



**Hudson Valley AgriBusiness**  
DEVELOPMENT CORPORATION

**Testimony of Todd Erling**

**on behalf of the Hudson Valley AgriBusiness Development Corporation before the  
US House Subcommittee on Commodity Exchanges, Energy and Credit**

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Mr. Chairman, Ranking Member Fischbach and Members of the Subcommittee, thank you for holding this hearing on examining opportunities for growth and investment in rural America and for allowing me to testify. My name is Todd Erling and I serve as Executive Director of Hudson Valley AgriBusiness Development Corporation located in Hudson, New York.

Hudson Valley AgriBusiness Development Corporation is dedicated to promoting balanced, market-based solutions that lead to enhanced agricultural entrepreneurship, rural economic growth, and community enhancement throughout our Hudson Valley communities. We are the only economic development agency in the Hudson Valley with a specific focus on the viability of the agricultural economy in the region and assist eight rural counties in their efforts to provide economic and community development opportunities for their residents. Our charge is to enhance the agricultural sector in the region by assisting both new and existing agri-businesses and supporting policies and regulations that recognize and support New York State's agricultural and rural economy.

Our services are carefully designed to support the Hudson Valley as an attractive, viable region for agriculture and to foster growth and development of the agricultural sector through a creative program of business technical assistance (BTA) that may include strategic planning, business planning, land access, marketing, promotion and the provision and coordination of financial and other resources. Since our inception, we have assisted over 260 businesses with a wide range of individualized services such as access to capital, business development, financial planning, and market readiness preparation, and have expanded our network of farms, restaurants, and producers to over 600 businesses and counting.

Hudson Valley AgriBusiness Development Corporation is also a founding member of the Agricultural Viability Alliance. The Alliance is a multi-state regional coalition focused on increasing the number and economic viability of farm and food businesses in rural communities throughout New England and the Hudson Valley by bringing together providers and to address shared challenges, facilitate more uniform high-quality coverage, and more effectively share and expand limited resources.

Working together with the Alliance and our partners at American Farmland Trust, Hudson Valley AgriBusiness Development Corporation has been at the center of an effort to mobilize federal resources in support of rural communities, agriculture and food businesses' recovery efforts following the unprecedented economic challenges faced during the COVID-19 pandemic. Our rural communities are economically vulnerable on our best days, facing challenges ranging from underfunded schools, lack of access to capital, diminished business and financial planning capabilities and insufficient infrastructure – including access to high-speed broadband. The strain of the economy ravaged by a global pandemic brought agriculture and food businesses, which often serve as the anchor for rural communities, to the brink of collapse. In New York alone, 43% of farms

report to have lost substantial sales during the pandemic. More than a third of farms and agribusinesses (37%) are experiencing severe cash flow issues and almost half (47%) say they have significantly reduced spending to local vendors and suppliers or will do so in the future. A combination of federal investment in the areas noted above combined with a commitment to business development could not only assist rural areas in recovering economically from COVID-19, but lay the foundation for sustained economic growth into the future.

COVID-19 has impacted farm and food businesses unevenly: some had their markets disappear overnight, like farms and food hubs that supply restaurants and schools, while others have seen demand skyrocket, such as those with on-site or online retail operations. Yet all farmers have had to adjust to fundamentally changed market conditions, and even businesses with increased demand have dealt with processing disruptions and labor shortages, requiring significant and sometimes complex workarounds that impact profitability. Although state and federal support such as the Payment Protection Program (PPP) and the Coronavirus Food Assistance Program (CFAP) have been helpful, aid has still failed to reach everyone, leaving many entrepreneurs in a deep financial hole with no increased resilience to future disruptions.

Business planning and financial literacy skills are more important than ever as farm and food entrepreneurs are forced to adapt. While producers excel at the production side of their business, many – especially mid-sized and smaller operators – lack the training and knowledge to assess their finances, pivot their business strategy, or even access government funding. Indeed, many farmers were unable to receive Coronavirus relief because of inadequate recordkeeping. One-on-one BTA is a proven way to develop these skills and improve long-term business viability. Across the country, agricultural service providers – including non-profits, private consultants, state agencies, and extension services – are playing pivotal roles in providing the individualized assistance needed to build and sustain profitable enterprises.

BTA typically consists of financial literacy coaching, including the skills and recordkeeping needed to successfully access capital; management skills, such as strategic planning and human resources; new enterprise development; marketing and sales; succession planning; and even IT issues like accessing high-speed internet. Some organizations provide a range of services, while others specialize in an area such as land transfer and succession – but all forms of BTA give the recipient the skills, knowledge, and confidence to help their business succeed long-term. All businesses are unique, and thus require support tailored to their specific needs, including their scale, stage of business, and markets. To be effective, this support needs to be sustained over time. The Alliance has a large and growing pool of data showing BTA's lasting impacts on business viability and the broader economy. Vermont's Farm & Forest Viability Program found that two years of business planning support can generate a 62% increase in net income, significant improvements in business skills, and marked annual growth in full-time employees. The Carrot Project's research shows similar results, with two years of business advising increasing net income by more than 50% for start-up and early-stage farms, and increased confidence in financial management. At Hudson Valley AgriBusiness Development Corporation, we also demonstrated its positive impacts on rural communities, with 19 graduates of our Farm and Food Funding Accelerator program creating 206 jobs and making purchases from 125 other regional farms—all barely a year after completing the program. Sixteen of these businesses secured over \$1.1M in capital leveraging a \$200,000 federal investment in BTA by more than five-fold.

The value of BTA goes beyond a pandemic recovery strategy, offering an opportunity to directly support BIPOC (Black, Indigenous, and People of Color), women, and LGBTQI+ farm and food entrepreneurs—many of whom face systemic barriers to entry, discrimination, and other challenges, especially in rural areas. There is an acute need for culturally informed, highly-tailored BTA that is ideally provided by members of a specific disadvantaged community to help address this long history of exclusionary practices and agricultural land

loss. There is also demand for this type of assistance from veterans, who represent a growing cohort of entry-level producers.

BTA also offers a tool for increasing resilience at the individual and community levels. The pandemic exposed the fragility of a highly centralized national food system and its reliance on a shrinking number of processing and distribution facilities. Providing customized support to these businesses in the middle of the supply chain supports job and wealth creation across America, while making supply chains more resilient to disruption.

Farm and food businesses also need increased resilience to withstand the impacts of climate change. A recent USDA survey showed that “the majority of growers believe that they do not have the financial capacity, knowledge or technical skills to deal fully with the threat extreme weather presents to the viability of their farm,” a gap which can be addressed through BTA. Conservation practices improve soil health, mitigating against climate change impacts like erosion from heavy rains and drought while also sequestering carbon and improving air and water quality. Farmers and ranchers with stronger business skills are more likely to have the capital and the long-term planning abilities needed to invest in on-farm conservation and will be better able to respond to changing markets, growing conditions, and more.

BTA has also proven effective in addressing the transfer of agricultural land, both through succession planning for exiting farmers and landowners and through mentoring and land access support for beginners. With as much as 40% of American farmland likely to change hands in the next 20 years, BTA is a vital tool to keep land in farming and expand opportunities for a more diverse next generation.

Beyond assistance to individual businesses, the federal government must commit to the mobilization and coordination of resources for rural America in a similar manner we see our national government deliver support for our urban communities. Indeed, while the specific challenges faced in rural and urban communities may differ, the effects they have on their populations are the same. Institutional poverty, failing infrastructure and a lack of sustainable growth cripple neighborhoods, urban and rural alike. Agencies like the Department of Housing and Urban Development administer billions of dollars in federal assistance to help urban communities develop and overcome such challenges. COVID -19 has shown us that now is the time for a similar effort aimed at our rural communities.

The Rebuild Rural America Act was introduced in both houses of Congress earlier this year and provides a roadmap for sustained strategic investment in our rural communities that are modeled after successful programs aimed at urban areas. The legislation would create a dedicated stream of federal funding for rural communities and would provide guaranteed block grants to create a predictable, locally-controlled planning process, enabling multi-year programs to confront the institutional economic challenges faced in rural America. This combination of planning and training incentives and a predictable stream of federal funds creates a path for sustainable development that will insulate rural communities from extreme impacts of economic fluctuation and chip away at the institutional challenges that limit their growth and opportunity.

Our experience in BTA has shown us that developed “soft infrastructure” (business development, financial literacy, job training) effectively positions businesses to access additional state and federal resources. Indeed, we’ve seen clients who receive BTA services go on to access USDA Value-Added Producer Grants, which could then be leveraged to secure NYS Empire State Development grants. The investment in soft infrastructure through BTA and other Rural Development programs is a start. But linking Rural Development efforts to other existing federal efforts, such as US Department of Treasury Community Development Financial Institution and US Department of Commerce Economic Development Administration programs, will deliver a sustainable benefit and prove to be cost-efficient over time.

And coordinated with state resources, the programs of the Rebuild Rural America Act and other federal initiatives, can be leveraged to expand the impact on our rural communities. As we see in the operations of our existing Rural Development programs, effective collaboration with state rural and agriculture offices can be a winning combination. Whether its infrastructure funding, business development programs or broadband deployment models, when our state and federal programs complement each other, we all get more bang for our buck.

Thank you for this opportunity to share thoughts with you on strategies for advancing economic opportunity in our nation's rural communities. I look forward to continuing to work with this committee and with our federal leaders to ensure that we are providing the necessary resources to our rural communities and their agriculture and food related businesses so they can remain a viable part of our country's diverse fabric.