

# Senate Agriculture Committee Field Hearing

*Growing Jobs and Economic Opportunity:  
2023 Farm Bill Perspectives from Michigan*

East Lansing, Michigan

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Testimony of:

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**Bear Creek**  
organic farm  
PETOSKEY, MICHIGAN

Chairwoman Stabenow, Ranking Member Boozman, and members of the Senate Agriculture Committee, thank you for the opportunity to testify at today's 2023 Farm Bill hearing.

My name is Brian Bates and together with my wife Anne, we own and operate Bear Creek Organic Farm in Petoskey, Michigan. We are first generation farmers. Organic farmers. Young and beginning farmers. And farmers who would not be here today, if not for the Farm Bill programs that helped us get here.

Bear Creek Organic Farm is a USDA certified organic vegetable farm and greenhouse operation. We specialize in salad greens, tomatoes, garlic, and herbs. And each spring, we grow more than one hundred thousand organic transplants for our community.

Together with our hardworking staff, our supportive community, and a steadfast commitment to growth, our farm business journey has been noteworthy not just in crops produced, but how we grow, sell, and staff our farm.

Almost 90% of our farm's products are sold within 12 miles of our farm. Five years ago, less than 10% of our sales came from on-farm. Now, 75% of our business takes place on our farm, while the other 25% supplies local and regional grocery stores. Focusing on season extension, we now have 10 greenhouses and hoopouses that cover 1 full acre. And most importantly, we have built a great team. As we enter our 9th season, we are proud to employ 7 full-time, year-round positions along with 10 seasonal positions. Our first business plan stated that we could never afford to hire employees. Now we are job creators in our community. Jobs that average double the minimum wage and jobs for which we have never had to advertise to fulfill.

With sales projected to top \$1 million this year, no one is more surprised about our journey these last 9 years than we are. We bought a blank piece of unmanaged pasture with nothing on it. The previous farmer assured us that we would hardly be able to make anything grow in this sandy valley. And with every skeptical old-timer that stopped by, we grew more determined to prove them wrong.

We became our community's first USDA Certified Organic farm in 2013. In 2020, we became the first B Corp Certified farm in the state of Michigan. In 2021, we became our region's first Real Organic Project Certified farm. And in 2022, we were named a Michigan 50 Companies to Watch.

We're proud of what our farm business has become. But to sum it all up and leave it at that ignores the hardship and toil that has gotten us here.

## **Our Farm Credit Journey**

Like many would-be young farmers, our passion alone for getting into farming was not enough to build our vision. We needed money. And lots of it. And while many folks advised us against taking on agricultural debt, we understood that borrowing money was our only path forward.

When the USDA launched their FSA Microloan program, we knew that was our ticket. We had no operational history to lean on. No generational assets to leverage. And no bank wanted to touch us. The prospect of borrowing \$35,000 seemed like just the injection of capital our young business needed.

So you can imagine our disappointment when we were denied our first FSA Microloan. I can remember exactly where I was when we got that call. And with no other obvious options, we waited for the next fiscal cycle to re-apply.

This time, we were guided through the process with an FSA Loan Manager who understood specialty crops. Who understood the growth in the organic sector. And who had witnessed the growth of organic, local, specialty crop agriculture in our northwest corner of Michigan. Simply put, the same agency that dashed our hopes a few months prior, became an advisor and a steward.

As they watched our farm grow, our local FSA office shared new opportunities we were eligible for. When we approached them with a big idea, they helped us find the right fit for our business. And when other growers needed help, we knew where to send them.

Borrowing and farming have a complicated history in this country. But for our farm journey, the Bear Creek of 2022 would not be possible without the farm credit services of the Farm Service Agency in 2013. When we saw the need for expansion five years later, we were able to qualify for a \$400,000 Farm Ownership loan through FSA.

Again, the guiding hand of our loan officer helped us manage our risk and optimize our growth potential. It was then that he introduced us to Greenstone Farm Credit Services for a line of credit. That line of credit and introduction changed so much for our farm.

Of course, we were aware of Greenstone before. We actually approached them before we went to the FSA. But when we first contacted Greenstone, we did not qualify for any of their loans. They sent us to FSA. As we later learned, the FSA lending process plays an important role in filtering through first-time borrowers like us, and allowing more experienced operators to use more traditional farm credit.

Being sent to Greenstone from the FSA a mere five years after Greenstone sent us to FSA was a rewarding moment for us. And our risk profile was significantly different by then. Our relationship with Greenstone has matured dramatically over the last few years. As our farm

has continued to grow, Greenstone has grown with us. Really, you could say that our farm has been able to continue growing because Greenstone has helped us get there.

We've now graduated from the FSA loan programs and deal exclusively with Greenstone. And while this is certainly testament of the benefits of member owned farm credit cooperatives, this is also an FSA microloan success story. The Microloan was a new and innovative Farm Bill program in the 2014 Farm Bill. It helped us buy our first greenhouse and tractor. But it also helped us build credit. Build equity. Learn to manage debt sustainably. And most importantly, it gave us a fighting chance in the incredibly capital intensive business of agriculture.

### **Beneficial Farm Bill Programs and Provisions**

Beyond farm credit, we have benefited from several other Farm Bill programs and provisions. We have built two hoopouses through the NRCS EQIP program. While this program's funding has been dramatically outpaced by the cost of materials (even before the current inflationary pressure), it is arguably the most popular NRCS program amongst growers like us. Few things can transform the productivity and profitability of a small market farm faster and more efficiently than a hoopouse or greenhouse.

We would strongly encourage the USDA to consider expanding the per square foot payments on this program and increasing the maximum size allowed. Bigger tunnels are more cost effective for growers and better for plants. Increasing the payment factor will help this program remain as valuable for future growers as it has been for previous participants

In 2015, we applied for and were awarded a USDA-Sustainable Agriculture Research and Education (SARE) Farmer Rancher Research Grant. Our research project ran for two years and involved researching alternative overwintering strategies for honeybee colonies in northern climates to reduce winter losses. After starting our local beekeeping club a few years prior, we learned and experienced what too many beekeepers up north go through - significant winter colony losses. Unlike the more infamous Colony Collapse Disorder (CCD), we hoped that winter losses could be managed with some different techniques.

After suffering several winters of significant losses, through the research we conducted, we were able to make connections with other beekeepers and MSU researchers, test our theories, and we managed to have 90-100% winter survival for four straight years after we published our findings. And our fellow beekeepers benefitted too! We became a northern host site for MSU-led beekeeper trainings in the apiary and have significantly contributed to the overwintering successes of our regional beekeepers. All of this was possible because of a small investment in our research grant through the SARE Program. We strongly encourage continued and increased funding of the entire suite of SARE suite research grant projects.

The USDA-SARE program has been an essential resource to myself and countless beginning farmers. The first farm I volunteered on was while I was in college at Penn State University. It

was a non-University farm, but it was in the midst of its own USDA-SARE funded Farmer Rancher grant project involving on-farm composting of municipal leaf collection. My next farm experience was working at the Penn State Research Farm working on an organic cover crop research project. Also with SARE funding. The most valuable podcast in our business startup years was a farmer business podcast that had received SARE funding. And we've benefitted from and provided support to, numerous SARE research projects over the last decade. Few dollars are better spent than those on USDA-SARE projects led by and for farmers and researchers who are literally in the fields where the knowledge is needed.

Another program we value each season is the Organic Cost Share. A refreshingly straightforward program (by USDA standards), the Cost Share allows organic producers to commit to the full certification without bearing the full cost burden. Some have questioned the merit of this small cost share, but in our experience, it is the smaller and beginning growers that benefit the most.

It has also been our experience that costs associated with organic certification often keep some growers in the pseudo-organic realm. This is undesirable. Non-certified farms proclaiming organic practices tend to confuse consumers, blur the lines of transparency, and erode the trust in truly USDA Organic production. Anything we can do to reduce barriers to farms becoming officially USDA Certified Organic is a victory for consumer trust and organic agriculture.

### **Opportunities for Future Investment**

From our perspective, there are a handful of challenges and opportunities for beginning growers, along with local and organic growers.

Even though we benefitted tremendously from the FSA credit services, it was incredibly tedious and felt more complicated than necessary. Any efforts to ease the paperwork burden (as was done with the microloan), reduce the barriers to entry, and provide more favorable early payment opportunities would benefit future borrowers.

Recent federal food safety requirements have easily been the most significant shift in small farm operations. The Food Safety Modernization Act (FSMA) has a lot of good in its framework. But the costs associated with compliance could put many farms out of business. This is not hyperbole. Even for a relatively young business like ours, with a strong growth trajectory, the costs of compliance are incredibly significant.

We would strongly encourage a cost-share type program for farms to adopt the necessary practices to comply with FSMA. Whether these programs could cover necessary infrastructure improvements, reimbursement for water testing, or tools and technology to improve traceability and training, any investment would make a difference. Whether intentional or not, it feels like many provisions of the FSMA were designed to filter small producers out of the

marketplace. The cost of basic compliance is disproportionately higher on a per dollar of production basis for smaller operations by volume.

Lastly, and perhaps most importantly, we have benefitted from two Michigan-born programs that we think merit nationwide implementation. These two programs are 10 Cents a Meal and Hoophouses for Health. The best part about these programs, and why they are so fitting for the US Farm Bill, is because both programs simultaneously and independently benefit local agricultural producers and food insecure consumers.

### **10 Cents a Meal**

While we encourage you to reach out directly to the Groundwork Center for Resilient Communities regarding the specifics of 10 Cents a Meal, we can summarize it briefly. It provides economic benefits, access to local food, and marketing and education.

10 Cents A Meal For Michigan's Kids & Farms has provided business to farms that range in size from a 20-acre farm targeting local markets to a nearly 2,000-acre farm that has the capacity to supply the largest of our state's school districts, such as Detroit Public Schools. Schools typically have only about \$1 to \$1.20 a meal to spend on food, and of that, about 30 cents is for fruits and vegetables. So a matching 10 cents, food service directors say, help them serve more fresh produce instead of canned. And schools that were awarded the 10 Cents grants had a wide variety of plans to educate students and promote local foods in connection with food service efforts.

### **Hoophouses for Health**

While we encourage you to reach out directly to the Michigan Farmers Market Association regarding the specifics of Hoophouses for Health, we can summarize it briefly. Hoophouses for Health was a program designed to increase access to Good Food for vulnerable families while at the same time expanding the Good Food infrastructure and season extension capacity of Michigan farmers.

From 2011-2018, the program distributed \$833,995 to 66 farmers to purchase, construct, and grow in over 221,452 square feet of hoophouse production space. Participating families used Hoophouses for Health vouchers and market cards to purchase \$240,210 of produce at participating farmers markets. Participating farmers also provided 41,613 lbs of fresh, Michigan-grown produce to eligible schools and/or early care and education programs through 2018. Hoophouses for Health provided participating farmers with funding to build a new hoophouse. Farmers "repaid" their five-year, zero-interest "loan" by accepting Hoophouses for Health Market Cards from participating families at farmers markets or by providing free produce to qualifying schools or early childhood programs.

Whether or not the funding was limited to hoopouses or school districts with qualifying free and reduced lunch, the premise of taking a single grant dollar and spending it twice (once with producers, and again with consumers) is a powerfully elegant and multiplicative approach to injecting limited grant funds into high impact community investments.

### **The Benefits of Farm-Specific and Organic Programs**

For specialty crop producers and diversified market farms, we find programs such as these to be especially beneficial. It is difficult to fit many specialty crop farms into predefined categories. This limits our ability to take advantage of many of the Farm Bill's most well-funded programs. It is our belief that more programs focused on farm operations as a whole, rather than singular crop enterprises or commodity programs, would be a significant improvement for the 2023 Farm Bill and beyond.

Farmers and ranchers know what their businesses need to succeed. And so often, we are left searching through programs that don't quite fit. As I've already stated, our farm has benefited significantly from traditional and alternative loans and grants. We think the potential of alternative loan repayment options presents an untapped opportunity that would benefit growers, consumers, and taxpayers alike.

Finally, we kindly and strongly request that you consider significantly increasing the Farm Bill investment into Certified Organic agriculture in the United States. Organic food sales are the fastest growing sector in the US, and they receive a fraction of the investment they deserve. It is incredible what the organic food producers and processors have achieved in the last few decades with minimal Farm Bill investment.

Similarly, we are very concerned about the quantity of imports required to meet domestic demand for organic foods. Domestic organic consumption far outpaces organic production and we believe that with targeted investment, the 2023 Farm Bill could significantly increase domestic organic production to help meet demand. In a changing geopolitical landscape and a changing climate, few investments seem more worthy than focusing on improving domestic production to meet domestic demand.

Thank you so much for the opportunity to share our experience, testimony, and ideas for the 2023 Farm Bill. We are privileged to be living proof of what is possible when our own government invests in programs that allow us to startup, grow, and thrive. And for that, we thank you.

Thank you for your time,  
Brian Bates