



South Carolina
DEPARTMENT OF AGRICULTURE

Hugh E. Weathers, Commissioner

August 2, 2021

The Honorable G. Murrell Smith, Jr.
Chairman, House Ways and Means Committee
525 Blatt Building
Columbia, South Carolina 29201

Dear Chairman Smith,

As COVID-19 affected many industries throughout our state, including agriculture, our industry is diligently working to respond to new crop opportunities, supply chain disruptions and changing consumer demands.

Looking back to many of the struggles farmers and agribusinesses experienced at the height of COVID-19, our industry quickly identified needs and opportunities for how to move forward post Coronavirus. Coupling that with the increased sentiment of local producers and consumers' demand for more localized food products, I believe South Carolina's agricultural industry can positively respond to many of the challenges we directly experienced.

Below, I am providing requests for funding as part of the American Rescue Plan Act of 2021 (ARA). These funds will assist our department and the agriculture industry in responding to many of the challenges and opportunities brought to light throughout the pandemic. I ask for your very careful consideration of the below items, so our farmers and agribusiness operators will make a full recovery.

Departmental Requests: Support for Key Economic Drivers

Local Food Supply Chain Infrastructure Grants: \$20,000,000

Matching grant program administered by the SC Department of Agriculture (SCDA), to assist further development and job creation of agricultural-related infrastructure to meet the growing consumer demand of a more localized supply chain. During COVID-19, many customers experienced food shortages, which speaks to the need for a more local and simplified food supply chain system.

Amongst sub-sector categories include:

- Meat Processing Facilities
 - Based upon a recent study of South Carolina beef/poultry processors and consumers, non-marketing barriers (lack of processing availability, frozen storage space and refrigerated transportation) were a prime reason for an inability to process additional local proteins.
 - Also, part of the study was findings that showed nearly 42 percent of South Carolina producers were willing to expand their current operations, which would create additional economic investment and jobs in rural parts of the state.

- During COVID-19, 21.6 percent of overall consumers increased their purchase of local meats, where nearly 23 percent of consumers would purchase local protein post COVID-19.
- Fruit and Vegetable, Specialty Foods Processing, Food Hubs / Food Deserts
- Value-Added Farm Product Processing
- Beverage Processing (Dairies, Breweries)
- Agricultural Infrastructure (Specialized Buildings/Sites to Assist Agribusiness Expansion)

State Farmers Market Infrastructure: \$2,750,000

Growing year-round consumer demand for local proteins, fruits and vegetables and horticulture, has created more direct market opportunities for South Carolina farmers. SCDA seeks to upfit existing facilities to provide additional space for exactly that purpose, at the State Farmers Markets in Florence and Lexington. By allowing for the seasonal enclosure of the Farmer Sheds with roll-up doors, heat, large cooling fans and exhaust ventilation, the shed becomes more versatile. Also, due to increased consumer traffic, we are experiencing a greater need for upgraded security technologies and infrastructure.

During most natural disasters (hurricanes) the State Farmers Market is used as a centralized disaster response staging site; these facility upgrades would allow for more space in these specific disaster response activities.

Consumer Advertising for Sourcing of South Carolina Agricultural Products: \$4,000,000

Research now points to consumers' higher *demand* (and not simply an interest) for purchasing locally sourced food products. These funds will directly highlight opportunities to purchase local products via farmers markets, roadside stands, grocery stores and restaurants. An aggressive media campaign across all traditional and new media platforms will provide farmers and agricultural operators a better opportunity to highlight locally grown and produced food and beverage products.

- Currently there are 136 community farmers markets throughout the state, with an additional 151 roadside markets
- The 6 food hubs throughout the state, located in Greenville, Charleston, York, Bluffton, Columbia and Orangeburg work with more than 330 farmers throughout the state

Farmers-To-Food Banks: \$3,000,000

During COVID-19, many farmers had an oversupply of product due to restaurants and school closures. To assist farmers in shifting the overabundance of the many protein, dairy and fruit and vegetable products, SCDA created a private sector led program to purchase these products and then have them donated to the state's food banks. Previously we raised nearly \$500,000 from private funds (mirrored after the federal programs, which are not planned for in the future) for this same purpose. Additional funding would satisfy two key elements – assisting farmers as they continue to experience sales losses and a needed supply of local food to food banks.

Food/Consumer Safety Lost Revenue: \$602,000

- \$220,000 lost revenue at Metrology Lab and facility rentals at Phillips Market Center
- \$210,000 lost revenue from non-conducted seed sample analyses and updated software purchases for remote food/feed registrations
- \$150,000 lost revenue due for contract inspections mandated by FDA, USDA

- \$22,000 lost revenue from disrupted food service rental

Commodity Producer Mitigation Fund: \$20,000,000

Commodity markets were significantly disrupted and distorted during the pandemic. Numerous claims of loss were filed with SCDA because of the stated inability of grain and cotton buyers. This resulted in payments from the Grain Producers Guaranty Fund and Warehouse Receipts Fund (S 0698 {Rat #24, Act #97 of 2021}. The Grain Producers Fund established in 1980, and Warehouse Receipts Fund, established in 1922, requires farmers to pay fixed assessments into the fund up to a statutory cap. These claims leave the funds dangerously depleted, and the farmers who rely on them for protection, vulnerable to any further buyers' inability to pay for product delivered. We will be seeking legislative updates to modernize these funds in 2022 to provide for greater protection in current grain and cotton markets.

Agricultural Industry Request: Infrastructure Resiliency

South Carolina Farm Aid Program: \$40,000,000

Due to continued market-based interruptions and frequent natural disasters, the industry seeks establishing the framework and funding for a separate and distinct agricultural resilience fund, like that of the Farm Aid program due Hurricane Joaquin. The Farm Aid program would be designed in concert with various state agencies (*South Carolina Departments of Revenue and Administration, Clemson University, SC State University, State Treasurer*) to create a permanent fund to assist farmers with the financial recovery of losses/expenses not covered through existing federal or state programs.

- Nearly 25,000 farms located throughout South Carolina
- Per 2016 Farm Aid records, the standard crop insurance policy, administered by the United States Risk Management Agency, within USDA, provided 37 percent coverage of agricultural inputs, by average policy
- Ad-hoc disaster funding, either through the United States Congress or South Carolina General Assembly have allowed for assistance throughout the past 5 years. Farm recovery does not qualify for the traditional disaster programs offered through the Small Business Administration or other federal agencies
- *Legislation (*similar to that of H.4717 of 2015-2016*) would be needed to establish a permanent statutory structure for qualifications/requirements/reimbursement

<i>Departmental Requests: Support for Key Economic Drivers</i>	<i>\$50,352,000</i>
<i>Industry Requests: Infrastructure Resiliency</i>	<i>\$40,000,000</i>
Total:	\$90,352,000

If you have any specific questions regarding the above requests for agricultural recovery, do not hesitate to reach out. As always, I am appreciative of your constant support of our state's largest industry – agriculture!

Sincerely,



Hugh E. Weathers