

Review of the Agricultural Creative Economy Sector (ACES) Report

Wednesday, October 15, 2008

MEETING SUMMARY

Members in attendance: Senator John Nutting (co-chair), Rep. Wendy Pieh (co-chair), Rep. Peter Edgecomb, Rep. Dean Cray, Rep. Timothy Carter, Rep. Jeffery Gifford, and Rep. John Piotti.

Members absent: Senator Margaret Rotundo, Senator Roger Sherman, Rep. Jacqueline Lundeen, Rep. Donald Marean, Rep. Raymond Pineau, and Rep. Benjamin Marriner Pratt.

1. Department of Agriculture, Food and Rural Resources (DAFRR)

Commissioner Seth H. Bradstreet, III

Agricultural Creative Economy Sector (ACES) Priorities - In response to a request at the last meeting, Commissioner Bradstreet provided a list of the Department's priorities in the ACES report. Top priorities include: 1) support the University of Maine Food Science and Human Nutrition Department (Initiative 4); 2) improve marketing, distribution, promotion and safety of local foods (Initiatives 1 & 2); and 3) increase education and technical support for business management training for farmers through NxLevel and Farms for the Future (Initiatives 6 & 7). Other priorities include labor sourcing and training programs, access to capital, farm to school programs and shared use kitchens. (See Commissioner's handout for more details.)

Regulation - In addition, the Commissioner addressed his introductory letter included in the ACES report. He acknowledged that farmers are heavily regulated. He stated that many of the regulations are federal and, although the Department cannot change them, there are several Department initiatives underway to help farmers understand and comply with the regulations.

Agricultural Education - Committee members discussed the need for agricultural education with the Commissioner. Among the items discussed were the possible need for an agricultural magnet school and the funds generated by the agriculture education license plates.

Budget Update - Later in the morning, the Committee asked the Commissioner for a budget update. The Commissioner did not have details about the curtailment or the 10 percent reductions for proposed the biennial budget as called for by the Governor. Commissioner Bradstreet indicated that the Department has unfilled vacancies that have created savings. The Department also tightened financial controls in response to audits, which resulted in returning some monies to the General Fund. He indicated he does not plan significant program changes or staff reductions as a way to achieve savings and the hardest part will be getting through June 2009.

Marketing Update

John Harker, Agricultural Resource Management Coordinator with DAFRR, provided a handout that covered the Market and Production Development Division's: 1) staff resources, 2) promotions and 3) projects and funding.

Marketing Resources - The division has 11 positions that are involved in various market development and promotion activities. The total amounts listed in the handout for market and production development projects are \$485,100 from the Department's General Fund

appropriation, \$1,407,500 from federal funding sources and \$19,924,000 from dedicated revenue sources. (See handout for more marketing budget details.)

Food Safety & GAP - Mr. Harker described the Department's market promotion initiatives, which recognize that consumers demand clean, safe food that is convenient to buy. He indicated that part of the division's marketing funds help farmers achieve GAP (good agricultural practices) certification required by the federal government. He pointed out that most of the farms reviewed in a recent Hannaford audit met the company's standards (only five were eliminated), which demonstrates Maine farms are meeting cleanliness and safety standards. Also, the Department is using a U.S. Department of Agriculture (USDA) Specialty Crops Fund Grant to hire a specialist that will provide safe handling practices technical assistance. Mr. Harker indicated word of mouth marketing is tied to a farmer's reputation for having clean, safe food.

Marketing promotions, word-of-mouth workshops, on-line activities - The Department's market promotion initiatives recognize that consumers get information about where to find farms from local advertising, coupon inserts, word of mouth and on the web. More consumers these days want the ease of on-line ordering while still having direct farmer contact. Mr. Harker noted that the wholesalers' guide is currently being updated for the web and changes to the "get real, get maine" on-line promotional data base will allow farmers to update their own information. Committee members watched part of a video showing a workshop that the Department conducts on word of mouth marketing. (Mr. Harker agreed to provide copies of the video to Committee members.) The Department plans to conduct more workshops with grant monies. The Department is planning to underwrite an on-line ordering website, which will be operated by an outside entity and allow consumers to pick up orders. The Department is also currently helping to promote and organizing buying clubs that will interface with farmers on-line.

2. Accessing Capital for the Agricultural Creative Economy Sector

Maine Technology Institute (MTI)

Several initiatives in the ACES report identified the MTI Cluster Grant Program as a possible funding source. MTI President Betsy Biemann gave an overview of her organization and some of its programs as detailed below. Projects must fall into one of seven technology sectors including the Advanced Technologies for Forestry and Agriculture sector, which encompasses the agricultural creative economy sector.

MTI Grant Programs - MTI's Seed Grant Program accepts applications six times a year and makes awards of up to \$12,500 for new product research and development activities. Development Awards, made three times a year, provide investments of up to \$500,000 for later-stage activities including those started under the Seed Grant program. Recently, the MTI Board changed the repayment terms for the Development Awards by extending the repayment time period and lowering interest rates. The Maine Technology Asset Fund, which was capitalized by the \$50 million bond approved last year, is a two-year competitive program that funds capital projects that move technologies towards commercialization. MTI also helps companies apply for federal Small Business Innovation Research and Small Business Technology Transfer funds.

Agriculture Sector Projects - Ms. Biemann listed several agriculture-related projects that received Seed Grants, Development Awards and Cluster Enhancement Awards. Ms. Biemann agreed to provide the Committee members a complete list of the agriculture-related grant recipients she cited during the meeting. (See list of projects attached.)

Cluster Initiative Program (CIP) - CIP replaces MTI's previous Cluster Enhancement Award program and awards about \$2 million annually. The program is designed to target and strengthen Maine's clusters. Crop and Soil Science/Food Production is considered a sustainable cluster under the program. Ms. Biemann explained that there are two tiers: one of awards under \$50,000, for which applications will be received on a rolling basis, and those up to \$500,000, which will be awarded semi-annually based on proposals made in response to a specific "Request for Applications" (RFA).

Upcoming Deadline - Ms. Biemann provided information on application deadlines and dates noting that MTI recently issued RFAs for some of its programs. The deadline for the next round of Cluster Initiative Program applications is November 14, 2008. The next Seed Grant deadline is December 11, 2008 and applications for Development Awards must be received by February 2, 2009. MTI issued an RFA for the Maine Technology Asset Fund in October with deadlines in December and January. MTI will hold application workshops in all Maine counties in November. To find specific information on applications, workshops and deadlines go to: www.mainetechnology.org.

Down East Business Alliance

Down East Business Alliance Director Keith Small addressed the Committee and provided an overview of his organization, which is a division of Washington Hancock Community Agency. He discussed several past projects in the region related to the agricultural creative economy sector including: the Penobscot Bay Commercial Kitchen; Get ME Market Ready project; the Farm-to-Market Access study; "cycle of service" silent assessments of 12 farmers' markets; and rapid market assessments of three farmers markets.

Down East Business Alliance MTI Cluster Grant Project - Mr. Small provided a handout and gave an overview of the Down East Farmer and Food Producer Cluster Project that is currently underway and funded by MTI. The project is a feasibility study to determine the extent to which farmers and food producers will benefit from shared resources such as food processing, storage facilities and distribution capability and how much technology could aid in expanding into larger institutional markets such as schools, hospitals, residential and correctional facilities. The end result of the study will be a food processing, storage and distribution implementation plan that will allow local farmers and food processors to reach larger markets. He discussed MTI's assistance and flexibility as they worked through the application process. In addition, he expressed support for several action items related to ACES initiatives. (See Down East Business Alliance's Executive Summary for details of the MTI Cluster Grant project.)

3. Research Needs & Infrastructure for Processing and Distribution

University of Maine's Department of Food Science and Human Nutrition

Dr. Beth Calder provided information about the Department's services to assist agricultural organizations and the Maine food industry in the areas of research, educational outreach and resources. (See handout for description of programs and services.)

Research - The Department offers state of the art facilities and equipment, including a small scale food processing plant and test kitchen to conduct applied research related to Maine agriculture and the food industry. Dr. Calder explained that staff research assists new food business growth

by increasing value-added foods and new product development. She noted that the Department conducts research related to food safety such as using novel technologies to detect foodborne pathogens and toxic chemicals; one technology was developed to reduce pesticide residues on blueberries. She cited examples of research that identified healthful compounds in foods such as wild Maine blueberries. She noted the diagnostic microbiology services the Department provided to Maine artisanal cheesemakers for troubleshooting cheese quality issues. She also highlighted the Department's Consumer Testing Center research, which provides taste tests for new food products.

Educational Outreach - Dr. Calder works with State and federal officials to train Maine food companies to meet food regulations mandated by the federal Food and Drug Administration (FDA). She also offers a four week workshop series on starting a specialty food business called "Recipe to Market" where participants learn about regulation, licensing, food quality, safety, pricing, business plans and marketing. In addition, Department staff members work with Maine food businesses in applying for MTI funding. Dr. Calder gave examples such as assistance provided to Wise-Acre, Inc. based out of Blue Hill with their Seed Grant fund application and assistance to Gladstone's Under the Sun, now based out of Hancock, with their MTI Development Award application.

Resources and Committee Discussion - Dr. Calder noted that the Department has information on topics as such as food labels, sanitation, regulations, food safety, new processing technologies and product development. The Department provides services that are not offered in Maine or nearby and will make referrals to other Maine laboratories and companies when possible. Committee members asked if the Department has enough staffing resources. Dr. Calder indicated that, between referrals to other companies, working with their networks, and using existing staff, they manage to help everyone who request services. However, Committee members expressed concern about staffing resources. Of specific concern is the loss of Dr. Al Bushway who will soon be retiring after more than 25 years of working with the Maine food industry. Committee members want to ensure that the position is not lost during budget negotiations with the University and that Dr. Bushway's historical knowledge is recognized and preserved in some way before he retires.

Highland Blueberry Farm

Theresa Gaffney, co-owner of Highland Blueberry Farm, said the ideas for their organic whole plant blueberry tea began when a doctoral student from the University of Maine's Food Science and Human Nutrition Department brought a Hampden Academy High School chemistry teacher and his students to the farm to harvest the crimson-red blueberry leaves and investigate whether the leaves had any value or purpose. They tested the leaves and found antioxidants levels that were higher than those in the organic blueberries themselves. Highland Blueberry Farm has since received three MTI Seed Grants for the research and development of the tea, the development of the equipment for harvesting and drying blueberry leaves, and for testing to determine optimum drying times for the blueberries and the leaves while preserving the antioxidants in both. (See brochure for complete story.)

Labor, marketing and value-added - In the summer, the farm owners hire young people from nearby communities to work with their family to harvest the blueberries. In the fall women from a faith-based residential drug and alcohol treatment program come to the farm to work harvesting blueberry leaves for the tea. Theresa Gaffney indicated that in addition to the seasonal labor, Highland Blueberry Farm has two full time employees. Highland Blueberry Farm primarily markets their product on-line. Also some local co-ops, inns and restaurants carry the handcrafted

tea. Highland Blueberry Farm is interested in connecting with other local businesses to create value-added products. For example, Highland Blueberry Farm donates the vines to a company called Naturally Exquisite for use in natural cosmetic products. In the past, the blueberry leaves have gone to a local man who was researching their use in dog food thus attempting to create more added value.

Shared Use Kitchen Coalition

Eloise Vitelli, Director of Program and Policy Development for Maine Centers for Women, Work and Community, noted that Maine has a number of shared use kitchen and food storage facilities in various stages of planning. Although each community partnership has a slightly different focus, the common mission is to provide facilities and the necessary equipment to add value to the food products. Shared Use Kitchen Coalition members have come together to discuss common issues and learn from each other with the goal of creating and supporting a network of food processing facilities. The Coalition hopes to foster synergy and reduce redundancies and to maximize the availability of differently configured facilities serving the broadest needs at the local and regional level.

Ms. Vitelli identified public policies that would support the Coalition's efforts including streamlining regulations, supporting and sustaining existing structures such as the Pilot Plant Kitchen at the University of Maine, cluster recognition, investing in public-private partnerships for construction of facilities and marketing the Maine brand. (In addition to her handout on the Share Use Kitchen Coalition, Ms. Vitelli provided a copy of policy recommendations from a rural summit, which included information on the local food provisions of the 2008 Farm Bill.)

Streamlining Regulation - At the request of Representative Pieh, Ms. Vitelli agreed to work with Committee staff on specific areas for streamlining regulation. Ms. Vitelli said she would contact Mark Hews of Threshold To Maine Resource Conservation and Development Area (RC&D) as he would have more details on specific regulations that need reform.

4. Education & Training Programs for Youth

Maine Organic Farmers and Gardeners Association (MOFGA)

Andrew Marshall, Educational Programs Director for MOFGA, provided information on the support MOFGA provides to new farmers. According to Mr. Marshall MOFGA helps farmers develop learning experiences that include built-in mechanisms for communication, exposure to a variety of farm activities, structured time for learning and fair compensation.

Specifics of Apprenticeship - Mr. Marshall indicated that MOFGA's apprenticeship program includes a web-based clearing house, an application process, model contracts, an apprentice handbook, a mentor guide and a Farm Training Project for supplemental learning. In addition, MOFGA has a journeyman program that helps with access to land, business planning and other resources. In response to questions from Committee members, Mr. Marshall indicated that most recruits come from the Northeast and the apprenticeship program is open to organic and non-organic farms and farmers.

Department of Education

As the Agricultural Education Specialist for the Department of Education, Doug Robertson is charged with promoting agricultural literacy, expanding agriculture themes as a means to achieving Maine's Learning Results, fostering awareness in the schools of career opportunities in

agriculture and acting as liaison between private and public groups such as serving as the State Advisor to the Maine Future Farmers of America (FFA) and as a Board member for the Maine Agriculture in the Classroom Association. (See www.maine.gov/education/aged/specialist).

Agriculture Programs - Mr. Robertson provided a list of the secondary education programs in Maine that provide agriculture and natural resource programs as well as a 2007-08 breakdown of the 495 students enrolled in the programs by school. He noted that most agriculture and technical programs have advisory committees from the industry and must adhere to national standards and certifications. He indicated that technical schools are improving student literacy and other basic skills. In particular, most programs are making sure students in these programs gain leadership and public speaking skills. He noted that FFA is still the leading student organization fostering interest and leadership in agriculture in the schools. Maine has 12 FFA Chapters including three Collegiate Chapters with almost 500 members.

Committee Discussion - The Committee and Mr. Robertson discussed the need to enhance agricultural education and to reach children at grade levels lower than high school. There was discussion of linking the technical education that might be found in an agriculture program to academic standards and integrating core subjects into technical classes such as learning the science behind the technology. There was discussion of the Maine School of Science and Mathematics (MSSM) and Representative Edgecomb said he believed the original plan was for an agriculture school. There was discussion of the current programs in the public schools. Representative Pieh asked how the Department of Education defines agriculture. (The Department's definition can be found at www.maine.gov/education/aged/definition.) Mr. Robertson indicated he refers to both agriculture and natural resources when talking about the services he provides. The Committee discussed a recent initiative at the University of Maine at Presque Isle to develop a college level agricultural education program that was dropped due to budget constraints.

Maine Agriculture in the Classroom Association (MAITCA)

Willie Sawyer Grenier, Executive Director of MAITCA, provided an overview of the Association, which has a goal to help students gain a greater awareness of the role of agriculture in the economy and society so that they will become citizens who support wise agricultural policies. MAITCA promotes the understanding of the food and fiber system in Maine and the nation, by providing information of agricultural concepts to teachers, students, and interested citizens.

MAITCA Programs and Materials - Ms. Sawyer Grenier provided information about MAITCA programs including student and teacher based events, field days and the Summer Teacher's Institute using "Project Food, Land & People" and other curriculum materials. She also provide examples of printed materials and DVDs that are available including an agriculture resource guide for Maine teachers called "Finding the Food and Clothing Around You, " which correlates with lessons from "Project Food, Land and People," "The Maine Wild Blueberry Curriculum," and "Growing a Nation." The resource guide is intended for Maine teachers to design field trips or in classroom visits that will help students gain an appreciation for locally-grown products so that as they grow into adults they can make informed decisions that affect the industry, their neighbors and the future of Maine agriculture.

Ag in the Classroom Statistics - Ms. Sawyer Grenier noted that in 2008 MAITCA reached 141 educators and had 151 volunteers participate; MAITCA reached 5,500 students through teachers and volunteers and another 3,330 students directly. While these are noteworthy achievements

(particularly when you consider the budget is less than \$35,000 and the program is staffed by one part-time employee) there is still much work to be done. Since 1999, only 5.2 percent of Maine teachers have received MAITCA training. In 2008, only 7.1% of Maine's 194,232 students are using MAITCA materials.

MAITCA Suggestions and Committee Discussion - Ms. Sawyer Grenier indicated that MAITCA could be more effective with more funding and staff. She recommended that the Legislature consider requiring Maine-specific agriculture curriculum materials that are up to date, age appropriate and aligned with Maine learning results. She suggested the Legislature consider a law mandating the curriculum similar to the statute that required Native American Studies in Maine schools (Title 20-A §4706, sub-§ 2.). She also suggested that the integrated agricultural curriculum be realigned to the Department of Education's new learning results. The Committee discussed the funds that are being generated by the agriculture education license plate and the expectation that the funds would all go to Agriculture in the Classroom. There was discussion of the flow of funds from the Council to the Association and the role of the Grange in the initial fund raising related to the license plate. The Committee believes the extra funding from the license plate sales will strengthen the Agriculture in the Classroom program. Representative Pieh requested that the Chair of the Council, Lauchlin Titus, come to the next meeting to provide an update on the Council's budget.

5. Work Session

The Committee moved into work session and OPLA analyst, Elizabeth Cooper, provided two follow-up items from the September 17th meeting: 1) a synopsis of the Agricultural Internship program prepared by the Department of Agriculture; and 2) a letter from the Maine Food Policy Council identifying their priorities from the ACES report. Ms. Cooper asked if the Committee would like to revisit the initiatives in the ACES report. Representative Pieh indicated she would like to open the meeting for Committee discussion.

House Chair Pieh asked for comments and ideas from the Committee members on areas of focus related to the ACES study. Since Representative Nancy Smith (House Chair of the Joint Standing Committee on Business, Research and Economic Development) was present at the meeting and many of the topics crossed the policy areas of both committees, Representative Pieh asked her for comments as well.

Representative Smith – noted the need to get information on available resources out to farmers and the need to get agencies and legislators to think more broadly. She noted the difficulty in balancing assistance that farmers want and need with their desire for tax cuts. She talked about the importance of critical mass and clusters in business development and the similar need for critical mass and clusters in moving forward a particular legislative agenda in a meaningful way. She suggested that legislators from different committees could be effective by working together on agriculture issues, perhaps ACES initiatives, using a process that transcends committee jurisdictions to work for the growth of the agriculture cluster. She later suggested that there may be value in broadening the coalition as there are similar issues in fishing and forestry.

Representative Piotti – supported Representative Smith's idea and noted it is similar to the 123rd Maine Legislature's Joint Select Committee on Future Maine Prosperity on a smaller scale. He suggested that this type of cross-committee work may be effective when focused on a particular cluster.

Representative Carter – noted that real tax reduction only comes from true economy growth and cutting government waste; the goal should be to make the pie bigger. He also expressed support for keeping the momentum going through inter-committee work. He suggested “growing the pie” could be done through investment in marketing, streamlined regulation (such as a local inspection process), and developing the local infrastructure (such as a local slaughter house) that enables farmers to sell high quality local products directly to local consumers at a premium price.

Representative Edgecomb – agreed that there is a need to keep the momentum going. He reiterated an earlier comment that the Maine School of Science and Mathematics (MSSM) was originally intended to be an agriculture school. He suggested it would be worth looking into whether the mission of the school could be expanded to include agriculture. There may be a need for an agriculture magnet school. (*Representative Pieh agreed and said that this item is on Senator Nutting’s list as well. Representative Pieh and Representative Edgecomb suggested that someone from Limestone come talk to the Committee about this.*) During a later discussion of selling directly to local consumers at a premium price, he noted how well the Amish in the Aroostook County are doing and suggested getting someone from the Amish community to come speak to the Committee. Representative Pieh asked the OPLA analyst to look into this.

Representative Pieh – stressed the need to get people interested in farming and make them understand that it is a viable business. There was discussion about the different ways people choose careers and Committee members agreed that one of the best ways of attracting people to farming is to see the success of others in agriculture. Representative Pieh reiterated the need to command premium prices for high quality products. She recapped themes from the meeting discussions about the need for marketing, education and streamlined regulation. She also read Senator Nutting’s list in his absence, which included: market development; increased awareness of food services; a labor website; and magnet school.

Representative Gifford – stated that he would like to keep the momentum going and noted the value of working together. He gave the example of the natural resource network as a group who is successfully moving forward polices that benefit natural resource business. Representative Gifford expressed strong support for agricultural education for youth at the secondary level and the need to reach children at an even younger age.

Last Meeting Date
Wednesday, November 19, 2008, Room 206, Cross State Office Building, Augusta

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Disclaimer: This information is intended to summarize the general content of the meeting but is not intended to be meeting minutes.