Maryland
DEPARTMENT OF
EMERGENCY MANAGEMENT

Maryland Food System Resiliency Council

Environment & Production Committee
Virtual Meeting
January 5, 2023 1:00pm-2:00pm

1. Welcome
2. Committee Recap
    a. This committee is a subcommittee of the Maryland Food System Resiliency Council, which was established in 2021 through legislative action. The committee assists with development of resiliency recommendations for the legislator per the annual report. Our second report was released November 1, 2022 (12 recommendations developed per this committee). This committee is focused on environment and production goals, future steps indicated:
        i. Agricultural resilience and adaptation
        ii. Climate change effect on farmers
        iii. Policies, and climate action groups that affect our agricultural community
3. Group Discussion
    a. Invited Speaker
        i. Kurt Fuchs, Horizon Farm Credit Senior Vice President of External Affairs
            1. Horizon Farm Credit is a rural and agricultural lending cooperative that serves 5 regions, over 100 counties with 25 offices, and over 450 employees. Our territory covers Pennsylvania, the Delmarva Palencia, central Maryland, Northern counties of the Shenandoah Valley in Virginia, and both panhandles of West Virginia. We serve all of agriculture, with a portfolio of over 6 billion dollars, which is spread across 23 thousand member owners.

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2. Portfolio Breakdown:
    a. Part-time Farms 28.86%
    b. Poultry 12.07%
    c. Rural Home 0.08%
    d. Capital Market 16.96%
    e. Dairy 10.94%
    f. Floriculture and Nursery 2.02%
    g. Forest Products 2.7%
    h. Fruit 1.48%
    i. Grains 12.83%
    j. Livestock 3%
    k. Other 6.94%
3. Regarding the agriculture industry sectors, the largest is not above 13% of the portfolio, which represents a diverse agricultural portfolio, allowing one sector to bolster another during hardship, and spread the risk.
    a. Question: Can you expand on what a 17% capital market means?
        i. This is our participation or syndicated loans, we have the ability to buy into loans or syndicate loans.
    b. Question: Is there investment in permaculture?
        i. Only to the extent that a customer would be engaged in permaculture (will need to check with the lending department to determine)
    c. Question: How do you classify part-time farms?
        i. We are federally regulated by the Farms Credit Administration, our lending authorities are unique to farm credit in the following ways:
            1. Full time farmers can receive loans for anything, however as the percentage of an income decreases from agriculture, our ability to lend outside of agriculture decreases as well. The Part-time farmer designation can be

thought of as W2 off-farm income (this is indicative of the world we live in, where it is important to have off-farm income, to afford things like health care, etc.).

4. Farm Credit in Maryland: There are three locally owned and operated Farm Credit Association (Colonial Farm Credit for Southern MD, Farm Credit of the Virginias for Allegany and Garrett Counties, and Horizon Farm Credit for Central MD and Eastern Shore). By the end of 2021, Farm Credit had over 1.6 billion in loan volume from 5200 borrowers (70% of borrowers considered youth (35y/o or younger), beginning (10yrs or less farming experience), or small scale).
5. The broad breakdown of Maryland Agriculture: Top commodities include: poultry and eggs 48% (mostly broiler chickens),grains/oilseed 23%, nursery, greenhouse 9%, dairy 7%, and cattle and calves 3%; 4 out of 5 are animal agriculture or result from animal agriculture. Maryland is a grain deficit state, we do not produce enough grain to support animal agriculture. Animal agriculture is the original value added agriculture, which is very important to Maryland because animal agriculture can bolster broad agriculture across the State.
    a. Question: When will there be a new USDA census?
        i. Mark Powell confirmed work is being gathered.
        ii. Jeremy Criss indicated they are receiving many questions from farmers on the forms, there are a lot of new questions on the forms, and are hoping to gather that data by the end of 2024.
6. In 2017 there were 12,429 Maryland farms, land in farms accounted for 1,990,112 acres (average size=160 acres). As margins continue to thin, individuals begin to specialize or get bigger, which is not sustainable or profitable

agriculture. Primary occupation is 47.9% (5,948 out of 12,429 supplement their income outside of the farm). This number could be skewed as the definition of producer is at minimum $1,000 in sales. The average age of a MD farmer is 57y/o, with the average age of MD beginning farmers at 45 y/o. Finally Maryland agriculture has a $2.44 billion market value, which is significant since MD producers compete with others across the county.

7. Salisbury University's BEACON research unit released a county-by-county economic impact study of all resource-based industries (Ag/RBI) in Maryland; findings indicated the economic impact of all Maryland Ag/RBI in 2019 totaled $20.2 billion. Breakdown includes:
    a. MD Agriculture Industry 16.5 billion (82%)
    b. MD Forestry Industry 3.3 billion (16.6%)
    c. MD Seafood Industry 288.2 million (1.4%)
8. We need to remember the $2.4 billion market value does not convey the entire story, we should consider the ancillary services that depend on the agriculture sector (particularly in rural areas). When considering the agriculture industry as it relates to policy and regulation development/changes remember to consider the broad impact.
9. Contact Information: kfuchs@horizonfc.com, 443-786-0855.

ii. Chip Bowling, Owner of Bowling Agri Service Inc.

1. Producer of corn, soybeans, and wheat, using a Maryland Nutrient Management Plan to produce crops in the most efficient, productive, profitable way possible. Most of what is produced must be profitable to sustain the production or operation.
2. It takes all types of farmers to produce food for this State, the county, and the world.
3. Chip is a conventional row crop farmer. To feed a growing population it will take adaptation. Maryland farmers are

ahead of producing and farming in an environmentally sound way (e.g. protecting soil, water, and air quality; using nutrient management plans, tillage and environmental practices).

4. Farmers in Maryland already farm climate and carbon smart; most Maryland farmers do not qualify for programs related to climate/carbon smart practices because these practices are already established.
5. The biggest buyer of grain in Maryland is the livestock Industry (local or national).
6. Each US farm feeds about 166 people per year.
7. Corn will produce more human food per acre than any other crop grown in the USA. An acre of corn will feed about 16-17 people. An acre of wheat will produce enough bread to feed 9 thousand people per day, and 75% of each acre of soybeans grown goes into animal feed.

b. Open Discussion
   i. As part of the 23% grain sector, what are some areas that make it less resilient or is something that could help with production of more grain (e.g. permitting, regulations, labor)? Is there something that is a challenge which could be made simple?
      1. Maryland farmers are some of the most regulated in the world, farmers cannot take any new regulations. However Maryland farmers are good at adapting to regulations, and are open to listening regarding farming practices. Farmers are now producing more than they ever have using technology (e.g. improve seed, equipment, chemical, efficiency, etc.) and science.
   ii. There are also considerations for the market of non-traditional channels of people who want to buy grain, which is interesting as it shows decentralization of food production.
      1. Yes, this segment is growing, but as a grower of soybeans, corn, and wheat, my main buyers are the livestock and poultry market. There is not enough of a niche market to sustain productivity.

iii. Is there any insight regarding future threats that we should be examining? In the past there were discussions regarding re-localizing table crops, considering storage, distribution, aggregation, on-farm housing, etc.

1. My input costs have increased with COVID-19 and the war with Ukraine, there does not appear to be a decrease in the future. When COVID hit, the Board of Directors for the US Farmers and Ranchers Alliance, met to discuss various areas of the food system (e.g. trucking, distribution, production, food waste, etc.). One threat identified is a need for more processing facilities for livestock, better distribution of locally grown vegetables, and food hubs in areas where food is needed.
2. In the existing agriculture community there is support for expansion of production, but one challenge especially for table crops is labor. There were already shortages prior to COVID, which continue in the current market. Table crop production moved west, we need to ask why that is. Eastern Shore was big on canning, but this decreased when regulations increased, and made it more challenging. However, an improved pattern of rain flow and irrigation could lead to improving the East coast's ability to produce table crops.

iv. Montgomery County Office of Agriculture has a good relationship with Mid-Atlantic Farm Credit. Farm credit is the best financial Institution along with MARBICO that understands what agriculture is about. One challenge identified is a trend with new small scale farmers, who go to other commercial lending institutions who do not understand agriculture, which creates challenges when starting a farming operation. Twenty percent of farmers in Montgomery County are commodity farmers, who produce items not for direct human consumption; these farmers control 80% of farm land in the county. However, 80% of farmers who grow items for direct human consumption promote regenerative agriculture and shifting production of large scale producers. Please see the report, "Why is Commodity Farming

Important to the State of Maryland including the Western Shore and Montgomery County?"

1. While some crops grown are not directly feeding people, they are used in production of bread, and feeding livestock to feed people in the State, and east coast. There are opportunities to grow niche crops, however there is not enough of a market to compensate for the cost.

v. Is there a policy opportunity to develop niche markets?
   1. Over the last 10 years niche markets have increased but regulation and policy are not a suggested method to foster growth, it should happen organically.

vi. Are there any identified barriers to increasing the growth of niche markets?
   1. Yes, initial start cost, permitting, and State/county regulations present hardship.

vii. Lack of labor and consistent labor for seasonal farmers is an impediment, H-2A labor is sometimes the only option available which is challenging for several reasons (e.g. H-2A portal is difficult (only year-to-year), no frequent flier program, and the process takes three months or more). Is one impediment to retain your crop, considered labor?
   1. Yes, when considering a niche market start-up, we intended to use family labor and local labor (e.g. college students and high school students looking for jobs), because large scale producers' reported challenging experiences with H-2A labor. This is a policy consideration for both State and Federal levels. This is a labor issue not an immigration issue, which should be a separate consideration.

viii. What type of food hub model/entity is suggested for agricultural product marketing?
   1. Local cannery, butcher shops that could feed a county or two could stimulate the market. Policies and regulations within State and County are challenging, and make it unprofitable. This cumulative includes zoning, health codes, environmental regulations, municipal

requirements; which result in large scale operations to account for cost.

ix. Streamlining and improving cohesion of paperwork between counties is another consideration

4. Next steps and adjourn