



Statement of the American Farm Bureau Federation

**STATEMENT OF DR. LISA BENSON
ON BEHALF OF THE AMERICAN FARM BUREAU FEDERATION**

**HOUSE SMALL BUSINESS COMMITTEE
SUBCOMMITTEE ON AGRICULTURE, ENERGY AND TRADE**

**FOR THE HEARING ON
HIGH-TECH AGRICULTURE: SMALL FIRMS ON THE
FRONTIER OF AGRIBUSINESS**

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Good morning. I want to thank Subcommittee Chair Blum, Ranking Member Schneider and members of the Subcommittee for inviting me to participate in today's hearing. My name is Dr. Lisa Benson. I am the director of rural development at the American Farm Bureau Federation (Farm Bureau), which includes 50 state Farm Bureaus, Puerto Rico Farm Bureau and nearly 6 million members. In my role, I manage Farm Bureau's Rural Entrepreneurship Initiative, which provides rural entrepreneurs world class business training, networks and resources to help them succeed.

My passion has always been helping rural communities thrive. I was born in Fairbanks, Alaska and grew up in Anchorage. My family still lives in Anchorage so I have seen firsthand the challenges and opportunities facing entrepreneurs living in rural communities.

My professional career and research has centered on helping beginning farmers, ranchers and rural entrepreneurs grow their businesses, overcome obstacles, become more profitable and sustain economic development in their rural communities. My career began at the University of Florida, then at Virginia Tech and now at the Farm Bureau. I earned a doctorate in agricultural education and extension at Virginia Tech where my research focused on how beginning farmer programs contribute to rural economic development.

Rural communities across the United States face diverse challenges in terms of income, education and infrastructure. A USDA Economic Research Service report found that rural communities have fewer adults with college degrees than urban communities.¹ This lower educational attainment is linked to higher poverty and higher unemployment rates compared to urban communities. According to the Federal Communications Commission, 39 percent of rural Americans lack access to 25 Mbps/3 Mbps service, compared to only 4 percent of urban Americans.² Current and future generations of rural Americans will be left behind their fellow citizens if they are without affordable high-speed broadband service that enables them to tap into health care and educational services, government agencies, and new business opportunities.

Farm Bureau leadership personally witnessed the decline of their rural communities back home in their states. Their children weren't returning home after college. Local businesses were closing. Infrastructure was deteriorating. Health and education services were declining. Farm Bureau leadership wanted to reverse this trend by having Farm Bureau engage on policies and create programs that extend beyond the farm gate.

Farm Bureau chose to focus on programs to enhance entrepreneurship. Entrepreneurship can be a tool to sustain economic growth, create local jobs and improve the quality of life for rural Americans. When rural entrepreneurs succeed, rural communities thrive and prosper. As entrepreneurs grow their businesses they create jobs for their family, friends and neighbors. Entrepreneurs tend to purchase goods and services from other local businesses, which increases the prosperity for the entire rural community. Farm Bureau wanted a program where the 'rubber meets the road' and a program that highlights the successful business opportunities located in

¹ USDA Economic Research Service. (April 2017). USDA Rural Education at a Glance, 2017 Edition. Economic Information Bulletin 171. <https://www.ers.usda.gov/publications/pub-details/?pubid=83077>.

² Federal Communications Commission. (January 2016). 2016 Broadband Progress Report. <https://www.fcc.gov/reports-research/reports/broadband-progress-reports/2016-broadband-progress-report>.

rural America. This focus led to the creation of the Rural Entrepreneurship Initiative. For more information on the Rural Entrepreneurship Initiative, visit our website at StrongRuralAmerica.com.

In 2014, Farm Bureau kicked off the Rural Entrepreneurship Challenge, the first national business competition focused exclusively on rural entrepreneurs with food and agriculture businesses. The competition identifies rural entrepreneurs with unique products and strong business skills. In the first year, there were 95 applications submitted. Now, in its fourth year there were 471 applications submitted from 47 states and Puerto Rico. The Challenge has also expanded into separate categories to highlight the diverse and emerging trends in food and agriculture. We offer awards for the best startup in the following categories: agricultural technology, craft beverage, agritourism, farm-to-table, farm and local product.

Over time, we identified a trend in the Challenge competition. Entrepreneurs with agricultural technology businesses dominated the winners circle. Winners included ScoutPro, Inc. from Iowa that offers an app to help scout fields, Farm Specific Technology from Tennessee that developed a roller crimper to help break down cover crops, Levrack from Nebraska with an expandable storage device for farm shops and Vertical Harvest Hydroponics from Alaska that created a growing system engineered to withstand arctic conditions. Many of these ag tech entrepreneurs came from family farms or farming communities rather than Silicon Valley. These entrepreneurs saw problems on their farms and created solutions to solve them.

A hurdle many of these ag tech entrepreneurs faced was trying to access enough capital to scale up their production to reach economies of scale. Some of these entrepreneurs considered reaching out to investors but they were reluctant to give up equity in their businesses and were not sure what type of terms to expect in a deal.

To address this challenge, Farm Bureau created the Agriculture Investment Summit that connects rural entrepreneurs with investors from venture capital funds and accelerator programs. We targeted investors from Rural Business Investment Companies and accelerator programs focused on rural and ag tech investments. We brought together 35 rural entrepreneurs and 25 experts and investors representing more than \$300 Million in investment funds. Investors participating in the Summit represented the following funds: Midwest Growth Partners, Innova, CVF Capital Partners and the Kirchner Group. We also had managers from the following accelerator programs: Techstars, Village Capital and The Yield Lab.

The Summit provided Venture Capital 101 training to entrepreneurs on topics such as the right time to take on investors and how to protect your intellectual property as you meet with investors. Entrepreneurs shared their experiences with investors and investors talked about what they looked for in companies. Rural entrepreneurs had the opportunity to pitch their businesses to investors and engage in a question and answer period. After the Summit, investors remarked that they found the entrepreneurs thoughtful, passionate and down-to-earth. Entrepreneurs said they received top caliber training and enjoyed networking with other entrepreneurs and investors. Two entrepreneurs are now in negotiations with investors they met at the Summit.

Through the Rural Entrepreneurship Initiative, Farm Bureau has supported more than 1,000 rural entrepreneurs from 37 states, including Hawaii and Alaska. We have provided more than \$500,000 in startup capital, mentorship, networking with investors and publicity. Entrepreneurs have used the startup funds to refine their prototypes, build greenhouses, hire staff, create online marketplaces and upgrade their production facilities.

We continue to work with the entrepreneurs that participated in the Challenge to learn what obstacles they face and help them overcome barriers. Entrepreneurs told us they wanted to learn more about federal programs they could access, grant opportunities, and how to connect with investors. We developed an online, monthly newsletter called Ag Spark to provide ongoing support for rural entrepreneurs. The newsletter provides entrepreneur case studies, expert interviews and a calendar of upcoming opportunities. We promoted the USDA Small Business Innovation Research grant with articles from a previous recipient and grant reviewer. We also publicize USDA's Value Added Producer Grant program and Rural Energy for America Loan and Grant program. We have more than 1,600 newsletter subscribers and that number grows each month.

American Farm Bureau also works closely with our state Farm Bureaus to cross-promote programs for entrepreneurs and beginning farmers. We work with the Iowa Farm Bureau to promote their Renew Rural Iowa program, a program that supports small business development in Iowa. This year, we are working with North Carolina Farm Bureau to launch the North Carolina Rural Entrepreneurship Challenge to highlight exceptional rural entrepreneurs in their state.

At Farm Bureau, we believe that supporting rural entrepreneurs is critical to enhancing and strengthening rural communities. Through the Rural Entrepreneurship Initiative, we have educated more than 1,000 rural entrepreneurs and provided resources to make their food and agriculture businesses more profitable. Our Challenge competition and Investment Summit connect entrepreneurs to startup capital and investors who can help them take their businesses to the next level. We continue to work with rural entrepreneurs to help them overcome obstacles and achieve their dreams for their businesses. Thank you for your time today. I look forward to answering any questions you may have.