

Prepared by: Margo Poelstra



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May 18, 2023

Joint Committee on Finance

Paper #177

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

[LFB 2023-25 Budget Summary: Page 61, #1 (part)]

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: (a) licensing and oversight of dairy farms, milk haulers, milk distributors, and food processing establishments; (b) regulating animal waste management practices and farm conservation practices; and (c) supporting administration of the state and federal milk marketing order.

To support DATCP's dairy development efforts, the Department is provided \$200,000 GPR each year for dairy processor grants. 2021 Act 58 provided an additional \$200,000 per year in one-time funding in the 2021-23 biennium for grants. 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

1. Dairy processing facilities receive raw milk from dairy farms and use specialized equipment and technology to pasteurize, homogenize, separate, and concentrate milk to create various dairy products. Wisconsin produces 14% of milk in the U.S. and in 2022, produced 31.9 billion pounds of milk. Milk production in 2022 surpassed the previous production record set in 2021 by 200

million pounds and continued a 17-year streak of annual production increases. As production increases steadily, there is pressure on processing facilities to keep up with demand, and an oversupply of milk unable to be processed can exert downward pressure on milk prices.

2. Since 2013-14, DATCP has allocated \$200,000 GPR annually for grants to dairy processors for various projects related to food safety, facility modernization or expansion, and technology innovation. As seen in the table, demand for dairy processor grants has exceeded awards in all grant rounds, with requests exceeding awards by \$1,338,800 in 2022. It should be noted that applicants who do not receive funding regularly reapply, which may tend to inflate requested amounts in subsequent years.

Dairy Processor Grants and Requests

<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	18	627,334	15	200,000	1.0	11.5	2.5
2022	<u>43</u>	<u>1,738,754</u>	<u>19</u>	<u>400,000</u>	<u>1.3</u>	<u>10.8</u>	<u>5.8</u>
Total	162	\$6,311,192	85	\$1,800,000	13.3	47.8	22.8

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

3. Requests for dairy processor grants in 2022 significantly exceeded requests in any year prior. DATCP suggests that awareness and interest in dairy processing grants has been growing as the Dairy Business Innovation Alliance (DBIA), a partnership between the Center for Dairy Research (CDR) and the Wisconsin Cheese Makers Association (WCMA) that supports dairy farmers and dairy processors, has begun promoting the program. DATCP also indicates that the COVID-19 pandemic may have encouraged processors to review their operations and identify projects that could improve resiliency in the case of future market disruptions.

4. Assembly Bill 43/Senate Bill 70 would provide an additional \$800,000 each year of the 2023-25 biennium for the dairy processor grant program. DATCP contends that there is sufficient demand for additional grant funding in 2023-25 biennium, as grants have been routinely oversubscribed since the inception of the program in 2014 and demand gradually increases each cycle.

5. The dairy industry contributes approximately \$45.6 billion annually to Wisconsin's economy, according to Dr. Steven Deller of UW-Madison in a widely regarded serial study of Wisconsin agriculture, last published in 2019. Given the economic importance of dairy processors responding to demand of dairy production, which is steadily rising, it could be considered appropriate to allocate an additional \$800,000 annually for dairy processor grants. Base funding for the program

would be \$1,000,000 in each year of the 2023-25 biennium [Alternative 1]. The Committee could also choose to provide \$200,000 GPR each year on an ongoing basis. Given uptake for grants in 2022 following one-time funding of \$200,000 GPR annually in the 2021-23 biennium, it could be considered appropriate to maintain this level of funding for the program. Funding would be \$400,000 GPR in each year of the 2023-25 biennium. [Alternative 2]. The Committee could also choose to provide either amount on a one-time basis, as was done in the 2021-23 biennium, to determine if demand for the program will remain high [Alternative 3].

6. The Committee could also choose to take no action. Funding for the program would be \$200,000 in each year of the 2023-25 biennium [Alternative 4].

ALTERNATIVES

1. Provide an additional \$800,000 GPR each year in the 2023-25 biennium for grants to dairy processors. Base funding for the program would be \$1,000,000 GPR annually.

ALT 1	Change to Base
GPR	\$1,600,000

2. Provide an additional \$200,000 each year in the 2023-25 biennium for grants to dairy processors. Base funding for the program would be \$400,000 GPR annually.

ALT 2	Change to Base
GPR	\$400,000

3. Specify that funding be provided on a one-time basis in the 2023-25 biennium. (This alternative could be selected in addition to Alternative 1 or 2).

4. Take no action. Funding for dairy processor grants would be \$200,000 GPR annually in 2023-25.

Prepared by: Margo Poelstra



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May 18, 2023

Joint Committee on Finance

Paper #178

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

[LFB 2023-25 Budget Summary: Page 61, #1 (part)]

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 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, and the statutes require grant recipients to provide at least 50% of the costs of the project. 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.

The farm-to-school program, created under 2009 Wisconsin Act 293: (a) connects schools to nearby farms to provide locally produced fresh fruit, vegetables, dairy products, and other

nutritious, locally produced foods; (b) develops healthy eating habits in the general public; (c) provides nutritional and agricultural education; and (d) improves farmers' incomes and direct access to markets. The farm-to-school program receives grant funding through the U.S. Department of Agriculture (USDA) and \$83,400 GPR annually for administration of the program. DATCP is authorized to issue grants to create or expand farm-to-school programs, but grant funding has never been appropriated.

DISCUSSION POINTS

Value-Added Agriculture Grants

1. Assembly Bill 43/Senate Bill 70 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.

2. The proposed value-added agriculture grant program is 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.

3. Table 1 shows the total number of smaller farming operations (defined as those with annual gross sales below \$250,000), which has decreased slightly in recent years, including by 0.9% from 2017 to 2021. The total number of larger operations (\$250,000 or more) declined by 2.2% over the same period, but increased from 2020 to 2021.

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>% Change</u>
2017	28,700	20,100	7,000	55,800	
2018	28,800	20,100	6,900	55,800	0.00%
2019	29,000	20,200	7,000	56,200	0.72
2020	28,700	20,100	6,900	55,700	-0.89
2021	28,200	20,200	6,900	55,300	-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>% Change</u>
2017	4,300	2,550	2,150	9,000	
2018	4,300	2,550	2,150	9,000	0.00%
2019	4,250	2,400	2,050	8,700	-3.33
2020	4,250	2,400	2,050	8,700	0.00
2021	4,300	2,400	2,100	8,800	1.15

Source: Wisconsin Agricultural Statistics Service, 2022 Wisconsin Agricultural Statistics

4. The Committee could consider creating the value-added agriculture grant program and providing \$400,000 GPR each year for value-added agriculture grants [Alternative A1]. Given that this would be a new program, the Committee may wish to set funding at \$200,000 annually, which would be consistent with some of the other grant programs [Alternative A2]. As written, AB 43/SB 70 does not specify a match requirement for grants. The Committee could consider specifying a match requirement, consistent with other agricultural assistance programs administered by DATCP. The Committee could require equal matching funds, or 50% of project costs, consistent with what is required currently by the Buy Local, Buy Wisconsin program [Alternative A3a]. The Committee could also require 33% of projects costs [Alternative A3b], or 20% of project costs, consistent with what is required currently by the dairy processor grant program [Alternative A3c].

5. Given the first-time nature of the proposed program, consideration could be given to providing funding on a one-time basis during the 2023-25 biennium [Alternative A4]. Given the relatively small decrease in smaller agricultural operations in recent years, the Committee could also consider taking no action [Alternative A5].

Farm-to-Fork

6. Assembly Bill 43/Senate Bill 70 would provide \$200,000 each year to create a state-funded farm-to-fork program. Under the program, DATCP would award grants to businesses,

universities, hospitals, and other entities with cafeterias to create and expand programs that accomplish the same goals as the current farm-to-school program. DATCP reports anticipated demand from early childcare centers and schools that are not currently eligible for the farm-to-school program. DATCP additionally estimates the following eligible entities: (a) 50 universities and colleges; (b) 159 hospitals; (c) 2,265 early childcare centers; (d) 1,800 senior living facilities; (e) 355 nursing homes; and (f) an undetermined number of additional businesses and organizations with cafeterias.

7. Grants would support projects that include: (a) creating, expanding, diversifying, or promoting production, processing, marketing, and distribution of food produced in Wisconsin for sale to entities in Wisconsin other than schools; (b) construction or improvement of facilities, including purchases of equipment, intended to support consumption of food produced in Wisconsin in entities other than schools; (c) training for food service personnel, farmers, and distributors; and (d) nutritional and agricultural education. DATCP would be required to consult with interested persons to establish grant priorities each year and give preference to proposals that are innovative or provide models other entities may adopt. DATCP would use an existing limited-term employee agricultural program specialist position to administer the farm-to-fork program.

8. The farm-to-fork program would intend to encourage the development of healthy eating habits in the general public by increasing access to fresh fruits and vegetables and dairy products and other nutritious, locally produced foods in meals and snacks. Research indicates that overconsumption of highly processed foods can increase risks of multiple negative health outcomes, and public health could benefit from programs that seek to displace such consumption with locally produced foods that may tend to be minimally processed or fresher and therefore have relatively greater nutritional value.

9. On the other hand, it could be argued that existing programs, including Buy Local, Buy Wisconsin, already pursue goals of developing and expanding local food systems. Providing base or additional appropriations to such programs could be viewed as more effective allocations of funding than a new program with similar aims.

10. The Committee could consider providing \$200,000 GPR annually for farm-to-fork grants due to anticipated demand for the program and the potential nutritional benefits to the public and economic benefits to producers [Alternative B1]. The Committee could also consider specifying matching funds for the farm-to-fork program. The Committee could require equal matching funds, or 50% of project costs, consistent with what is required currently by the Buy Local, Buy Wisconsin program [Alternative B2a]. The Committee could also require 50% matching funds, or 33% of projects costs [Alternative B2b], or 20% of project costs, consistent with what is required currently by the dairy processor grant program [Alternative B2c]. Further, the Committee could consider providing funding on a one-time basis during the 2023-25 biennium [Alternative B3]. The Committee could also take no action [Alternative B4].

Buy Local, Buy Wisconsin

11. 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 \$200,000 GPR each year during the 2021-

23 biennium. AB 43/SB 70 would continue base funding.

12. 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 2022, DATCP reports program recipients have reported new sales of approximately \$10 million associated with grant assistance, created or retained approximately 211 jobs, and approximately 2,700 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

Grant Year	Applications		Awarded		Not Funded	
	Number	Amount	Number	Amount	Number	Amount
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	33	1,182,000	9	300,000	24	882,000
2021	37	1,312,200	14	300,000	23	1,012,200
2022	60	1,911,500	12	200,000	48	1,711,500

13. 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.

14. Given unmet demand for BLBW grants in recent years and potential community benefits, the Committee could consider maintaining providing additional funding to BLBW in lieu of creating new programs such as the farm-to-fork program and the value-added agriculture program. The Committee could choose to provide \$600,000 in additional funding to BLBW, equal to the allocations AB 43/SB 70 would have made for those programs [Alternative C1], \$200,000 in additional funding each year [Alternative C2], or \$100,000 in additional funding each year, consistent with \$100,000 in additional yearly funding provided in the 2019-21 biennium, when the program last received a one-time increase in appropriations [Alternative C3]. The Committee could also specify

that any additional funding is provided on a one-time basis in the 2023-25 biennium [Alternative C4].

ALTERNATIVES

A. Value-Added Agriculture Program

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 A1	Change to Base
GPR	\$800,000

2. Include the provisions specified in A1, but establish funding at \$200,000 annually, rather than \$400,000.

ALT A2	Change to Base
GPR	\$400,000

3. Specify that grant recipients must provide matching funds at least equal to one of the following:

a. 50% of project costs (This would be consistent with current requirements for the Buy Local, But Wisconsin program.).

b. 33% of project costs.

c. 20% of project costs. (This would be consistent with requirements under the dairy processor grant program.)

4. Specify that funding be provided on a one-time basis in the 2023-25 biennium.
5. Take no action.

B. Farm-to Fork Program

1. Create a biennial appropriation and provide \$200,000 GPR each year to create a farm-to-fork grant program. Define a farm-to-fork program as one that: (a) connects entities that have cafeterias, other than school districts, to nearby farms to provide locally produced fresh fruit, vegetables, dairy products, and other nutritious, locally produced foods; (b) develops healthy eating habits in the general public; (c) provides nutritional and agricultural education; and (d) improves farmers' incomes and direct access to markets. (This alternative may be selected independently or in addition to other alternatives.)

ALT B1	Change to Base
GPR	\$400,000

2. Specify that grant recipients must provide matching funds at least equal to one of the following:

- a. 50% of project costs.
 - b. 33% of project costs.
 - c. 20% of project costs.
3. Specify that funding be provided on a one-time basis in the 2023-25 biennium.
 4. Take no action.

C. Buy Local, Buy Wisconsin Grant Program

1. Provide \$600,000 GPR each year in additional funding to the Buy Local, Buy Wisconsin grant program.

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

2. Provide \$200,000 GPR each year in additional funding for the Buy Local, Buy Wisconsin grant program.

ALT C2	Change to Base
GPR	\$400,000

3. Provide \$100,000 GPR each year in additional funding for the Buy Local, Buy Wisconsin grant program.

ALT C3	Change to Base
GPR	\$200,000

4. Specify that grant funding be provided on a one-time basis during the 2023-25 biennium. (This alternative could be selected in addition to any of the above alternatives.)

5. Take no action. (Base funding of \$200,000 GPR each year would be maintained.)

Prepared by: Margo Poelstra



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May 18, 2023

Joint Committee on Finance

Paper #179

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

[LFB 2023-25 Budget Summary: Page 63, #3]

CURRENT LAW

The International Agribusiness Center (IAC), housed in the Division of Agricultural Development in the Department of Agriculture, Trade and Consumer Protection (DATCP), provides technical expertise, market research, and market development initiatives to establish trade-enhancing partnerships and increase Wisconsin's agricultural exports. IAC cultivates relationships with international buyers through attendance at international trade shows, and by conducting international trade missions and inbound reverse buyer missions. Wisconsin Economic Development Corporation (WEDC) promotion activities focus primarily on outbound trade missions. Both DATCP and WEDC conduct promotional campaigns to recruit companies and broaden access to export program offerings.

2021 Wisconsin Act 92 established the Wisconsin Initiative for Agricultural Exports (WIAE) administered by DATCP within the IAC and in cooperation with WEDC. 2021 Act 92 requires DATCP, in collaboration with 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, and fish products; and (c) crops and crop products. Of the amounts appropriated for the program, \$2,500,000 (50%) must be expended for milk and dairy products, \$1,250,000 (25%) must be expended for meat, poultry, and fish products, and \$1,250,000 (25%) must be expended for crops and crop products.

2021 Wisconsin Act 58, the biennial budget act, created a GPR continuing appropriation to DATCP, and set aside \$558,400 GPR each year of the 2021-23 biennium in the Committee's supplemental appropriation to support the program. On December 31, 2021, DATCP and WEDC submitted a plan to the Legislature under requirements of Act 92 for achieving the proposed export

goals by June 30, 2026. In February, 2022, the Joint Committee on Finance transferred \$558,400 GPR from its supplemental appropriation to the agricultural exports appropriation under s. 20.115 (3) (b) of the statutes to fund the 2021-22 WIAE work plan and begin implementation. In August, 2022, the Committee approved a second release of funding in the same amount.

In addition, DATCP previously had a rural development loan program fund appropriation was federally funded and created to fund rural economic and dairy business development in Wisconsin. A loan had not been issued since 2014 due to a lack of federal funding, but the appropriation continued to collect repayments on outstanding loans as program revenue (PR). All outstanding loans were paid off on March 1, 2021. 2021 Wisconsin Act 207 provided DATCP the ability to use the rural development PR for the purposes of promoting dairy exports in conjunction with funding for 2021 Act 92. The appropriation had an available balance of \$883,200 when the act passed, of which \$77,100 remains following WIAE allocations for fiscal years 2022 and 2023.

DATCP holds meetings semiannually for the Wisconsin Agricultural Export Advisory Council, which consists of international trade experts, state legislators, and agriculture organizations and agribusiness representing crop, dairy, and meat products. The Council was created to help guide activities of WIAE. The meetings intend to provide a platform for industry representatives to discuss future opportunities for collaboration across product sectors and the future of WIAE.

DISCUSSION POINTS

1. Following releases of export expansion funding in February and August, 2022, DATCP allocated a majority of funding to export expansion grants cycles for 2022 and 2023. The Department also made available International Market Access grants (IMAG) and ExporTech scholarships, and scheduled and participated in multiple trade shows, buyer missions, and other promotion activities.

2. The export expansion grant program supports grants to Wisconsin-based nonprofit organizations that support agribusiness companies, or higher education institutions. Funding seeks to build industry export capacity, support new-to-export agribusinesses, develop export-ready products, and promote Wisconsin products in foreign markets. DATCP awards applicants up to \$50,000, and matching funds are required at 20% of the grant. The total amount awarded for export expansion grants thus far is \$1,248,300, comprising \$564,600 in 2022 and \$683,700 in 2023. (Several of the dairy-related projects each year were funded by rural development PR, accounting for \$761,100 of the total.) Grants were oversubscribed in 2022, but in 2023 DATCP fulfilled all requests in their entirety.

3. WIAE funding also supports IMAG, administered by WEDC, to provide funding to support a company's export development and deployment strategy. Eligible expenses under IMAG include marketing and promotion, consulting services, export education, and language and cultural competency training. Recipients are established agribusinesses that are new to exporting or expanding into new markets, operating in Wisconsin, and manufacturing, processing, assembling, or distributing a product that has the potential to be exported. \$40,000 was awarded for IMAG in 2022 and \$110,000 will be awarded in 2023.

4. Funding also supports the ExporTech scholarship program. The ExporTech scholarship program supports scholarships for agribusiness-focused participants to learn export processes and best practices, and develop a customized export growth plan. ExporTech is a 12-week course operated cooperatively by the Wisconsin Manufacturing Extension Partnership and UW-Stout's Manufacturing Outreach Center. Each ExporTech session can accommodate up to 10 companies and there are approximately four sessions per year. There was one ExporTech scholarship recipient in 2022, which DATCP attributes to a limited number of available ExporTech sessions held from March to June, 2022. DATCP anticipates two companies using the scholarships each year going forward.

5. Along with grants and scholarships, WIAE funding has been used for various trade promotion activities. DATCP reports 20 Wisconsin companies participated in such trade promotion activities as outbound trade missions, trade shows, inbound buyer missions, and social media campaigns in 2022.

6. Table 1 summarizes the funding allocations for WIAE in the 2021-23 biennium. Figures for 2021-22 represent actual expenditures, while 2022-23 figures are year-to-date allocations. DATCP estimates 239 companies will be impacted by trade promotion activities, scholarships, and grant awards in 2022-23. As reported by the Wisconsin Agricultural Export Advisory Council, 52% of expenditures in 2022-23 were allocated for dairy promotion, 20% were allocated for meat promotion, and 28% were allocated for crop promotion. The investment in dairy over meat and crops is largely due to spending of the rural development loan PR, which can only be used for the dairy industry.

TABLE 1

Wisconsin Initiative for Agricultural Exports -- 2022-23 Funding Allocations

	2021-22		2022-23		Total
	GPR	PR	GPR	PR	
Export Expansion Grants	\$287,500	\$277,100	\$199,700	\$484,000	\$1,248,300
International Market Access Grants	30,000	10,000	75,000	35,000	150,000
ExporTech			5,000		5,000
Trade Promotion Shows and Activities	140,900		296,600		437,500
Other	<u>39,900</u>		<u>42,200</u>		<u>82,100</u>
Total	\$498,300	\$287,100	\$618,500	\$519,000	\$1,922,900

7. According to the Wisconsin Agricultural Export Advisory Council, in 2022, dairy exports, accounting for 14% of all Wisconsin agricultural exports, increased approximately 32% to \$617 million. Meat exports, accounting for 19% of all Wisconsin agricultural exports, decreased 2% to \$782 million. Crop product exports, accounting for 67% of all Wisconsin agricultural exports, increased 5% to \$2.82 billion. Overall in 2022, Wisconsin agricultural exports totaled \$4.22 billion, an increase of \$245 million, or 6%, since 2021. Table 2 shows export numbers at the end of 2021 and 2022 and percent change between each year. This is the highest year on record for agricultural exports, though growth has slowed since 2021. DATCP contends the WIAE is on track to reach the statutory goal of increasing all export categories by 25%, and there will be additional allocations towards meat in upcoming biennia to keep up with other exports.

TABLE 2
Wisconsin Agricultural Exports
(in Billions)

	<u>Year-End 2021</u>	<u>Year-End 2022</u>	<u>Percent Change</u>	<u>Program Goal</u>
Meat	\$0.80	\$ 0.78	-2.3%	25%
Dairy	0.47	0.62	32.3	25
Crop	<u>2.69</u>	<u>2.82</u>	<u>5.3</u>	<u>25</u>
All Exports	\$3.96	\$4.22	6.2%	25%

8. Assembly Bill 43/Senate Bill 70 would eliminate the \$1,000,000-per-year statutory spending cap currently set for the program, and provide \$1,883,200 in 2023-24 and \$1,000,000 in 2024-25 to DATCP's IAC to support agricultural export promotion through WIAE. The proposal would result in total funding for the biennium of \$2,883,200, including ongoing funding of \$1,000,000 in 2024-25. The structure for program funding established in statute would continue to require allocations of at least \$5 million to achieve export goals over approximately five years; however, the proposed change would accommodate expenditures needing to be made far enough in advance of June 30, 2026, to fulfill WIAE's charge.

9. Table 3 shows DATCP anticipated allocations for fiscal years 2024 and 2025 under the bill. DATCP reports that additional funding would allow for another round of export expansion grants, which the Department would not budget in the 2023-25 biennium under the program's base allocation. In addition, DATCP would use funding to undertake additional trade promotion activities and to operate a promotional social media campaign. DATCP contends that additional proposed social media promotion will act as a supplement to trade promotion activities and organizations. DATCP reports that it has the demand and capacity to award more grants and participate in more trade events.

TABLE 3

Wisconsin Initiative for Agricultural Exports -- 2023-25 Funding Allocations

<u>Purpose</u>	<u>2023-24</u>	<u>2024-25</u>
Grants and Scholarships		
Export Expansion Grants	\$500,000	\$0
International Market Access Grants	210,000	210,000
Exportech Scholarship	<u>10,000</u>	<u>10,000</u>
Grants Subtotal	\$720,000	\$220,000
Trade Promotion Activities		
Trade Mission to Colombia/Chile	\$125,000	\$0
Trade Mission to East/Northern Africa	0	125,000
Food and Agricultural Tracks on 2 WEDC Trade Missions	80,000	80,000
Dairy Product Mission with Promotion Activities and Social Media	75,000	75,000
Agrofarm at AgraME Trade Show	75,000	75,000
Anuga Trade Show	75,000	0
Salon International de la Agriculture	75,000	0
GulFood Trade Show	75,000	75,000
SIAL Paris	0	75,000
SIAM Morocco	0	75,000
Carrefour Wood Show (France)	56,000	56,000
China Dairy Expo	56,000	56,000
Social Media Campaign	55,000	0
Export Education/Seminars	<u>33,000</u>	<u>33,000</u>
Trade Promotion Total	\$780,000	\$725,000
Other		
Promotional Social Media Campaigns	\$152,000	\$55,000
Inbound Buyers and Influencers	81,200	0
Updates to Wisconsin Agriculture Videos and Search Engine Optimization	<u>150,000</u>	<u>0</u>
Other Total	\$383,200	\$55,000
Total	\$1,883,200	\$1,000,000

10. DATCP reports that demand for export expansion grants has been high, as allocations were fully expended in the 2022 and 2023 grant cycles, with requests exceeding awards in 2022. DATCP contends that providing more grants and attending more trade events would be beneficial to the initiative's long-term success. For activities that help Wisconsin companies enter into new markets, introduce new products, or rebuild from lost customers, DATCP reports it can take up to three years to see significant changes in export volumes. For expansion activities in existing markets with established customers, DATCP reports that although output is typically faster, it can take one to two years to see significant changes in export volumes.

11. DATCP and WEDC appear to have administered 2021-22 and 2022-23 funding consistent with the WIAE plan submitted to the Legislature in December, 2021. This includes: (a) the implementation of new or expanded grants; (b) allocating funding to sectors, such as forestry, that have not been eligible to use existing programs and federal funding; and (c) attending or hosting additional trade-promoting shows, including inbound buyers missions to benefit significant sectors in

Wisconsin. The proposed allocations for requested 2023-25 funding similarly appear to align with the WIAE strategy and are consistent with the provisions of Act 92. Additional funding would allow DATCP to hold an additional export expansion grant round, participate in additional trade missions, and operate promotional social media campaigns. The Committee could provide \$1,883,200 in 2023-24 and \$1,000,000 in 2024-25 to support WIAE [Alternative 1].

12. The Committee could also choose to maintain funding as it was in fiscal years 2022 and 2023. DATCP would accordingly adjust grant spending and trade promotion event scheduling attendance. However, as rural development PR balances have been mostly allocated, GPR would be the sole remaining fund source. Funding for the program would be \$1,000,000 GPR each year in the 2023-25 biennium [Alternative 2].

13. The Committee could also consider providing \$3 million GPR in 2023-24 in a continuing appropriation for WIAE. Providing \$3 million in 2023-24 would authorize the \$5 million that must be expended for WIAE in advance of the June 30, 2026, goal. This could be considered an appropriate option given the available balance of the general fund and the identified lag between program funding and export volume response [Alternative 3].

ALTERNATIVES

1. Eliminate the \$1,000,000-per-year statutory spending cap currently set for the Wisconsin Initiative for Agricultural Exports, and provide \$1,883,200 in 2023-24 and \$1,000,000 in 2024-25 to DATCP's IAC to support agricultural export promotion the program.

ALT 1	Change to Base
GPR	\$2,883,200

2. Provide \$1,000,000 GPR annually in the 2023-25 biennium for WIAE. (Funding would be consistent with total amounts provided in the 2021-23 biennium for the program).

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

3. Provide \$3,000,000 GPR in 2023-24 in a continuing appropriation for WIAE, and eliminate the \$1,000,000-per-year statutory spending cap for WIAE. (This amount would reach WIAE's statutory spending requirement of \$5 million.)

ALT 3	Change to Base
GPR	\$3,000,000

4. Take no action.

Prepared by: Margo Poelstra



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May 18, 2023

Joint Committee on Finance

Paper #180

Meat Talent Development Grant Program (Agriculture, Trade and Consumer Protection – Agricultural Assistance)

[LFB 2023-25 Budget Summary: Page 64, #4]

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) colleges offer a variety of agriculture- and meat industry-related courses and degree paths, including animal science, agribusiness, livestock production, and farm management. For the 2022-23 academic year, Wisconsin resident annual tuition rates (not including fees) for full-time students at public higher education institutions in Wisconsin vary from: (a) \$4,303 at WTCS colleges; (b) approximately \$8,000 at UW-Platteville and UW-River Falls; and (c) \$10,722 at UW-Madison.

The Meat Talent Development program was created in 2022 with federal American Rescue Plan Act (ARPA) funding. The Governor has allocated up to \$5 million for the program. Funding through 2022 has supported: (a) training in establishing operational plans for hazardous food processing; (b) development for meat processing education through high school agricultural education programs; (c) training in humane handling; (d) introductory courses for high school and post-secondary students considering careers in meat processing; and (e) tuition reimbursement for certain courses.

DISCUSSION POINTS

1. The Meat Talent Development grant program was created in January, 2022, with \$5 million in ARPA funding. Table 1 shows how ARPA funding was allocated for various projects, some of which are discussed in greater detail below.

TABLE 1

ARPA Funding Allocations

<u>Project</u>	<u>Allocation</u>
Technical College Program Development	\$1,901,342
Technical College Tuition Reimbursement	1,112,328
Slaughter and Fabrication School	510,000
Mobile Harvest Units	400,000
UW-River Falls Humane Handling Institute	274,953
UW-River Falls Humane Handling Institute Tuition Reimbursement	240,000
Additional Producer Education	188,000
HACCP Training Tuition Reimbursement	100,000
Meat Pathways Website	99,500
High School Meat Science Program Development	88,877
Preparing for a Career in the Meat Industry	50,000
Wisconsin Meat Processing School Tuition Reimbursement	<u>35,000</u>
Total	\$5,000,000

2. DATCP offered tuition reimbursement for Hazard Analysis and Critical Control Point (HACCP) trainings held at the UW-Madison Meat Science and Animal Biologics Discovery Center in August, 2022 and March, 2023. HACCP provides training to food manufacturers, including wholesale meat and poultry establishments, to learn about current food safety regulations, prerequisite programs, and how to design and implement HACCP plans for facilities that meet state and federal requirements. The tuition fee was \$500 to \$600 depending on the session and the time of enrollment, and participation is capped at 60 participants per session. In the first two sessions, a total of 105 students participated and were eligible for up to \$500 in reimbursement. Another session is scheduled for August, 2023.

3. In September, 2022, DATCP partnered with UW-River Falls to develop a high school meat industry curriculum. The curriculum is designed to be a 10-day program including prepared course content and hands-on laboratory activities and is taught as an agricultural education class during regular school hours. Fifteen high schools statewide piloted the curriculum, which concluded in March, 2023. DATCP reports that curriculum and course materials will be made available to all high schools who want to participate in the upcoming school year. DATCP anticipates participation from 100 schools in 2023-24.

4. Also in partnership with UW-River Falls, DATCP created the Humane Handling Institute in October, 2022, a program of 2.5-day workshops to provide hands-on training for meat industry workers in humane pre-slaughter handling, transport, stunning, and equipment. The first workshop will be held in May, 2023, and additional workshops will be provided in fall, 2023. Tuition reimbursement will be offered to 120 trainees from small slaughter establishments across the state for the two workshops that address critical regulatory challenges for these plants, but any current or aspiring staff may enroll in any of the five workshops. Participants that complete the workshop will

receive a certificate in humane handling and stunning and limited rights to use the Humane Handling Institute logo in marketing and promotional materials.

5. In November, 2022, DATCP partnered with UW-Platteville to start Preparing for a Career in the Meat Industry programming, a half-day course for college and high school students interested in careers in the meat sector. UW-Platteville hosted two free sessions on January 10, 2023, at UW-Platteville and January 17, 2023, at UW-Platteville Baraboo Sauk County. 22 students attended the sessions.

6. DATCP also used funding to develop and operate an online, interactive platform called Meat Pathways intended to assist interested individuals in identifying potential career paths and training opportunities within the meat industry. Since the website launched in August, 2022, it has been viewed approximately 2,000 times by 541 users. The most viewed webpages include meat processing, allied industry, food safety, and business.

7. Assembly Bill 43/Senate Bill 70 would provide DATCP \$1,237,000 beginning in 2024-25 to provide ongoing funding for the Meat Talent Development grant program. Tuition assistance grants would be provided to individuals pursuing meat processing programming at any higher education institution in Wisconsin. Tuition reimbursement grants would cover up to 80% of the first \$9,375 in tuition costs, or \$7,500 per grant. In addition, the bill would authorize grants to support curriculum development for meat processing programs.

8. Based on DATCP's most recent survey of higher education programs in Wisconsin, perhaps 400 to 500 students in Wisconsin are currently seeking a degree in meat processing-related fields. DATCP anticipates that \$1,118,400 would be made available for tuition reimbursement with the remaining \$119,100 allocated for curriculum development at educational institutions. The bill does not specify prioritization criteria, although DATCP reports that grant prioritization for tuition reimbursement will be based on a participant's selected program. DATCP reports that eligible programs would be the UW-Madison Master Meat Crafter program, technical college certificate programs, HACCP training, and Humane Handling Institute training. DATCP reports that these programs have been selected based on feedback from meat processors regarding which programs have the largest impact on the industry. All applicants would be required to be Wisconsin residents attending one of the listed programs. Table 2 shows DATCP's anticipated funding allocation and estimated tuition for each eligible program.

TABLE 2

Anticipated Tuition Reimbursement Allocations

<u>Program</u>	<u>Total Students</u>	<u>Estimated Tuition</u>	<u>Reimbursable Amount (80%)</u>	<u>Total Amount</u>
Technical College Programs	222	\$3,000	\$2,400	\$532,800
UW-Madison Master Meat Crafter Program	23	9,000	7,200	165,600
UW-River Falls Humane Handling Institute	79	5,000	4,000	316,000
HACCP Training	<u>130</u>	1,000	800	<u>104,000</u>
Total	454			\$1,118,400

9. The majority of student financial aid provided in Wisconsin annually is need-based. The proposal does not specify need-based criteria, and DATCP did not report an intention 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.

10. 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.

11. 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.

12. DATCP contends that a shortage of skilled staff lengthens slaughter wait times, and imposes a bottleneck on activity in Wisconsin's meat industry. DATCP says that large and small meat processing plants are limited by employee shortages, leading to processing fewer animals and shortening retail hours. Anecdotally, DATCP staff report that 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 reports that many meat processors are currently booked through the end of 2024 for processing appointments. 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.

13. DATCP reports that in recent years, there has been increasing attention towards careers in the meat industry and anticipates sufficient demand for the program. Developing the meat industry workforce could serve as a supplement to the existing meat processor grant program, which has provided grants in recent years to Wisconsin meat processors to increase the capacity of their facilities.

14. The provision of additional funding in 2024-25 under AB 43/SB 70 would have the effect of appropriating additional state funding as allocated federal funding provided through ARPA is expiring. States must fully obligate their discretionary allocations under ARPA by December 31,

2024, and the funds must be fully expended by December 31, 2026. Any funds that have not been obligated or expended by those dates must be returned to the U.S. Treasury Department. With federal funding no longer allocable as of January 1, 2025, the Committee could consider providing funding for the Meat Talent Development program.

15. Given the existing program framework following ARPA allocation in 2022 and a demonstrated need in the meat industry for additional skilled employees, the Committee could consider providing \$1,237,000 GPR beginning in 2024-25 for tuition assistance grants to individuals pursuing meat processing programming at higher education institutions in Wisconsin and for curriculum development grants [Alternative 1].

16. Given uncertain uptake for the program due to its first-time nature, the Committee could consider providing a lesser amount of funding for grants in 2024-25. This could allow DATCP to fully assess demand for the program and seek additional funding during the 2025-27 biennium if appropriate. Using DATCP's estimate of 454 participating students, the Committee could consider providing \$678,300 for grants for tuition reimbursement, enough to cover reimbursement to half of Wisconsin students enrolled in a meat processing program. This amount also includes DATCP's allocation of \$119,100 for curriculum development grants to educational institutions [Alternative 2].

17. Similarly, the Committee could consider lowering the specified tuition reimbursement rate from 80%, to provide grant funding to all 454 enrolled students without allocating the full amount provided in AB43/SB70. The Committee could consider specifying that tuition can be reimbursed up to 40% of total costs. Given anticipated enrollment in each eligible program identified by DATCP, providing \$678,300 annually for meat talent development tuition grants would provide each student 40% tuition reimbursement. This amount also includes DATCP's allocation of \$119,100 for curriculum development grants to educational institutions [Alternative 3]. For each of Alternatives 1, 2, and 3, the Committee could provide funding on a one-time basis [Alternative 4].

18. If the Committee wished to ensure broader impact or increased access to tuition grants, it could consider prioritizing allocation of tuition grants to students with the highest need [Alternative 5]. Further, considering HEAB's experience administering financial aid programs, the Committee could create and fund the program under HEAB, and direct HEAB to collaborate with DATCP in establishing and conducting outreach for the program [Alternative 6].

ALTERNATIVES

1. Create an annual appropriation and provide \$1,237,500 GPR in 2024-25 for tuition grants to students pursuing education in meat processing and to educational institutions for curriculum development.

ALT 1	Change to Base
GPR	\$1,237,500

2. Create an annual appropriation and provide \$678,300 GPR in 2024-25 for primarily tuition grants to students pursuing education in meat processing and to educational institutions for

curriculum development. Tuition reimbursement grants would cover up to 80% of the first \$9,375 in tuition costs, or \$7,500 per grant.

ALT 2	Change to Base
GPR	\$678,300

3. Create an annual appropriation and provide \$678,300 GPR in 2024-25 for primarily tuition grants to students pursuing education in meat processing and to educational institutions for curriculum development. Tuition reimbursement grants would cover up to 40% of the first \$9,375 in tuition costs, or \$3,750 per grant.

ALT 3	Change to Base
GPR	\$678,300

4. Provide funding on a one-time basis in 2024-25. (This alternative could be selected in addition to Alternatives 1, 2, or 3.)

5. 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 in addition to any of Alternatives 1, 2, or 3.)

6. In addition to providing funding under Alternatives 1, 2, or 3, create the tuition grant program under the one of the following:

a. Department of Agriculture, Trade and Consumer Protection, and direct the Department to collaborate with HEAB in administration of the program; or

b. the Higher Educational Aids Board, and direct the Board to collaborate with DATCP in establishing and conducting outreach related to the program.

7. Take no action.

Prepared by: Margo Poelstra



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May 18, 2023

Joint Committee on Finance

Paper #181

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

[LFB 2023-25 Budget Summary: Page 65, #6]

CURRENT LAW

The Wisconsin Farm Center, housed in DATCP's Division of Agricultural Development, administers the Farmer Wellness Program, which offers services supporting farmers and their families. 2019 Wisconsin Act 9 and 2021 Wisconsin Act 58 each provided \$100,000 annually for farmer mental health assistance through the Farmer Wellness Program on a one-time basis. Funding supports: (a) a 24-hour Wisconsin farmer wellness helpline for providing immediate support; (b) tele-counseling sessions that can be administered online by a licensed mental health professional; and (c) counseling vouchers that farmers and their family members can redeem for free in-person care at participating mental health providers in their area.

In addition to counseling services, the Farmer Wellness Program offers: (a) free virtual courses for agricultural service providers such as lenders and agribusiness firms in understanding and managing the stresses of farming; (b) online farmer and farm couple support groups for bringing farmers together to discuss their shared challenges; and (c) a podcast on farm-related challenges. Funding also supports DATCP limited-term employees administering the program components.

DISCUSSION POINTS

1. Research ¹ 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"

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>

occupational 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 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 report ² 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. Table 1 shows 2021-22 allocations amongst the program activities described earlier, as well as limited-term staff costs supporting these initiatives. Figures for 2022-23 are combined year-to-date expenditures, and DATCP estimated allocations for the remainder of the biennium.

TABLE 1
2021-23 Farmer Mental Health Funding Allocation

<u>Expenditure Category</u>	<u>2021-22 (Actual)</u>	<u>2022-23 (Estimated)</u>
Tele-Counseling Services	\$30,251	\$24,050
Counseling Vouchers	17,600	21,000
Farmer Support Groups	6,150	6,600
Job Hunting and Support Resources	854	2,600
Rural Realities Podcast	1,916	500
Targeted Outreach and Education	11,710	15,250
Limited Term Employee (LTE) Staff	<u>31,519</u>	<u>30,000</u>
Total	\$100,000	\$100,000

3. 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. Currently, DATCP reports 240 providers in 67 of 72 Wisconsin counties accept its counseling vouchers. Table 2 shows counseling voucher allocations since 2011. Through fiscal year 2022, DATCP reimbursed providers \$100 per counseling session, and in certain circumstances up to \$200 to cover travel costs for counselors traveling to provide on-farm services to families when more than

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>

one family member required assistance. Beginning in 2022-2023, vouchers are reimbursed starting at \$125.

TABLE 2
Counseling Voucher Allocations

<u>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	255	142	56	14,200
2021	229	176	77	17,820
2022	197	159	81	17,600
2023	<u>147</u>	<u>118</u>	<u>80</u>	<u>11,100</u>
Total	1395	841	48%	\$81,845

4. Assembly Bill 43/Senate Bill 70 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) eight 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
2023-25 Proposed Farmer Mental Health Funding Allocation

<u>Expenditure Category</u>	<u>Amount</u>	
	<u>2023-24</u>	<u>2024-25</u>
Tele-Counseling Services	\$25,000	\$25,000
Counseling Vouchers	25,000	25,000
Farmer Support Groups	7,000	7,000
Outreach and Education*	18,000	18,000
Limited-Term Employee (LTE) Staff	<u>25,000</u>	<u>25,000</u>
Total	\$100,000	\$100,000

*Outreach and education includes operation of the Rural Realities podcast and provision of job-hunting resources.

5. 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 under the U.S. Department of Agriculture (USDA) Farm and Ranch Stress Support Assistance Network. The CAA required USDA to disburse funding to states no later than 60 days after enactment of the bill. DATCP received a grant of \$500,000 in October, 2021. USDA provided DATCP an additional \$59,605 in June, 2022. The grant funding must be fully spent by August 31, 2023.

6. Upon receiving the grant, DATCP reported funding would be used for: (a) promoting stress management and mental health programming for Wisconsin farmers by creating, printing, and distributing outreach materials; (b) developing a series of videos on stress identification, prevention, and management for farmers; and (c) adapting existing farm management, financial, and mental health resources into formats that are more easily accessible by Hmong and Latinx farmers. As of May, 2023, DATCP reports that the print, video, and social media advertisements created with grant funding reached approximately 864,800 Wisconsinites and increased engagement with the farmer mental health program. DATCP reports that following promotional efforts: (a) Farmer Wellness Hotline calls increased 52%; (b) tele-counseling sessions increased 3%; and (c) farmer support group participation increased 150%. In addition to promotion, DATCP also administered six outreach meetings in historically disadvantaged farming communities, including one listening session and two workshops conducted in Hmong and providing support to 50 Hmong farmers.

7. In addition to promotional and outreach activities, DATCP used federal funding to support two programs for improving farmer health. The WeCOPE stress management program, a UW-Madison Division of Extension program for helping adults cope with life stress, was customized and adapted to farmers. The program operated in two independent seven-week pilot sessions, one of which served 10 agricultural community leaders and educators and one of which served 17 women involved in farming. The other program funded was the Wisconsin Peer Specialists program, administered by Marbleseed, a Wisconsin nonprofit organization promoting farmer peer support in farming practices and farm management. The program is designed to coordinate peer support training for 18 farmers. DATCP reports that in 2022, 15 farmers participated in the program and were trained as certified peer specialists. Table 4 shows how USDA grant funding has been budgeted and expended. DATCP expects that remaining funds will be spent by August 31, 2023.

TABLE 4

Federal Grant Funding Allocation

<u>Project</u>	<u>Budget</u>	<u>Expended</u>	<u>Remaining</u>
Outreach, Promotion, and Videos	\$186,951	\$121,674	\$65,277
Increasing Access to Farmer Resources	39,621	5,100	34,521
Additional Costs and Salary	138,231	74,399	63,832
WeCOPE (UW Madison-Extension)	123,415	47,763	75,652
Peer Support (Marbleseed)	<u>71,387</u>	<u>23,358</u>	<u>48,029</u>
Total	\$559,605	\$272,294	\$287,311

8. The federal grant was used to increase awareness for the farmer mental health program and provide complementary program support. DATCP is not anticipating any additional federal funding and will not continue any of the efforts pursued under the federal grant. Given the increase in participation in the program since promotional efforts and the provision of one-time funding in each of 2019-21 and 2021-23, it could be considered appropriate to provide ongoing funding for the program. The Committee could consider providing \$100,000 GPR in ongoing funding to support the farmer mental health program [Alternative 1]. The Committee could also provide funding on a one-time basis, as was done in the previous two biennia [Alternative 2].

9. The Committee could take no action [Alternative 3]. DATCP would retain general operations base funding for the Division of Agricultural Development, which houses the Wisconsin Farm Center. From 2017-18 through 2021-22, state accounting data show DATCP expended an average of \$523,600 each year for the Farm Center, which also includes such services as farm business planning and farm transitions, mediation and arbitration, and beginning and veteran farmer assistance services. Agricultural Development general operations would be authorized \$2.4 million GPR each year in the 2023-25 biennium.

ALTERNATIVES

1. Provide \$100,000 GPR each year in 2023-25 to support farmer mental health assistance programming at DATCP.

ALT 1	Change to Base
GPR	\$200,000

2. Specify that funding be provided on a one-time basis during the 2023-25 biennium. (This alternative could be selected in addition to Alternative 1).

3. Take no action. (No state funding would be specifically appropriated for farmer mental health programming, although other Wisconsin Farm Center programming would continue with existing funding).

Prepared by: Margo Poelstra

AGRICULTURE, TRADE AND CONSUMER PROTECTION

Agricultural Assistance

LFB Summary Items for Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
1 (part)	Agricultural Assistance Grant Programs (Something Special from Wisconsin)
1 (part)	Agricultural Assistance Grant Programs (Farm Business Consultant Grant Program)
7	Agricultural Economist

