



SUSTAINABLE AGRICULTURE COALITION

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Coalition Supports Value-Added Agriculture Grants

Washington, DC -- The Sustainable Agriculture Coalition today released a preliminary analysis of USDA's selection of value-added development grant awards. Last week, USDA's Rural Business Cooperative Service announced the release of 231 grants to 43 states totaling more than \$37 million. The program -- officially known as the "Value-Added Agricultural Product Market Development Grants" -- is authorized in the new farm bill and is funded from the Commodity Credit Corporation.

"We are encouraged by the large number of small and mid-sized grants awarded, as well as the diversity represented in the projects being funded," said Ann Wright, senior policy advocate for the Coalition. "In our view, the awards announced last week represent a significant improvement over the grant awards in 2001. We hope USDA will do even more in later rounds to fund projects that strengthen rural communities, enhance the environment, and increase family farm income and opportunities."

The program is authorized to receive \$40 million annually in mandatory spending through 2007, for a total of \$240 million. The value-added grants program provides grants to producers, cooperatives and trade associations who are developing value-added agricultural businesses. The \$240 million allocated to the program represents 26 percent of the overall funding for rural development programs in the farm bill.

The Sustainable Agriculture Coalition has advocated for program guidelines that encourage funding for a broad diversity of agricultural enterprises. The Coalition also supported farm bill language expanding the definition of "value-added enterprise" to include the marketing of products grown or raised in ways that increase their value, including organic, sustainable, and locally-identified products.

One of the new grants was awarded to the Ozark Mountain Pork Cooperative of Mountain View, Missouri. The \$133,500 grant will help the coop market their brand of naturally-raised beef to local grocery stores. Russ Kremer, a farmer in the 34-member coop and a member of the Midwest Sustainable Agriculture Working Group, explained the purpose of the project:

"Ozark Mountain Pork Cooperative is a small coop marketing locally grown, sustainably raised pork to local grocery stores. One of the strengths of our enterprise is how we are building relationships with customers in the community. Our local community is our committed marketplace. We are building a sustainable food system that is equitable for family farmers, the local workforce, retailers and consumers."

Missouri State Representative Wes Shoemeyer, a farmer and coop member, added, "The money generated from this effort stays in our communities. That is good for rural Missouri. And, furthermore, we have started a viable business for my son, who is among the next generation of farmers."

"This project represents the kind of groundbreaking work that farmers are doing around the country to capture local markets and profit from a more direct market to consumers who want to support family farms and the environment with their purchasing choices. We are very hopeful that the program will fund many more projects like this one," said Wright.

The Coalition is releasing a preliminary analysis of the grant awards based on information released by USDA. More detailed information will be needed for a complete analysis, but some preliminary findings can be shared at this time. Below is a summary of highlights and several tables with additional information.

- The top ten states received about 60% of the \$37 million total: Iowa (\$5.6 million); Missouri (\$2.8 million); California (\$2.7 million); Kansas (\$2 million); Minnesota (\$2.0 million); North Dakota (\$1.8 million); Washington (\$1.7 million); Nebraska (\$1.3 million); Michigan (\$1.3 million); Illinois (\$1.2 million).
- By commodity, projects dealing with grains and oilseeds received close to 50% of total funding, while livestock, dairy, and poultry received close to 25%, and fruits, nuts, and vegetables about 15%.
- Organically grown crops and naturally-raised meat value-added projects totaled \$2.8 million or about 8 percent of the total grant funding.
- Though more detailed information will be required, our preliminary analysis shows that slightly more than a third of total funding went to projects involved in marketing of products grown or raised in ways that are inherently value-adding and/or are identity-preserved.
- The average grant award was \$158,000 with the size of grants ranging from \$5,000 to \$500,000 (grants are capped at \$500,000). Approximately 29% of projects, but just 6% of total funding, were in the \$50,000 and below range. At the high end, 13% of projects representing 38% of total funding were in the \$400,000 to \$500,000 range. Just 7 awards (3% of total) were made to individual producers for their own projects, at an average award of \$12,000.
- About 56% of the total number of projects or 35% of total spending was for feasibility and related studies; 44% of projects and 65% of funding was allocated to working capital grants.
- Bio-diesel and especially ethanol projects continued to lay claim to substantial funding at about \$6.8 million or 18% of total funding, including many of the largest grants.

Value-Added Development Grant Awards (2002)

Type of Project	# of projects	% of total projects	\$ amount of projects	% of total \$	Average size grant
Feasibility Studies	128	56%	\$12.8 million	35%	\$100,000
Working Capital	101	44%	\$23.3 million	65%	\$230,000

Type of Project	# of projects	% of total projects	\$ amount of projects	% of total \$	Average size grant
Inherent *	93	41%	\$12.6 million	35%	\$136,000
Processed *	134	59%	\$23.6 million	65%	\$176,000

*The first category is for projects to market products whose added value stems from the identity preservation or from having been grown or raised in a manner that increases their value to consumers. The second, larger category is for projects that add value through additional processing of one kind or another.

Commodity	# of projects	% of total projects	\$ amount of projects	% of total \$
Grains	51	22%	\$10.8 million	29%
Oilseeds	32	14%	\$7.1 million	19%
Livestock/poultry	45	20%	\$6.5 million	18%
Fruits & Nuts	30	13%	\$3.8 million	10%
Dairy	14	6%	\$2.1 million	6%
Vegetables	19	8%	\$1.5 million	4%
Fish	5	2%	\$0.7 million	2%
Nursery	3	1%	\$0.5 million	1%
Forestry	3	1%	\$0.2 million	1%
Other/mixed	26	11%	\$3.5 million	9%

Some special categories	# of projects	% of total projects	\$ amount of projects	% of total \$	Average size grant
Organic	21	9%	\$2.8 million	8%	\$133,000
Ethanol & Biodiesel	31	14%	\$6.8 million	18%	\$218,000
Individual Producer	7	3%	\$0.1 million	0.2%	\$12,000

Size of Grant	# of projects	% of total projects	\$ amount of projects	% of total \$
< \$50,000	68	29%	\$2.2 million	6%
\$50,001-\$399,999	134	58%	\$21 million	56%
\$400,000-\$500,000	29	13%	\$13.9 million	38%

Top 25 States	\$ amount of total awards
Iowa	5,609,680
Missouri	2,817,804
California	2,732,032
Kansas	2,051,105
Minnesota	1,968,950
North Dakota	1,789,800
Washington	1,689,579
Nebraska	1,288,210

Michigan	1,263,033
Illinois	1,244,650
Colorado	1,231,796
Massachusetts	1,110,000
Ohio	900,000
Wisconsin	899,912
Montana	854,867
Idaho	838,835
Pennsylvania	814,141
Maryland	759,930
Texas	625,937
New York	620,688
South Dakota	600,000
Kentucky	597,922
S. Carolina	500,000
Delaware	425,000
Utah	420,000