

House Commerce Committee Testimony: 6/12/20
Ellen Kahler, Executive Director, Vermont Sustainable Jobs Fund

I am speaking today as Executive Director of the VSJF. The VSJF is a member of the Working Lands Coalition that has been advocating for \$5million for the Working Lands Enterprise Fund. I also serve as a statutory named, ex-officio member of the Working Lands Enterprise Board. I am not authorized to speak on behalf of the Board but can share my observations as a Board member re: the capacity of the Board to distribute \$5million in funding support for WL businesses.

On Wednesday (6/10/20) the WLEB met and decided to make awards totaling \$205,000 to 15 applications that we received in our lightning fast grant round. As I think you heard, we had a 10 day turn around for applications and received 124 applications requesting a total of \$2.1million. They were scored by about 20 reviewers last weekend. Then the reviewers met on Tuesday of this week to recommend a top ranked slate to the full WLEB which met the next day.

It may be helpful for you to know that across the 15 businesses funded with FY20 WLEF dollars, the Board selected a real mix of applicants – from primary and secondary wood manufacturers to dairy diversification to maple to meat processing and livestock operations as well as produce operators. Recall that one of the many benefits of the WLEF is the Board’s ability to provide support to both the wood/forest industry as well as the farm/food industry.

When the Board reviewed the full list of 124 applicants, 25 applicants totaling \$492k were deemed to be **ineligible** for funding. That left \$1.4million in requests across 99 applicants to be considered for funding. As I said, we were able to fund 15 applications totaling \$205k. **Thus – if WLEB had CARES Act funding, we could conceivably grant up to \$1.4million in funding immediately – based on the eligible applications we already have in hand.**

The question has been raised about whether the WLEB could move \$5million in new funding support, and grantees could fully expend their grant award, by 12/30, as required by the CARES Act. We would like to try to make this happen as the need is definitely out there. Because we only had \$205k to grant out, the Board decided to have a cap of \$25k per grant and there was just a 10 day turn around at a very busy time for farms, food and forest industry businesses to get applications turned in. If we have a bit more time to receive applications (traditionally 30 days) and could provide larger grants (the max WLEB has ever awarded is \$150k), then we might in fact be able to move the full \$5million in CARES Act funding. And of course, if we can’t distribute the full \$5m by Fall, we can send remaining funds back to you.

In your funding recommendation, what would be very helpful is that you encourage WLEB to provide competitively awarded grants and relief payments, at the discretion of the Board. Relief payments, based on verifiable losses within the forest/wood industry and for non-dairy farms and food businesses, would be a quicker way for us to get CARES Act funds out to those in need. Maintaining the ability of the WLEB to be flexible and responsive would be most helpful.

I know many legislators are interested in providing funding for dairy transitions and increasing meat processing capacity. These are all bigger, longer term type projects that require more time to implement than the 6 months the CARES Act allows for. Thus the \$1million in FY21 State General Funds for WLEF is really critical to keep in the FY21 Budget, in order to maintain for strategic investments in such things as dairy transitions, meat processing capacity expansion, and wood/forest business recovery

(sawmills or other supply chain impacting businesses). These bigger, strategic projects often take 12-24 months to accomplish. Also these state funds would support existing service provider grants and contracts which are essential to helping to ensure a good outcome with these larger industry scale investments and shifts.

So in conclusion, I believe the best package would be to designate \$5million in CARES Act funding and \$1million in FY21 State General Funds (which is already in the ‘skinny budget’ as far as I understand) to the Working Lands Enterprise Fund for immediate disbursement. **Note:** This would be on TOP OF the \$30million currently being considered for dairy industry relief payments.

Background Information:

Projects Funded on 6/10/10

| Category | Number of Projects | Total Awarded |
|---------------------------------|--------------------|---------------|
| Dairy & Dairy Products | 4 | \$35,928 |
| Maple | 2 | \$25,589 |
| Non-dairy Livestock & Meat | 4 | \$79,739 |
| Vegetables, Berries, Tree Fruit | 1 | \$15,823 |
| Primary Forestry | 1 | \$25,000 |
| Secondary Wood | 2 | \$22,807 |

Projects Not Funded on 6/10/20 that could be immediately supported with CARES Act \$.

| Category | Number of Projects | Total Request |
|---------------------------------|--------------------|--------------------|
| Beverages | 1 | \$25,000 |
| Dairy & Dairy Products | 16 | \$371,649 |
| Forestry and/or Wood | 3 | \$45,020 |
| Grain Crops | 1 | \$14,000 |
| Hay & Forage Crops | 2 | \$46,000 |
| Hemp | 1 | \$15,000 |
| Maple | 7 | \$128,000 |
| Non-dairy Livestock & Meat | 10 | \$165,495 |
| Other | 10 | \$165,549 |
| Primary Forestry | 7 | \$121,397 |
| Secondary Forestry | 7 | \$112,040 |
| Specialty Foods | 2 | \$16,200 |
| Vegetables, Berries, Tree Fruit | 13 | \$174,015 |
| Total | 80 | \$1,399,365 |

Also, for order of magnitude perspective. As of 5/31/20, when VAAFME ended their economic impact survey data collection, they received the following: Businesses reported their estimated economic losses totaling \$23,100,475 over 194 (of 223) responses. The median loss was \$15,000-\$17,000 per business. The high estimated loss was \$4.5m, the average was \$119,075, and median was \$15,000-\$17,000.