

SUSTAINABLE AGRICULTURE COALITION

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USDA Announces \$14.6 Million in Value-Added Producer Grants to 171 Projects in 42 States

Washington, D.C. - On September 30, USDA Secretary Mike Johanns announced the 2005 recipients of the Value-Added Producer Grants (VAPG) program, with 171 projects - out of 381 submitted - in 42 states to receive \$14.6 million in 2002 Farm Bill grant funds to support value-adding agriculturally-based enterprises that increase income retained by farmers and ranchers and their communities.

“The Value-Added Producer Grants program supports investment in producer-owned businesses, with the goal of capturing new, growing, high-value markets that are helping to shape a new agricultural and rural economy,” said Ann Wright, Government Relations Representative for the Sustainable Agriculture Coalition. “Now more than ever, we need programs that support innovation, diversification, and new market development for small and mid-sized farms and the farming communities they help support.”

Authorized in the 2002 Farm Bill to receive \$40 million annually in mandatory funding, the program has been cut in each of the past two years to less than 40 percent of that total, cuts proposed in the Bush Administration’s budget and agreed to by congressional appropriators. In the pending fiscal year 2006 agricultural appropriations bill now in conference between the House and the Senate, Congress has taken widely divergent views, with the House bill providing \$55.5 million for the program while the Senate bill maintaining the 2005 level of \$15.5 million.

“Our farmer members across the country are asking congressional leaders to respect the 2002 Farm Bill decision and allow the program to move forward at its full \$40 million level,” said Wright. “Each year, USDA receives many more high quality applications than it is able to fund, given the budget cuts.”

Farmers are organizing joint producer initiatives in the form of cooperatives, alliances, networks and limited liability corporations to give them more strength in the market place. Examples of the those initiatives include small beef cooperatives that market product branded with a local label, as well as one that speaks to how the animal was raised, such as ‘raised with no antibiotics or hormones.’ Another example is specialty cheeses and milk products that are being produced and manufactured locally and branded with a local or regional label.

“The VAPG program is a leading-edge, forward-looking farm bill initiative to improve the economic viability of small and mid-sized farms, support sustainable rural development, and enhance the environment,” said Wright. “Farmers are organizing to respond to market signals showing consumers want to support these attributes, and we hope USDA will respond in turn by directing the program in to fulfill these objectives.”

Individual producers, producer coops, alliances, associations and majority owned businesses are eligible to apply for grants. Applicants can choose to apply for a feasibility and planning grant or a working capital grant. A Presidential Initiative prioritizing energy related projects rewards additional points to energy projects, such as renewable fuels and wind energy. The application period for the 2005 grants ran from May 7 to March 5, 2005. A new notice of solicitation of applications (NOSA) for the 2006 round of grants is expected to be issued later this month, with a 90-day period for applications to be submitted.

A complete list of the 2005 awards can be found at

<http://www.rurdev.usda.gov/rd/newsroom/2005/2005VAPGRecipients.pdf>.

A table of the top grant states follows.

VAPG Grants by State for Top 15 States

State	Number of Grants	Total of Grants Awarded	Percentage of Total Funds Awarded
Missouri	17	\$1,750,446	12.1
Iowa	14	\$1,282,350	8.9
California	13	\$1,196,630	8.3
Nebraska	16	\$ 1,113,540	7.7
Texas	11	\$1,074,896	7.4
Minnesota	7	\$ 823,250	5.7
Oregon	11	\$ 536,985	3.7
Wisconsin	5	\$ 509,789	3.5
Mississippi	4	\$ 495,000	3.4
Kansas	6	\$ 454,616	3.1
Michigan	4	\$ 391,452	2.7
Washington	5	\$ 351,275	2.4
Florida	4	\$340,957	2.3
Illinois	4	\$324,125	2.2
Georgia	2	\$299,904	2.0
Total – top 15 states	123	\$10,945,115	75.6%
Total – all 42 states	171	\$14,642,272	100.0

The Sustainable Agriculture Coalition represents grassroots farm, rural, and conservation organizations from across the country that advocate for public policies supporting the long-term economic and environmental sustainability of agriculture, natural resources and rural communities.