



Resilience in New Mexico Agriculture

Presentation to the Economic and
Rural Development Interim
Committee

Tuesday, September 4, 2018

About Resilience in New Mexico Agriculture



NEW MEXICO FIRST



- ▶ **A collective impact project led by:**
 - ▶ New Mexico First
 - ▶ NMSU Cooperative Extension Service
- ▶ **Produced a statewide **Ag Plan**:**
 - ▶ Informed by 600 stakeholders
 - ▶ Written by 30+ member task force
 - ▶ 17-point strategic plan to strengthen ag in NM
- ▶ **Four main areas:**
 - ▶ Next generation of farmers and ranchers
 - ▶ Economic vitality
 - ▶ Ag supply chain
 - ▶ Land and water

1) Update on the ongoing work

2) A legislative proposal (welcoming committee endorsement!)

3) Informal ways you, as **opinion leaders**, can uniquely support the Ag Plan in your communities

Today's Presentation

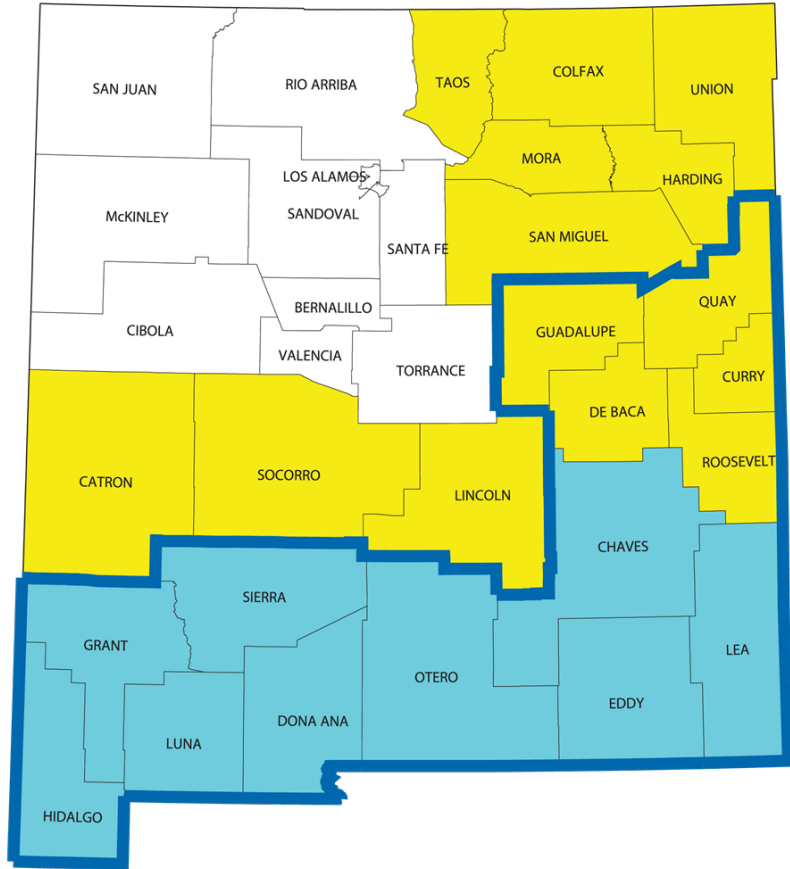
Ag Plan Updates on:

Agriculture Supply
Chain

Agriculture Workforce
Development

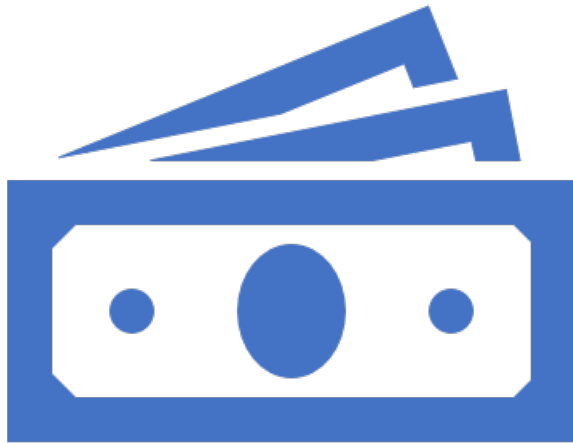
Agricultural Loans and
Financing

Agriculture and food processing drives economies.



- ▶ **Jobs and \$\$:** Ag and food processing account for
 - ▶ \$10.6 billion of state's GDP
 - ▶ Over 50,000 jobs
 - ▶ 9 percent of the state's economy (2012)
- ▶ **Farming and ranching** are a major economic driver in 23 of 33 counties
 - ▶ **Yellow** = Ag #1 economic driver
 - ▶ **Blue** = Ag a top 5 economic driver
- ▶ **Food processing** in NM is a top 6 economic driver in 14 counties
 - ▶ **Blue outline** = major food processing counties
 - ▶ Bernalillo County generates the most revenue in NM from food processing

It takes courage plus other sources of income to farm and ranch.



- ▶ Farming and ranching are high-risk operations at the mercy of markets, weather and disease
- ▶ Farmer net incomes fell 50 percent since 2013 and are projected hit a 12-year low this year
 - ▶ Most NM growers (82 percent) earn less than 25 percent of their household income from ag-related revenues
 - ▶ NM farming and ranching average incomes are roughly \$35,000 less than the national average
- ▶ **Bottom line: farming and ranching is highly stressful financially**

Source: USDA ERS and NMSU

Agriculture Supply Chain

Topic 1 of 3

Supply Chain and Value Chain

- ▶ The straightforward **supply chain** creates links to bring food from growers to consumers, like this:



- ▶ The “**value chain**” weaves in issues such as:
 - ▶ Ranch and farm viability
 - ▶ Farm and rangeland preservation
 - ▶ Healthy food access
 - ▶ Sustainable production
- ▶ Our committee works to improve both

NM's supply chain has many broken links

- ▶ **New Mexicans don't buy food grown here.**
 - ▶ Over 90 percent of food New Mexicans consume comes from out-of-state (that's \$4 billion leaving our state in food purchases).
 - ▶ Increasing local food consumption by 15 percent would generate an estimated \$725 million for New Mexico's economy.
- ▶ **NM farmers and ranchers don't process their food here.**
 - ▶ 97 percent of produce leaves the state.
 - ▶ 99 percent of cattle are processed out of state.
 - ▶ Processing more food here would generate jobs and revenues.
 - ▶ Processed foods, like peanut butter or salsa, are often called "value-added agriculture."
- ▶ **NM lacks access to markets - in-state and out.**
 - ▶ Stakeholders in 9 of 13 regional meetings identified market access as a key problem.
 - ▶ The state needs more relationships with new and existing markets.
 - ▶ Growers need training to better access local consumers (i.e., grocery stores or growers' markets) and national or international buyers (i.e., soybeans to China).

How to strengthen the chain?

- ▶ **Spread the word about tools we have**
 - ▶ NMSU ag and food supply chain atlas
 - ▶ NMSU food processing research
 - ▶ Ag-related technical assistance and training resources
- ▶ **Strengthen existing systems**
 - ▶ Connect local economic development and county extension
 - ▶ Establish more processing facilities (i.e., commercial kitchens, packing plants)
 - ▶ Identify state and federal funding and financing to improve the ag supply chain (i.e., lending, guarantee and grant programs)
- ▶ **End goal:**
 - ▶ Accessible, high-functioning supply chain facilities and services that support growers' capacity to reach new markets, increase value-added business, and support increased local consumption

How to Support

1

Support collaboration, distribution, and marketing mechanisms for local growers

2

Encourage local procurement, including state and local government purchasing (i.e., schools, senior centers)

3

Finance improved and new storage and processing facilities, as well as personnel to manage

Agricultural Workforce

Topic 2 of 3

Without support for ag careers, generations of knowledge will be lost and reliance on food imports will grow.

▶ Farmers and ranchers are aging

- ▶ Average age of a NM agricultural operator is 61
- ▶ Only 3% of NM farmers and ranchers are under 35
- ▶ Nationally, growers over age 65 outnumber farmers under 35 6-1

▶ Young farmers and ranchers face unique hurdles

- ▶ Student loan debt
- ▶ Competing demands for water rights and land
- ▶ Financing land and equipment purchases
- ▶ Supporting the next generation in ag careers was a top concern in 12 of 13 regional meetings

▶ The ag industry faces chronic labor shortages

- ▶ Farms and ranches
- ▶ Food processing

One solution: Ag Workforce Development Bill

- ▶ Bill would support hands-on farming and ranching internships
 - ▶ Invaluable experience critically needed by young farmers and ranchers
 - ▶ Labor support for growers operating on tight margins
 - ▶ Cost: Legislative appropriation of \$50,000 to be awarded through NMDA to qualifying agricultural businesses
 - ▶ Would cover 50 percent of costs; the employer or program would pay a 50 percent match
- ▶ Issue of agricultural workforce was listed as a need by:
 - ▶ The Ag Plan
 - ▶ The Ag Plan Tribal Roundtable
- ▶ Could benefit existing programs operated by:
 - ▶ NMSU Cooperative Extension and Rocky Mountain Farmers Union
 - ▶ NMSU and Institute of American Indian Arts
 - ▶ NM Cattle Growers: Raising Ranchers
 - ▶ Quivira Coalition
 - ▶ USDA

How to Support

1

Support the ag workforce development bill in the 2019 Legislative session!

2

Consider partnering with industry to develop outreach campaigns promoting ag careers

3

Support and expand ag incubator programs to provide hands-on training to aspiring farmers and ranchers

Ag Loans and Lending

Topic 3 of 3

Accessing loans and financing presents a major challenge for growers of all ages.



- ▶ Conventional loans are often inadequate for farming and ranching needs
 - ▶ i.e. land water right purchases/leases, equipment, seed, fertilizer costs
- ▶ Farmers and ranchers often need help to navigate loan processes or manage other funding sources
- ▶ Young farmers and ranchers can have trouble qualifying for loans or accessing capital
- ▶ Tribal farmers and ranchers cannot use trust land as collateral and often face unique barriers to qualifying for loans

Sources: USDA, NYFC, and University of Arizona

Ongoing Ag Loan and Financing Support Efforts

- ▶ The committee on loan and lending support is working to identify current loan programs available for growers
 - ▶ Once the identification is complete, the committee will conduct a gap analysis to develop specific recommendation on improving loan access
- ▶ Accion and UNM's Bureau of Business and Economic Research (BBER) are conducting an analysis of demand for and access to financial credit among agricultural and ranching producers in New Mexico
 - ▶ The study should be completed by January-February 2019

How to Support

1

Support research on gaps in agricultural loan and financing programs

2

Encourage lending and financing support for young, beginning, tribal or disadvantaged farmers and ranchers

3

Explore ways to blend alternative, conventional, government and philanthropic funding for ag operations

▶ Agriculture is an important economic activity for the state and rural New Mexico.

▶ Economic challenges include:

- ▶ Lack of high-functioning and accessible supply chain facilities, connections and resources
- ▶ Young farmer and rancher shortages
- ▶ Difficulties in securing adequate financing

▶ Consider supporting:

- ▶ Local procurement and purchasing (i.e. NM Grown and other initiatives)
- ▶ NMSU supply chain mapping
- ▶ Ag workforce development legislation
- ▶ Loan program gap analysis and alternative financing/ entrepreneurship

▶ The Ag Plan Working Group remains open to additional ideas from lawmakers.

Recap



Questions?

Reception tonight!

Join us to learn and discuss more

WHAT: Resilience in NM Ag Reception

WHEN: Tonight. 5:30 - 7:30

WHERE: Sergeant Willie Estrada Memorial Civic Center
800 E 1st St, Alamogordo, NM 88310

Food and drink provided



Thank You!