

8-2006

# The Impact and Benefits of USDA Research and Grant Programs to Enhance Mid-size Farm Profitability and Rural Community Success

Kim Leval

*Center for Rural Affairs - Lyon, NE*

Jon Bailey

*Center for Rural Affairs - Lyon, NE*

Marie Powell

*Center for Rural Affairs - Lyon, NE*

Amanda Tuttle

*Center for Rural Affairs - Lyon, NE*

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## Recommended Citation

Leval, Kim; Bailey, Jon; Powell, Marie; and Tuttle, Amanda, "The Impact and Benefits of USDA Research and Grant Programs to Enhance Mid-size Farm Profitability and Rural Community Success" (2006). *Leopold Center Pubs and Papers*. 156.  
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# The Impact and Benefits of USDA Research and Grant Programs to Enhance Mid-size Farm Profitability and Rural Community Success

## **Abstract**

An analysis of four mainstay USDA research and rural development grant programs found that only five percent of the nearly \$500 million provided direct benefits to, or were relevant for, small and mid-sized farms and ranches or beginning farmers and ranchers in the United States. The project was funded in part by a grant from the Leopold Center's Policy Initiative (P2003-13).

## **Disciplines**

Agribusiness | Agriculture | Entrepreneurial and Small Business Operations

THE IMPACT AND BENEFITS OF  
USDA RESEARCH AND GRANT  
PROGRAMS TO ENHANCE MID-SIZE  
FARM PROFITABILITY AND RURAL  
COMMUNITY SUCCESS

KIM LEVAL  
JON BAILEY  
MARIE POWELL  
AMANDA TUTTLE

AUGUST 2006

PO Box 136 • 145 Main Street • Lyons NE 68038

Phone: 402.687.2100 • Fax: 402.687.2200

[www.cfra.org](http://www.cfra.org)



## CENTER FOR RURAL AFFAIRS

# THE IMPACT AND BENEFITS OF USDA RESEARCH AND GRANT PROGRAMS TO ENHANCE MID-SIZE FARM PROFITABILITY AND RURAL COMMUNITY SUCCESS

## SUMMARY

A review of projects funded by four USDA grant programs in 2001 and 2002 – the Rural Business Enterprise Grant program (RBEG), the National Research Initiative (NRI), the Initiative for Future Agriculture and Food Systems (IFAFS) and the Value-Added Producer Grant Program (VAPG)<sup>1</sup> – employing the Center for Rural Affairs’ “Small Farm Research Relevancy Assessment” instrument found only three percent of nearly 2,500 funded projects served small and medium sized and beginning farmers and ranchers. Only five percent of the combined funds for these four programs in 2001 and 2002 went to projects relevant to the needs of small and medium sized and beginning farmers and ranchers.

The VAPG and IFAFS programs offered the most benefits of the four programs to small and medium sized and beginning farmers and ranchers primarily because both programs came into existence shortly after the National Small Farm Commission recommended the creation of programs to assist small and mid-size farms and ranches to pursue the development of new markets and to create more opportunities for small and medium sized farms and ranches to capture greater value for their production. The Small Farm Commission issued a challenge to USDA in the 1998 *A Time to Act* report to develop such programs. The VAPG and IFAFS programs were among the first programs created and administered by USDA after *A Time to Act* to provide funding for initiatives related to marketing, value-added production and the profitability of smaller agricultural operations.

WE FOUND THAT THESE USDA PROGRAMS FUNDED NUMEROUS MARKETING AND VALUE-ADDED INITIATIVES MEANT TO BENEFIT LARGE FOOD DISTRIBUTION AND FOOD PROCESSING COMPANIES.

The NRI and RBEG programs offer fewer benefits to small and medium sized and beginning farmers and ranchers primarily because they are not composed to do so. The NRI program is principally a traditional research program based on the scientific aspects of agriculture. The RBEG program is a general business development program, with some states funding agriculturally-related projects.

Despite the recommendations and challenges of the Small Farm Commission and the rhetorical commitment of USDA to smaller agricultural enterprises, we found that the vast amount of funded projects and program funds do not benefit small and medium sized and beginning farmers and ranchers and are not relevant to their needs. In fact, rather than benefiting small and medium sized farms and ranches, we found that these USDA programs funded numerous marketing and value-added initiatives meant to benefit large food distribution and food processing companies. We also found that these USDA programs failed to invest in research that relates to the development of economic opportunities in the context and place that will keep families on the land and promote a new generation of agriculturalists.

This report and project are undertaken in cooperation with Iowa State University with funding from the Leopold Center for Sustainable Agriculture.

<sup>1</sup>The 2001 and 2002 version of the VAPG program was named the “Value-Added Agricultural Product Market Development Grant Program” (VADG).

Other findings include:

▶ The relatively strong performance of the VAPG program in funding initiatives to benefit small and medium sized and beginning farmers and ranchers bolsters the need for effective implementation by USDA of current statutory language and Congressional intent meant to reward projects that help increase self-employment and entrepreneurial opportunities in farming and ranching and that enhance the profitability and viability of small and medium sized farms and ranches.

▶ Certain states, notably Michigan, Iowa, Nebraska and Vermont, have several funded projects in the VAPG and RBEG programs that benefit small and medium sized and beginning farmers and ranchers, while many areas of the country have no such projects. Since the VAPG and RBEG programs are administered through the state offices of USDA Rural Development, it appears that certain states may be better at promoting, encouraging and funding initiatives that benefit small and medium sized and beginning farmers and ranchers.

▶ Particularly in the VAPG program, many projects relevant to small and medium sized and beginning farmers and ranchers involve collaborations between farm/ranch cooperatives or associations and intermediaries such as non-profit organizations, institutions of higher education and units of local or state government. Creativity appears to flow from those collaborations, and, again, is more apparent in certain states.

▶ None of the programs examined were particularly effective at funding initiatives to benefit beginning farmers or ranchers.

▶ There is an increasing tension within the VAPG program between funding for projects using agricultural products for energy production (such as ethanol and bio-fuels) and projects attempting to create alternative markets for farmers. We do not discuss the merits of energy production using agricultural products, but we do believe that whatever benefits flow from ethanol and bio-fuel production will not generally flow to small and medium sized farmers as large scale energy production will be dependent on large-scale grain production and will increasingly become corporatized. This fact runs counter to the VAPG congressional mandate of rewarding projects that help to increase self-employment and entrepreneurial opportunities in farming and ranching and enhance the profitability and viability of small and medium-sized farms and ranches. Energy-related projects, however, have steadily become the largest single area of funding within the VAPG program. Congress and USDA need to resolve this tension if the VAPG program has any future in providing benefits to small and medium sized farmers and ranchers.

▶ The VAPG program funded several projects that were essentially research and development initiatives for large food companies. Again, this runs counter to the intent of the program.

▶ The use of the RBEG program for agriculturally-related initiatives is a source of confusion in some states. While the decision on what proposals to fund is a state-level decision of the USDA Rural Development offices, some states fund a variety of agriculturally-related projects while other states clearly hold that the RBEG program cannot fund agriculturally-related programs. That was asserted to us by several state USDA Rural Development offices during our Freedom of Information Act requests. A national program should not have different rules depending on the state, and worthy proposals should not have funding granted or withheld depending on residence.

MICHIGAN, IOWA,  
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BEGINNING  
FARMERS AND  
RANCHERS

As a result of the evaluation of the four USDA grant programs and their impact on small and medium sized and beginning farmers and ranchers, several recommendations are made. Among them are:

- ▶ Target funding under these programs to projects that serve family farmers and rural communities using our selected criteria as a guideline.
- ▶ Institute set-asides in each program for projects concerning beginning farmers and ranchers.
- ▶ Direct more NRI resources to programs that directly serve small, medium size and beginning farmers and ranchers and that help build vitality in rural communities using IFAFS as a model.
- ▶ Develop authorizing language placing a high priority for use of the VAPG program grant funds on proposals that are most likely to increase the profitability and viability of small and medium-sized farms and ranches.
- ▶ Create a set-aside of VAPG funding for projects concerning beginning farmers and ranchers.
- ▶ Eliminate the presidential initiative on energy in the VAPG program, while adequately funding other energy-related programs within USDA and other agencies that could meet the requirements of this initiative.
- ▶ Fully fund the VAPG program at its authorized level of \$50 million and reinstate its mandatory budget status.
- ▶ The RBEG program serves a definite and special niche in rural development and should not be eliminated as proposed in the President's economic and community development initiative each of the past two years.
- ▶ Include farmers and other end-users, including organizations representing sustainable agriculture issues and concerns in the evaluation panels selected to review and rank grant proposals.
- ▶ Clarify to state USDA Rural Development officials how RBEG can be used for projects related to agriculture.
- ▶ Develop criteria to ensure that agricultural research and development programs simultaneously address issues of farm profitability, environmental protection and rural community success.
- ▶ Establish a presidential initiative within the VAPG program that specifically targets proposal evaluation points to proposals that *add value to rural communities* by:
  - creating the potential to increase income and self employment opportunities in farming and ranching
  - benefiting the local economy through social and environmental improvements to the area
  - increasing diversification of agriculture and industry on the farm and within the local economy
  - retaining and enhancing small and medium-sized farms and ranches and preserving productive farm and ranch lands

TARGET FUNDING  
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This would again be agreeing with the goals and outcomes identified by Congress in the 2002 Farm Bill.

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## LITERATURE REVIEW AND PREVIOUS RESEARCH

### American Agriculture's Two Paths: The Disappearing Middle?

In recent decades, the structure of American agriculture has increasingly followed two paths. One path is the large-scale production of undifferentiated commodities dependent on intensive and expensive inputs and a consistent infusion of capital. The other path is a more entrepreneurial agriculture that involves production of unique, highly differentiated products and the formation of markets for such products. Clearly, large commodity-based farms and ranches occupy the first path.<sup>2</sup> Just as clearly, small-scale farms and ranches can occupy the other path. The question, then, is what happens to those farms and ranches in the middle?

As the "Agriculture in the Middle" project points out, these farms and ranches have "traditionally constituted the heart of American agriculture".<sup>3</sup> These are the traditional independent family farms and ranches, the largest share of "working farms and ranches." And yet these farms and ranches are the most vulnerable. In Iowa, for example, from 1997 to 2002, the number of farms increased in only two sales categories—those farms with sales below \$2,500 annually and those farms with sales of greater than \$500,000 annually. The number of farms with sales between \$100,000 and \$499,999 – generally, an accepted definition of medium sized farms, decreased by 19 percent.<sup>4</sup>

This trend also plays out in aging of the farm and ranch population and public policy issues around how to promote a new generation of farmers and ranchers. For example, in Iowa the number of farmers under the age of 35 was greater than the number of farmers over the age of 65 from the 1959 Census of Agriculture through the 1987 Census of Agriculture.<sup>5</sup> Beginning in the 1992 Census of Agriculture, that comparison reversed so that by 2002 there were over twice as many farmers over 65 as fewer than 35.<sup>6</sup>

Correspondingly, the average age of farmers in Iowa increased from 50 in 1992 to 52 in 1997.<sup>7</sup> Since 1997, the average age of farmers in the nation and in Iowa has increased nearly one year annually. This suggests that few, if any, younger people are entering farming. As farmers reach retirement age in the coming years, allowing this trend to continue will only hasten the disappearance of mid-size farms. A lack of a new generation of farmers will likely mean that mid-size farms will be consumed by larger farms, with the result being fewer farmers, fewer people on the land, decreased diversity on the landscape and suffering rural communities.

While declining, it is important to note that both nationally and in Iowa, mid-size farms continue to make up the largest share of "working farms." Mid-size farms continue to be crucial to rural communities – they comprise the largest use of farm land and the number of people in mid-size farm families remains significant. The prosperity of mid-size farms and how public policy influences their prosperity continue to be critical variables to rural community success.

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<sup>2</sup> See, for example, Cochrane, Willard W. 1999. "A Food and Agricultural Policy for the 21<sup>st</sup> Century."

<sup>3</sup> Agriculture in the Middle Project. *Why Worry About the Agriculture of the Middle?*

<sup>4</sup> *Farms and Land in Farms*, United States Department of Agriculture, National Agricultural Statistics Service, 2003; *1997 Census of Agriculture*, United States Department of Agriculture, National Agricultural Statistics Service, 1999.

<sup>5</sup> Agriculture in the Middle Project at 10.

<sup>6</sup> Id.

<sup>7</sup> Id.



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All this suggests that the nation, in general, and Iowa in particular, is facing an agricultural demographic trend that is often described as the “disappearing middle.” Farms in this “disappearing middle” face stiff competition in commodity markets as large farms, industrial agriculture and supply chains become more vertically integrated while also not being well-positioned to enter into small volume, high value, niche marketing. As economics and public policy focus on both ends of the farm typology – vertical integration, supply chains and commodity programs favoring large volume producers, and farmers markets, niche marketing and direct farmer-to-consumer relationships favoring small farmers – those farm families in the middle will experience increased financial stress.

Rural communities across Iowa and the nation are feeling the stress of these economic and policy developments. Our research shows that rural counties across the Midwest and Great Plains are experiencing higher rates of poverty, lower incomes and declining populations when compared to other rural counties and urban counties of the region.<sup>8</sup> As such, the institutions of rural life – schools, churches, businesses and local governments – all suffer. As agriculture remains a crucial component of the economy in rural counties of Iowa and the region, the conditions facing those communities stem directly from the economic pressure faced by mid-size farms. Identifying policy options that can address the circumstances of small and medium sized operations will benefit not only those farm families, but the future viability and prosperity of rural communities and their institutions as well.

Competitive dollars via several USDA programs help farmers, ranchers, researchers and others in Iowa and throughout the nation to find marketing, diversification, enterprise development and other strategies that work for them, and, theoretically, their communities. As the research documented below demonstrates, how those dollars are distributed to small and medium sized farmers and ranchers may well contribute to the future viability of rural communities.

### **The Economic and Community Benefits of Small and Medium Sized Farms and Ranches**

Research on agriculture structure has identified numerous benefits of small and medium sized farms and ranches. Among the earliest work demonstrating the benefits of smaller agricultural operations was the research of anthropologist Walter Goldschmidt.

Goldschmidt’s research examined two California communities in the San Joaquin Valley, one surrounded by large farms and the other by smaller farms. The two communities were similar in all other characteristics – population, shared value systems and customs. His research found that the community surrounded by larger farms enjoyed a lower standard of living and quality of life than did the community surrounded by smaller farms. He concluded that the differences in communities “may properly be assigned confidently and overwhelmingly to the scale of farming factor.”<sup>9</sup>

Goldschmidt found that in the communities dominated by larger, corporate-style farms, nearly all measures of society were significantly worse. Fewer people were employed due to the increased mechanization on larger farms and greater levels of absentee ownership of land meant fewer independent, family-scale farms. The local economy was also different. In the communities dominated by larger farms, income left the community to other, distant communities where the owners resided and to support businesses in other

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<sup>8</sup>*Swept Away: Chronic Hardship and Fresh Promise on the Rural Great Plains*, Center for Rural Affairs, 2003.

<sup>9</sup>Goldschmidt, Walter. 1946. *Small Business and the Community*. Report to the U.S. Senate Special Committee to Study Problems of American Small Business; Goldschmidt, Walter. 1978. *As You Sow: Three Studies in the Social Consequences of Agribusiness*. New York: Allenheld, Osmun.

communities. In the communities surrounded by smaller farms, income circulated among other local businesses. This created more businesses and jobs and a general sense of prosperity. Non-agricultural measures of prosperity also existed in communities surrounded by smaller farms – more local businesses, paved streets and sidewalks, schools, parks, churches, community clubs, newspapers, better services, higher rates of employment, lower rates of poverty, and more civic participation.<sup>10</sup> Nearly 30 other studies of Goldschmidt's original work have been conducted, with most confirming his findings.<sup>11</sup>

The general finding of this research can be summarized in a finding by University of California anthropologist, Dean MacCannell, who wrote:

*As farm size and absentee ownership increase, social conditions in the local community deteriorate. We have found depressed median family incomes, high levels of poverty, low education levels, social and economic inequality between ethnic groups, etc. ... associated with land and capital concentration in agriculture ... Communities that are surrounded by farms that are larger than can be operated by a family unit have a bi-modal income distribution, with a few wealthy elites, a majority of poor laborers, and virtually no middle class. The absence of a middle class at the community level has a serious negative effect on both the quality and quantity of social and commercial service, public education, local governments etc.*<sup>12</sup>

The USDA National Commission on Small Farms also identified several “public values” of smaller farms in its 1998 report *A Time to Act*.<sup>13</sup>

- ▶ Diversity – Smaller farms “embody a diversity of ownership, of cropping systems, of landscapes, of biological organization, culture and traditions.” This results in beneficial biological diversity, a diverse and esthetically pleasing landscape and open space. Smaller farms also contribute to widespread ownership of land.
- ▶ Environmental benefits – The majority of the nation's farm land is comprised of small and medium sized farms and ranches. These farms and ranches can and do provide significant environmental benefits to the rest of society.
- ▶ Self-empowerment and community responsibility – The decentralized land ownership brought about by smaller farms “produces more equitable economic opportunity for people in rural communities, as well as greater social capital.” The nature of smaller farms and ranches also provides “a greater sense of personal responsibility and feeling of control over one's life” and more reliance on local businesses and services.
- ▶ Places for families – Family-scale farms and ranches can be “nurturing places for children to grow up” and the skills and talents necessary for a successful farming and ranching operation can engender the “values of responsibility and hard work.”

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<sup>10</sup>Id.; Rosset, Peter M. 1999. *The Multiple Functions and Benefits of Small Farm Agriculture In the Context of Global Trade Negotiations*, at 10. Oakland, CA: The Institute for Food and Development Policy.

<sup>11</sup>See, e.g., Fujimoto, Isao. 1977. “The Communities of the San Joaquin Valley: The Relationship Between Scale of Farming, Water Use, and the Quality of Life.” Testimony before the House Subcommittee on Family Farms, Rural Development, and Social Studies, Sacramento, CA, October 28, 1977; MacCannell, Dean. 1988. “Industrial Agriculture and Rural Community Degradation.” Pp. 15-75 in L.E. Swanson (ed), *Agriculture and Community Change in the U.S.: The Congressional Research Reports*. Boulder: Westview Press; Durrenberger, E. Paul, and Kendall M. Thau. 1996. “The Expansion of Large-Scale Hog Farming in Iowa: The Applicability of Goldschmidt's Findings Fifty Years Later.” *Human Organization* 55 (4): 409-415; Lyson, T.A. and R. Welsh. 2005. “Agricultural industrialization, anti-corporate farming laws and rural community welfare” *Environment and Planning A*. 37:1479-1491.

<sup>12</sup>MacCannell, Dean. 1983. “Agribusiness and the Small Community,” background paper to Technology, Public Policy and the Changing Structure of American Agriculture, Office of Technology Assessment. Washington, DC: U.S. Congress.

<sup>13</sup>USDA National Commission on Small Farms. 1998. *A Time To Act*, pp, 13, 20-22. Washington, DC: USDA.

► Personal connection to food – As the number of Americans engaged in farming and ranching declines, consumer connections to agriculture and the food production system become harder to make but nonetheless important. Smaller farms and ranches and the marketing strategies they employ can connect those who grow food with those who consume it.

► Economic foundations – Dispersed, independent farm and ranch operations remain crucial to economic vitality in some regions of the country. And the economic and social consequences of a loss of dispersed, family-scale agriculture operations as outlined by Goldschmidt, MacCannell and others is important to the entire society. In addition, an agricultural system characterized by a limited number, and an increasing number, of large farms and ranches has significant economic “hidden costs,” including the loss of market competition in a concentrated or oligopsonistic market and the resulting costs to producers and consumers.

The Agriculture of the Middle Project has also identified several benefits to that scale of agriculture, many of which mirror those identified in *A Time to Act*.<sup>14</sup>

- Consumer choice of foods with special desirable attributes
- Open, accessible spaces
- Environmental and conservation benefits – wildlife, clean air, soils that hold rainwater, reduce flooding and serve as “carbon sinks”
- Lower taxes since farmland requires fewer services than do residential areas
- A diverse landscape that features smaller farms rather than “endless fields of mono-crops”

A study comparing the impacts of a few large and a large number of small hog operations in Iowa (producing the same number of hogs) found that larger operations displaced more community economic development than it created and that smaller operations provided myriad economic benefits to rural communities. This study found that the collection of small hog operations created more jobs, more employee income, more local tax revenue, more net revenue for the state and more property tax revenue for schools and local governments.<sup>15</sup>

A study by Virginia Tech University found similar results. Several smaller operations created more permanent jobs, an increase in local retail sales, a larger increase in local per capita income, a greater reduction in the unemployment rate and a larger increase in the real property tax base when compared to one large operation.<sup>16</sup>

More localized studies have found similar rural community impacts. A University of Minnesota study examined the relationship of dairy farming on the local community and economy. The study found that as dairy size increased, local economic and social activity declined, including an almost total disappearance of local retail sales and the closing of the local school.<sup>17</sup>

Another University of Minnesota dairy study found that nearly 60 percent of sales of local businesses and services in the Waconia, Minnesota area (a 20 mile radius) were to local dairy farmers or dairy-related industries or employees. Forty-two percent of the revenue generated by those firms’ sales remained in the

<sup>14</sup>Agriculture in the Middle Project. *Why Worry About the Agriculture of the Middle?*

<sup>15</sup>Thompson, Nancy and Loren Haskins. 1998. *Searching for ‘Sound Science’: A Critique of Three University Studies on the Economic Impacts of Large-Scale Hog Operations*. Walthill, NE: Center for Rural Affairs.

<sup>16</sup>Thornsbury, Suzanne, S. Murphy Kambhampaty, and David Kenyon. 1994. *Economic Impact of a Swine Complex in Southside Virginia*. Blacksburg, VA: Virginia Tech University, Department of Agricultural and Applied Economics.

<sup>17</sup>Love, Patricia Weir. 1995. *The Impact of Changes in Dairy Farming on a Local Economy: A Case Study*. St. Paul, MN: University of Minnesota, Department of Applied Economics.

local area; the conclusion is that without sales to local, small farmers those firms would either not exist or be less profitable, thus making the community less prosperous.<sup>18</sup>

Dr. Larry Swain at the University of Wisconsin at River Falls Rural Development Institute found that small farms in Wisconsin and Minnesota spent 75 percent of their money locally as compared to 54 percent by residents of a medium-sized city.<sup>19</sup> Swain also found that the overall economic impact of a moderate-sized farming operation to the local community is considerable. According to Swain, a farm with a gross income of \$200,000 is economically worth \$720,000 to a community; a non-farm family with a \$40,000 income has a community worth of \$86,000. It would therefore require over eight \$40,000 jobs to make up for the loss of one moderate-sized farm.<sup>20</sup>

### **Previous Evaluations of USDA Programs**

There have been little, if any, previous attempts to evaluate USDA programs and their effectiveness in meeting the needs of small and medium sized and beginning farmers and ranchers. A recent report by the Henry A. Wallace Center for Agricultural and Environmental Policy at Winrock International reviewed 19 USDA programs for their effectiveness in enhancing the economic well-being of small farms.<sup>21</sup>

This report also reviewed the RBEG, IFAFS and NRI program. This report found that 16 of the 19 USDA programs intended to assist small farms, but no evaluations “have actually measured the effectiveness of the programs in fulfilling the objective of enhancing small farm viability.”<sup>22</sup> The report found the IFAFS program clearly intended to benefit small farms and that the RBEG program at least implicitly did.<sup>23</sup>

The Winrock report made three recommendations regarding USDA programs and small farms:

- “Simple evaluations” on all programs to determine the total and proportionate amount of support going to small farms.
- Appropriate funding for evaluations to determine their effectiveness.
- Additional funding to the USDA Small Farm Program to “oversee the programs” and “advocate for more evaluation and attention to small farm issues within them.”<sup>24</sup>

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<sup>18</sup>*Farm Beginnings White Paper*. 1998. St. Paul, MN: Minnesota Institute of Sustainable Agriculture, University of Minnesota.

<sup>19</sup>“Small Is Profitable,” *Orion Afield*, Summer 1998; “Economic Value of Farms Underrated, Says Researcher,” *Pierce County Herald*, page 3, November 5, 1997.

<sup>20</sup>*Id.*

<sup>21</sup>Hawkes, C., Clancy, K. and DeMuth, S. 2004. *USDA Programs: What Do We Know About Their Effectiveness in Improving the Viability of Small Farms*. Little Rock, AR: Winrock International.

<sup>22</sup>*Id.* at 1

<sup>23</sup>*Id.* at 11 and 22

<sup>24</sup>*Id.* at 5

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## INTRODUCTION AND METHODOLOGY

With this study we seek to better understand how key USDA grant and research programs are serving beginning, small and mid-size farms and ranches, and what steps might be taken to improve these programs or develop new solutions to enhance farm profitability and rural community success.

Through Freedom of Information Act requests, proposals from 2001 and 2002 for the four USDA programs were examined – the Rural Business Enterprise Grant program (RBEG), the National Research Initiative (NRI), the Initiative for Future Agriculture and Food Systems (IFAFS) and the Value-Added Producer Grant Program (VAPG).<sup>25</sup> For this study, our sample includes 180 VAPG program proposals, 61 RBEG proposals, 17 NRI proposals and 13 IFAFS proposals. Combined funding over the two year period studied totaled nearly \$500 million for the four programs.

In 2001 and 2002, USDA funded 295 projects pursuant to the VAPG program. We reviewed 180 projects pursuant to our Freedom of Information Act requests. Information on the remaining requests was not made available by state USDA Rural Development offices because of objections by the grant recipients.<sup>26</sup> The VAPG program projects reviewed represented \$32.5 million of the \$57.6 million funded by the program in 2001 and 2002.

The various disciplines of the NRI program funded 1,194 research projects in 2001 and 2002. A review of project titles and keywords in USDA's Current Research Information System (CRIS) database revealed 17 projects applicable or potentially applicable to beginning and small and medium sized farmers and ranchers, primarily in the rural development and markets and trade topic areas. The NRI projects reviewed represented \$4.1 million of the \$226.5 million funded by the program in 2001 and 2002.

The IFAFS program funded a total of 76 projects in 2001; none were funded in 2002. There were five issue areas in the IFAFS program; this project concentrated on the Farm Efficiency and Profit program areas. The website of the Cooperative State Research, Education, and Extension Service (CSREES) agency of USDA – the administrator of the IFAFS program – lists 18 projects funded under this program area. However, we received documents from USDA relative to six projects listing Farm Efficiency and Profit as the relevant program area that are not listed on the CSREES website. In any event, we reviewed 13 IFAFS projects, all under the Farm Efficiency and Profit program area applicable or potentially applicable to beginning and small and medium sized farmers and ranchers.<sup>27</sup> The IFAFS projects reviewed represented \$23 million of the \$120 million funded by the program in 2001.

WE SEEK TO  
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<sup>25</sup>The 2001 and 2002 version of the VAPG program was named the "Value-Added Agricultural Product Market Development Grant Program" (VADG).

<sup>26</sup>Under federal law, grant recipients were asked if they objected to release of information on their project. Grant recipients could object to release on the grounds that release under FOIA would provide business or proprietary information or trade secrets.

<sup>27</sup>We did not review or evaluate the "North Central Initiative for Small Farm Profitability" IFAFS grant awarded to the University of Nebraska-Lincoln because the Center for Rural Affairs was a participant in the project and received substantial funding pursuant to it.

Table 1 outlines the \$499.1 million appropriated to the four programs in 2001 and 2002.

Program	2001	2002
	Appropriations	Appropriations
Rural Business Enterprise Grants <sup>28</sup>	\$46.6M Discretionary	\$46M Discretionary
Value Added Producer Grants <sup>29</sup>	\$20M	\$40M Mandatory <sup>30</sup>
Initiative for Future Agriculture and Food Systems	\$120M <sup>31</sup> Mandatory	\$0 <sup>32</sup>
National Research Initiative	\$106M Discretionary	\$120.5M Discretionary

**TABLE 1. Program Spending, 2001-2002**

Each proposal was reviewed on 16 specific measures relevant to rural community impacts, small and mid-size farm and ranch profitability, and affects on beginning farmers and ranchers and on agricultural structure. Four reviewers independently scored the proposals for each program; scores were based on a scale of 1 to 10, with ten the best score. Scores were totaled and converted to letter grades based on the percentage of a “perfect score” (160 total points for most projects; if information provided was insufficient to score on a particular measure, the total points were reduced by 10 points for each measure for which a score was not possible; each project was then given an adjusted percentage score on a scale of 100).<sup>33</sup>

The Center for Rural Affairs’ proven small farm research relevancy assessment tool modified for this project was used to determine the scale of relevancy of the funded projects to beginning and small and mid-size farmers.<sup>34</sup> Sixteen factors, shown on the next page, determine relevancy:

<sup>28</sup>The Fund for Rural America added \$5 million to RBEG in 2001.

<sup>29</sup>The Value-Added Program was called “The Value Added Agricultural Products Marketing Program” in 2001. It was funded by \$10 million in mandatory crop insurance bill monies and \$10 million in discretionary dollars from the emergency supplemental bill.

<sup>30</sup>In 2002, the Value-Added Producer Grant Program was authorized in the Farm Bill with \$40 million in mandatory funding. The definition of “value-added” was amended to include not only processing, but how something was grown or raised.

<sup>31</sup>In 2001, IFAFS funding was actual spending dollars allocated in 2000.

<sup>32</sup>In 2002, the NRI appropriation was to also target 36 percent of the total funding to “IFAFS-like” program areas. Our findings show it was likely much less than that.

<sup>33</sup>On a scale of 100, a score of 90 or higher was an “A”; a score of 80 or higher was a “B”, and so on.

<sup>34</sup>This assessment tool was developed by the Center for Rural Affairs in cooperation with USDA, researchers and reviewers for the report *Public Promises Made – Public Promises Broken*, Center for Rural Affairs, 2000. See Appendix B, page 30.

- |  |   |
|--|---|
| ◦ Improves farmer-consumer relationship      | ◦ Improves farm quality of life           |
| ◦ Does not concentrate land ownership        | ◦ Moderate capital requirements           |
| ◦ Enhances value-added; increases farm share | ◦ Farmers part of design                  |
| ◦ Builds rural marketing infrastructure      | ◦ Multi-disciplinary                      |
| ◦ Appropriate scale technology               | ◦ Increases technical choices for farmers |
| ◦ Emphasis on improving management           | ◦ Minimizes barriers for beginners        |
| ◦ Emphasizes on-farm resources               | ◦ Includes on-farm research               |
| ◦ Diversifies farm income choices            | ◦ Reduces environmental compliance costs  |

**CAVEAT: While projects are scored on a traditional letter grade scale, this by no means should be used to judge the merits – scientific or otherwise – of any project. The score is only meant to judge the relative contributions to small and mid-size farmers and ranchers, beginning farmers and ranchers and certain components of the rural economy.**

## VALUE ADDED PRODUCER GRANT PROGRAM

### *BACKGROUND*

*A Time to Act*, the 1998 report of the USDA Commission on Small Farms, discussed several avenues USDA had (and still has) to promote value-added marketing and processing for small farms and ranches. The report provided several examples of value-added cooperatives comprised of small farmers that allowed their members to “capture a greater share of the value of their product, keeping more dollars in their local and regional economies.”<sup>35</sup> The Small Farm Commission recommended that USDA should “pursue the development of new markets to create more marketing options for small farmers and more opportunities to capture greater value for their production.”<sup>36</sup>

The Small Farm Commission also provided guidance as to the type of value-added strategies and efforts deserving of USDA’s support. Several of the criteria offered by the Small Farm Commission are similar to the assessment measures employed in this analysis:

- ▶ Profit from value-added business operations flows to and within the community;
- ▶ Value-added initiatives should create incentives for resource stewardship and reward sustainable production systems;
- ▶ Value-added initiatives should pursue specialty and differentiated products where small farms and ranches and small food processing firms have a competitive advantage over larger firms.<sup>37</sup>

As a result of and in response to *A Time to Act*, USDA established a small farm program to ensure that its programs and policies respond to current small farm issues and the recommendations of the Small Farms Commission.<sup>38</sup>

<sup>35</sup>*A Time to Act*, p.58. 1998. USDA Small Farm Commission

<sup>36</sup>*Id.* at 67.

<sup>37</sup>*Id.* at 68.

<sup>38</sup>See, for example, [http://www.csrees.usda.gov/nea/ag\\_systems/sri/smallfarms\\_sri\\_time.html](http://www.csrees.usda.gov/nea/ag_systems/sri/smallfarms_sri_time.html)

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Given USDA's stated commitment to small farms and ranches and to the recommendations of the Small Farm Commission immediately preceding the years in which the value-added projects reviewed herein were proposed, we are reviewing these projects in light of both the Small Farms Commission value-added criteria and the USDA small farm commitment.

After release of *A Time to Act* in 1998, the first VAPG program was adopted in 2001 as part of a crop insurance reform bill and was dubbed "The Value Added Agricultural Products Marketing Program." It was funded through \$10 million in mandatory crop insurance bill monies and \$10 million in discretionary dollars from an emergency supplemental appropriation bill. The original program did not follow the recommendations of *A Time to Act*, focusing its legislative intent solely on processing of agricultural products. However, it was the first USDA rural development program with the specific intent to provide financial assistance to the development of value-added initiatives. This iteration of the VAPG funded the value-added efforts in 2001 and 2002 that are the subject of this report.

The second iteration of the Value-Added Producer Grant Program was authorized in the 2002 Farm Bill Rural Development title and is a competitive grants program administered by the Rural Business Cooperative Service of USDA. This version of the VAPG program expanded the definition of "value-added" to include how agricultural products are grown or raised, e.g., organic, grass-fed, as well as processing. Funding for the VAPG program expanded from \$10 million annually to the Farm Bill authorized and current level of \$40 million annually.<sup>39</sup> Individual producers, alliances, networks and cooperatives of producers, and agricultural trade groups are eligible applicants for up to \$150,000 in working capital or up to \$100,000 in planning grants to enter into a new or emerging market.

### *AUTHORIZING LANGUAGE*

The original iteration of the VAPG program was the Value-Added Agricultural Products Marketing Program (sometimes referred to as the Value-Added Agricultural Product Market Development Grant Program) in 2001 and 2002 – the program under which the projects reviewed for this report were funded.

The 2001 Notice of Funds Availability for the VADG defined "value-added" purely in processing terms – "changes in the raw or partly processed agriculturally produced commodity that result in a product having a higher value to potential buyers."<sup>40</sup> The 2001 program contained no specific criteria concerning small or medium sized farms or ranches.

The 2002 Notice of Funds Availability (NOFA) for the VADG modified the definition of "value-added" by including three specific definitions of the terms: 1) a change in the physical state or form of a product; 2) the production of a product in a manner that enhances its value; and 3) the physical segregation of an agricultural commodity or product in a manner that results in enhancement of its value.<sup>41</sup> The 2002 definition of "value-added," therefore, was expanded to include not only processing but the manner of how a product was grown or produced, thus theoretically expanded the types of projects that could be funded.

The 2002 NOFA also specifically included in the definition of "value-added" a statement that the change in the physical state of the product, the manner of production or the physical segregation of the product must

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<sup>39</sup>Despite this authorized level, actual appropriations have been less in recent years.

<sup>40</sup>Federal Register, Vol. 66, No. 44, page 13488, March 6, 2001.

<sup>41</sup>Federal Register, Vol. 67, No. 121, page 42531, June 24, 2002.



result in a greater “portion of the revenue” being made available to the producer of the commodity or product.<sup>42</sup> This requirement is the forerunner of the later VAPG program language on the small and mid-size farm and ranch profitability and the intention that the program would increase the producer share of food and agricultural system profits. This 2002 language is also an acknowledgement of the recommendations in *A Time to Act*.

The 2002 NOFA also contained the first language on priorities in funding – priorities were given to grant requests under \$500,000, to bio-mass energy production projects and to projects demonstrating the “profitable use of innovative technologies.”<sup>43</sup> This language contained mixed messages – it favored smaller producers (the priority on maximum grant amounts to maximize distribution of program benefits) while also demonstrating a bias toward bigness (the energy project priority).

The 2002 Farm Bill eventually refined the VADG into the Value-Added Producer Grant program. While the legislative language below did not concern the projects reviewed for this report, it does reflect a continuing effort to place the needs of small and medium sized and beginning farms and ranches paramount in the purposes of the VAPG program. Further research would be necessary to determine if this effort was successful subsequent to 2002.

VALUE-ADDED: A CHANGE IN THE PHYSICAL STATE OF THE PRODUCT, MANNER OF PRODUCTION OR PHYSICAL SEGREGATION OF THE PRODUCT RESULTING IN A GREATER “PORTION OF THE REVENUE” BEING MADE AVAILABLE TO THE PRODUCER OF THE COMMODITY OR PRODUCT.

The Conference Report to accompany H.R. 2646, the Farm Security and Rural Investment Act of 2002 (the official title of the 2002 Farm Bill) adopted a set of broad purposes for the VAPG Program that address the basic policy objectives to be advanced by the program. Similar language was included in the House Agriculture Appropriations Subcommittee's Fiscal Year 2003 report. Language from the 2002 Farm Bill conference report includes:

*The Managers intend that the Department (of Agriculture), in administering the (VAPG) program, will seek to fund a broad diversity of projects that help increase agricultural producers' share of the food and agricultural system profit, including projects likely to increase the profitability and viability of small and medium-sized farms and ranches. The Managers intend for the Department to consider a project's potential for creating self-employment opportunities in farming and ranching and the likelihood that the project will contribute to conserving and enhancing the quality of land, water and other natural resources.*<sup>44</sup>

Language from the 2003 House Agriculture Appropriations Subcommittee report is similar to the authorizing language in the 2002 Farm Bill:

*The Committee is aware the Department (of Agriculture) will develop application and evaluation guidelines for the Value Added Agricultural Product Market Development Grant Program. The Committee expects the Department to develop ranking criteria to reward projects that help increase self-employment and entrepreneurial opportunities in farming and ranching, enhance the profitability and viability of small and medium-sized farms and ranches, and contribute to conserving and enhancing the quality of land, water and other natural resources.*<sup>45</sup>

<sup>42</sup>Id.

<sup>43</sup>Id.

<sup>44</sup>H.R. 2646, page 565.

<sup>45</sup>House Appropriations Subcommittee Report 107-623, page 92 (2003).

Both the Farm Bill and subsequent appropriation bills clearly intended that the VAPG Program have broader goals than to increase value-added products and markets. The VAPG Program was intended to be an integral part of rural development policy by funding projects that both enhanced farm and ranch incomes and increased self-employment opportunities in rural areas. As such, it was intended to go beyond other farm income support programs – the VAPG Program was anticipated to be part of an asset- and wealth-building strategy of American rural development policy. Further, Congress explicitly intended the program to serve small and medium sized farms and ranches.

USDA has not completely recognized this aspect of the VAPG Program. USDA has failed to follow the directives of Congress as expressed in the language quoted above. USDA has not incorporated the Congressional language in its funding notices, review process nor in the program rules, regulations, or program evaluation criteria that award points to proposals. It is important for the VAPG Program to clearly and specifically have a stated goal of funding a broad diversity of projects that help increase agricultural producers' share of the consumer dollar while contributing to broader rural economic opportunities such as self-employment opportunities and small and medium sized farm and ranch profitability and viability.

USDA HAS FAILED TO FOLLOW THE DIRECTIVES OF CONGRESS (IN ITS IMPLEMENTATION OF THE VALUE ADDED PRODUCER GRANT PROGRAM).

Since the 2002 Farm Bill included the VAPG Program, several members of Congress have suggested to USDA administrative policy changes to the program. For example, former Secretary of Agriculture Ann Veneman received a Congressional letter urging her to include the criteria quoted above and to release a final program rule reflecting 153 similar public comments.<sup>46</sup> Several state departments of agriculture also wrote USDA with a similar message.

## HIGHLIGHTS IN THE VALUE ADDED PRODUCER GRANT PROGRAM\*

### IDAHO

*Marketing of Natural Pork Products—Salmon Creek Farms Marketing Association*

The goals of the Salmon Creek Farms Marketing Association's "Natural Pork" program will include a full line of fresh and processed pork products marketed through food service and retail outlets in the West, Northwest, and Pacific Rim.

### IOWA

*Alternative Crop Enterprises—Greene Bean Project Alternative Crop Enterprises*

Greene County farmers working together, growing and marketing specialty edible beans as alternative crops.

### MASSACHUSETTS

*Pasture Perfect—New England Livestock Alliance*

The goal of Pasture Perfect is to revive family farming in the Northeast by creating a communication link between the markets and the farmer through grass-fed beef.

### MICHIGAN

*Marketing Strategies for Novel Premium Michigan Cherry Varieties—Michigan Cherry Committee*

The primary goal of this project is to identify, characterize, and quantify the marketing baselines for high value niche market specialty tart (Balaton®) and sweet (fresh) cherries.

<sup>46</sup>Members of Congress signing that letter included former Rep. Doug Bereuter (NE) and Senators Chuck Hagel (NE) and Gordon Smith (OR).

\*Directly quoted from the grant proposals.

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## NEBRASKA

*Value-Added Grape Growers Winery—Western Nebraska Vineyard Association*

A steering committee from the Western Nebraska Vineyard Association, comprised of local grape growers determines the feasibility of opening a grower owned winery to process the locally grown grape crop into a product for resale—wine.

## PENNSYLVANIA

*Pure Country Dairy Store—Best Milk Producer's Cooperative*

A retail dairy store and milk processing center, adding value to their product and entering the wholesale dairy market.

## TENNESSEE

*Farm to Market—Appalachian Spring Co-op*

A member-owned and controlled value-added producer's marketing cooperative whose members include producers of raw agricultural products and processed specialty foods and personal care products.

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## NATIONAL RESEARCH INITIATIVE<sup>47</sup>

The National Research Initiative Competitive Grants Program (NRI) is the office in the Cooperative State Research, Education and Extension Service (CSREES) of the USDA charged with funding research on key problems of national and regional importance in biological, environmental, physical, and social sciences relevant to agriculture, food, the environment, and communities on a peer-reviewed, competitive basis. To address these problems, NRI advances fundamental scientific knowledge in support of agriculture and coordinates opportunities to build on these scientific findings. The resulting new scientific and technological discoveries then necessitate efforts in education and extension to deliver science-based knowledge to people, allowing informed practical decisions.

### **WASHINGTON**

*Sustainability of Three Apple Production Systems—Washington State University*  
Project seeks to discover the extent to which small farms are embedded in local agri-food systems.

The NRI was established in 1991 in response to recommendations outlined in *Investing in Research: A Proposal to Strengthen the Agricultural, Food and Environmental System*, a 1989 report by the National Research Council's (NRC) Board on Agriculture. This publication called for increased funding of high priority research, funded by USDA through a competitive peer-review process, directed at:

- Increasing the competitiveness of U.S. agriculture.
- Improving human health and well-being through an abundant, safe, and high-quality food supply.
- Sustaining the quality and productivity of the natural resources upon which agriculture depends.

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<sup>47</sup>Description from [http://www.csrees.usda.gov/funding/nri/nri\\_about.html](http://www.csrees.usda.gov/funding/nri/nri_about.html)

## RURAL BUSINESS ENTERPRISE GRANT PROGRAM<sup>48</sup>

The Rural Development, Business and Cooperative Programs (BCP) makes grants under the Rural Business Enterprise Grants (RBEG) Program to public bodies, private nonprofit corporations, and federally-recognized Indian Tribal groups to finance and facilitate development of small and emerging private business enterprises located in any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such a city or town. The public bodies, private nonprofit corporations and federally recognized Indian tribes receive the grant to assist a business.

Funds are used for the financing or development of a small and emerging business. Eligible uses are: Technical Assistance (providing assistance for marketing studies, feasibility studies, business plans, training etc.) to small and emerging businesses; purchasing machinery and equipment to lease to a small and emerging business; creating a revolving loan fund (providing partial funding as a loan to a small and emerging business for the purchase of equipment, working capital, or real estate); or construct a building for a business incubator for small and emerging businesses.

### **SOUTH CAROLINA**

*Construction of a Local  
Farmer's Market—  
Marlboro County*

The farmer's market includes more than 30 farmers and offers 67 jobs to the community and serves a low income neighborhood with fresh produce.

## INITIATIVE FOR FUTURE AGRICULTURE AND FOOD SYSTEMS<sup>49</sup>

The Initiative for Future Agriculture and Food Systems (IFAFS), was legislated by Congress, and authorized the Secretary of Agriculture to establish a research, extension and education competitive grants program to address a number of critical emerging agricultural issues. These issues related to future food production, environmental quality, natural resource management, and farm income. Priority program areas were established to address these emerging issues: 1) Agricultural genome; 2) Food safety, food technology, and human nutrition; 3) New and alternative uses and production of agricultural commodities and products; 4) Agricultural biotechnology; 5) Natural resource management, including precision agriculture; and 6) Farm efficiency and profitability, including the viability and competitiveness of small and medium-sized dairy, livestock, crop and other commodity operations. Priority for funding was for those proposals that were multi-state, multi-institutional, or multi-disciplinary, or that integrated agricultural research, extension, and/or education.

### **NEW YORK**

*Enhancing Farm  
Viability Through  
Organic Agriculture—  
Cornell University*

Discover obstacles to and opportunities for enhancing production and consumption of locally-grown organic food in the Northeast.

Since its 2001 authorized mandatory spending level of \$120 million, funding for the IFAFS program has been slowly reduced and shifted into the National Research Initiative as an appropriated subset of funding. Each year NRI designates a portion of its funding for the IFAFS program as directed by Congress and the annual appropriations process. In Fiscal Year 2006, the percentage of the NRI program to be spent for IFAFS programming is 22 percent. However, the Deficit Reduction Act of 2005 zeroes out the mandatory farm bill money for IFAFS for FY 2007-09. This will make it difficult for Congress to consider increasing the NRI budget with no Farm Bill funding to bolster the IFAFS program.

<sup>48</sup>Description from <http://www.rurdev.usda.gov/rbs/busp/rbeg.htm>

<sup>49</sup>Description from [http://www.csrees.usda.gov/about/offices/comprogs\\_ifafs.html](http://www.csrees.usda.gov/about/offices/comprogs_ifafs.html)

## FINDINGS

### OVERALL

Table 2 below details the amount appropriated in fiscal years 2001 and 2002 for each program and the percentage of appropriations to the projects reviewed and to the projects determined as “good” for small and mid-size farmers and ranchers. In total, of nearly \$500 million dedicated to these programs, about five percent went to projects determined to be beneficial to small and medium sized and beginning farmers and ranchers.

Program	Total Funding 2001 and 2002	Total Funding for Projects Reviewed	Percent for Projects Reviewed (of total)	Total Funding for “Good” Projects <sup>50</sup>	Percent for “Good” Projects (of total funding)	Percent for “Good” Projects (of total funding reviewed)
VAPG	\$57.6	\$32.5	56.4%	\$7.4	12.8%	22.8%
RBEG	\$92.6	\$5.9	6.4%	\$1.3	1.4%	22.0%
NRI	\$226.5	\$4.1	1.8%	\$436,793	0.2%	10.6%
IFAFS	\$120.0	\$23.0	19.2%	\$16.0	13.3%	69.6%
Total	\$496.7	\$65.5	13.2%	\$25.1 (rounded)	5.1%	38.3%

Dollars in millions, unless indicated otherwise

**TABLE 2. Program Spending by Projects Reviewed**

All four programs were generally lacking in projects benefiting beginning farmers and ranchers. Given the demographics of agriculture in America, the inability of major USDA research and grant programs to address the topic of beginning farmers and ranchers is disappointing.

## VALUE ADDED PRODUCER GRANT PROGRAM

We found that over 30 percent of the 2001-2002 VAPG program projects reviewed were classified as “good projects” – those that most benefit small and medium sized and beginning farmers and ranchers. The distribution of the project scores is detailed in Table 3.

Grade	Number of Projects	Percent of Projects Reviewed
A (90-100%)	27	15%
B (80-89%)	29	16%
C (70-79%)	28	16%
D (60-69%)	23	12%
F (0-59%)	75	41%

The median score was 67.

The average score was 63.

**TABLE 3. Distribution of VAPG Scores**

<sup>50</sup>“Good” or “relevant” projects are defined as those projects obtaining a total score of 80 percent or greater of a perfect score for a particular project.

While we found a good number of projects to benefit small and mid-size and beginning farmers and ranchers, it is important to note that over half the projects reviewed were found to be significantly deficient or worse in how they addressed the measures of relevancy to small and mid-size and beginning farmers and ranchers. For a program that was originally designed to promote innovation, small scale entrepreneurship, to enhance on-farm management, and to increase the farm and ranch share of the food system profit, these findings are disturbing. We found, in short, the VAPG program to be one where the majority of projects and funding did not benefit small and mid-size and beginning farmers and ranchers.

There was also variance on the 16 measures in the small farm research relevancy assessment tool. The average scores for each of the assessment tool measures are contained in Table 4 below.

Assessment Measure	Average Score (1-10)
Farmers part of design	7.5
On-farm research	6.4
Appropriate scale technology	7.7
Emphasizing on-farm resources	7.8
Emphasis on improving management	7.3
Improves farm quality of life	6.7
Enhances value-added/increases farm share of the food system profit	7.8
Doesn't concentrate land ownership	7.7
Multi-disciplinary	6.6
Minimizes barriers to beginning farmers	5.5
Moderate capital requirements	6.1
Builds rural marketing infrastructure	7.5
Increases technology choices for farmers	6.5
Diversifies farm income choices	7.4
Reduces compliance costs associated with environmental requirements	6.9
Improves farmer/consumer relationship	7.1

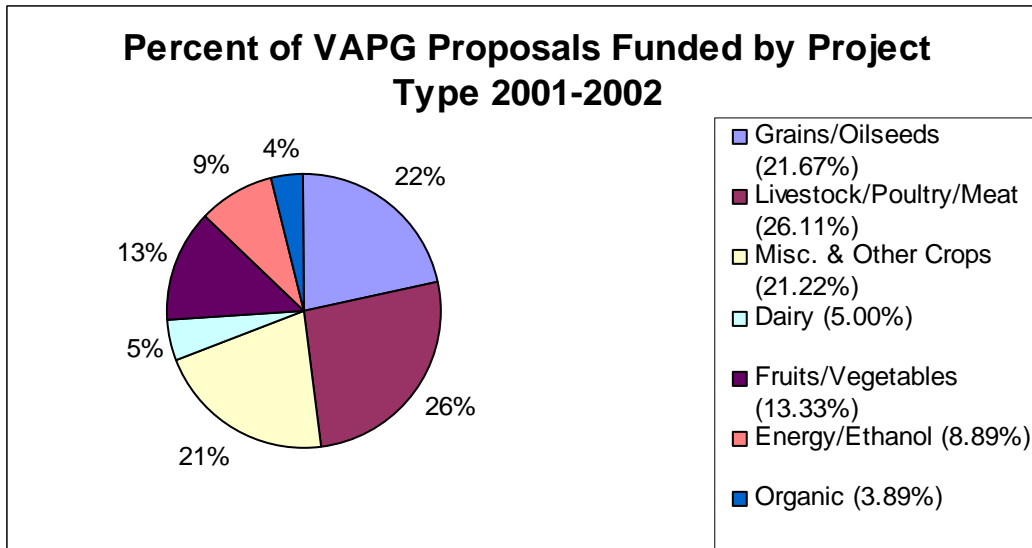
**TABLE 4. Average VAPG Assessment Measure Scores**

None of the assessment measures performed at an A or B level, which is not surprising given the distribution of project scores. The best scoring item is “enhancing value-added/increasing farm share (of the food system profit)”, which is encouraging given the intent of the VAPG program.

The reviewed projects scored noticeably poorly on the assessment measure related to beginning farmers. Many of the projects were of a technological or production scale where most beginning farmers could not participate in or replicate the project. This is especially true of ethanol and bio-energy projects funded under the VAPG program. Most of the ethanol and bio-energy projects were submitted by limited and closed cooperatives, and nearly all involved participation by farms of considerable size. Large-scale ethanol production, of which most if not all these projects aspire, is dependent on large-scale grain production. We simply do not believe large-scale ethanol production has much to offer small and mid-size and beginning farmers.

Energy and bio-energy projects are quickly consuming a larger share of the VAPG funding. In 2001, 16 percent of funded projects were energy-related; by 2004, energy-related projects comprised 21 percent of projects funded, the largest single category of projects funded. The chart shows the percentage of

proposals funded by project type for the two years combined; these figures represent only those projects reviewed (i.e., those projects for which information was provided), so they likely under-represent some categories such as energy.



As long as a substantial amount of VAPG program funding is devoted to ethanol and bio-fuel projects, no matter their other benefits, we believe the VAPG program will provide limited benefits to small and medium sized and beginning farmers.<sup>51</sup> These states had the most “good projects”: Michigan (9), Iowa (9), Nebraska (4), and Missouri (4). In fact, those states, plus Illinois (3), Indiana (2), Kansas (2) and Kentucky (2) comprised a heartland swath of a majority of the projects ranked as “good projects.” Outside of this area, Hawaii (2), Maryland (2), Montana (2), Pennsylvania (2) and Vermont (2) were the only other states with multiple “good projects.”<sup>52</sup> VAPG proposals are first sent and scored by state USDA Rural Development offices and then sent to USDA Rural Development headquarters in Washington, DC for review and final funding decisions. Some state offices apparently excel at promoting projects and assisting applicants on projects that benefit small and medium sized and beginning farmers and ranchers, while other states concentrate on other types of projects.

In addition to the findings herein, the following general observations are offered:

► Many of the states with multiple “good projects” also had intermediaries or non-profit organizations that provided assistance to those seeking funding for projects that benefit small and medium sized and beginning farmers and ranchers. Only nine of the 56 identified “good projects” involved a private or individual business. While a vast majority of all funded VAPG program projects involved producer cooperatives, producer associations or some sort of structure involving multiple farmers or ranchers, what sets the most of the “good projects” apart is the collaboration of the farm or ranch coop and an intermediary – a non-profit organization, an institution of higher education or a governmental entity (or, in many cases, multiple intermediaries). These collaborations appear to uniquely create projects that benefit

<sup>51</sup>The projects reviewed also scored low on the measures of “moderate capital requirements” and “on-farm research”, also as a result of significant amount of funding for ethanol and bio-diesel projects which require extensive capital and which do not generally rely on innovative, on-farm research.

<sup>52</sup> California, Colorado, Connecticut, Florida, Idaho, Massachusetts, Mississippi, New Jersey, North Dakota, Oregon, and Tennessee were states possessing one “good project.”

small and medium sized and beginning farmers and ranchers. Projects without such collaborations tended to concentrate their benefits on a different scale of agriculture and on the members of the co-op or association seeking funded. Granted, nearly all the projects funded seek to benefit the grantee. However, those projects we rated as “good projects” are more often the type of projects where more small and medium sized and beginning farmers and ranchers can become involved or which can be replicated for the benefit of small and medium sized and beginning farmers and ranchers.

► Several projects selected for funding appear to essentially be public funding for market research and market development for large food companies. Welch Foods, Inc., Blue Diamond and Ocean Spray, for example, were recipients of grants to launch new products in the United States and Europe. While these projects may technically involve producer cooperatives, they benefit large, multinational food processing and marketing companies that have access to their own research and development divisions. The VAPG program should not be the research and marketing arm of large food companies at the expense of assistance to new and innovative projects involving small and medium sized and beginning farmers and ranchers. There are better uses of public funds than to subsidize the initiatives of wealthy food processing and distribution firms.

## RURAL BUSINESS ENTERPRISE GRANT PROGRAM

We found that 30 percent of the 2001-2002 RBEG projects reviewed were classified as “good projects” – those that most benefit small and medium sized and beginning farmers and ranchers. The distribution of the project scores is detailed in Table 5.

Grade	Number of Projects	Percent of Projects Reviewed
A (90-100%)	6	10%
B (80-89%)	12	20%
C (70-79%)	10	16%
D (60-69%)	13	21%
F (0-59%)	20	33%

The median score was 67.

The average score was 64.

**TABLE 5. Distribution of RBEG Scores**

Table 6, on the following page, outlines the average scores for each of the 16 assessment measures for the reviewed RBEG projects. RBEG scores highest in those measures that concern creating marketing and consumer relationships and adding value to agricultural products, with many of the highest scoring RBEG projects concerning creation of local and regional farmers markets, other direct marketing vehicles for agricultural products and the building of markets between agricultural producers and users.

RBEG projects scored worst in terms of traditional research measures such as employing on-farm research and using a multi-disciplinary approach. In general, those measures did not apply even to the highest scoring RBEG projects.



Assessment Measure	Average Score (1-10)
Farmers part of design	7.3
On-farm research	6.8
Appropriate scale technology	7.7
Emphasizes on-farm resources	7.8
Emphasis on improving management	7.7
Improves farm quality of life	6.7
Enhances value-added/increases farm share of the food system profit	8.3
Doesn't concentrate land ownership	8.3
Multi-disciplinary	6.6
Minimizes barriers to beginning farmers	6.9
Moderate capital requirements	7.0
Builds rural marketing infrastructure	8.5
Increases technology choices for farmers	7.6
Diversifies farm income choices	8.2
Reduces compliance costs associated with environmental requirements	6.0
Improves farmer/consumer relationship	8.3

**TABLE 6. Average RBEG Assessment Measure Scores**

States with projects that scored highly for their relevance to beginning, small and mid-size farmers and ranchers were spread across the country. Colorado, Michigan and Vermont had three such projects and Iowa had two.<sup>53</sup>

## NATIONAL RESEARCH INITIATIVE

We found that only 6 percent of the 2001-2002 NRI program projects reviewed were classified as “good projects” – those that most benefit small and medium sized and beginning farmers and ranchers. NRI projects received an average score of 47 percent of a perfect score. Only one project, located in Washington State, received a score relevant to beginning and small and medium sized farmers and ranchers.

The distribution of the project scores is detailed in Table 7.

Grade	Number of Projects	Percent of Projects Reviewed
A (90-100%)	1	6%
B (80-89%)	0	0%
C (70-79%)	3	18%
D (60-69%)	6	35%
F (0-59%)	7	41%

The median score was 65.

The average score was 61.

**TABLE 7. Distribution of NRI Project Scores**

<sup>53</sup>Alabama, Arizona, Illinois, New Mexico, South Carolina, Tennessee, and Utah each had one project we found relevant to beginning, small and mid-size farmers and ranchers.

Table 8 below outlines the average scores for each of the 16 assessment measures for the reviewed NRI projects. NRI projects did not score high on many measures, with highest marks in technical measures and in traditional research measures such as emphasizing on-farm resources, appropriate scale of research and technology and reducing environmental compliance costs.

NRI scored lowest in many of the measures RBEG scored highest – building rural business and marketing infrastructures. The NRI projects reviewed scored particularly low in the measure related to beginning farmers and ranchers.

Assessment Measure	Average Score (1-10)
Farmers part of design	5.9
On-farm research	7.2
Appropriate scale technology	7.4
Emphasizes on-farm resources	7.7
Emphasis on improving management	7.3
Improves farm quality of life	5.9
Enhances value-added/increases farm share of the food system profit	6.3
Doesn't concentrate land ownership	6.0
Multi-disciplinary	6.8
Minimizes barriers to beginning farmers	4.2
Moderate capital requirements	5.8
Builds rural marketing infrastructure	5.8
Increases technology choices for farmers	5.8
Diversifies farm income choices	5.9
Reduces compliance costs associated with environmental requirements	7.2
Improves farmer/consumer relationship	7.2

**TABLE 8. Average NRI Assessment Measure Scores**

## INITIATIVE FOR FUTURE AGRICULTURE AND FOOD SYSTEMS

We found that over 53 percent of the 2001-2002 IFAFS program projects reviewed were classified as “good projects” – those that most benefit small and medium sized and beginning farmers and ranchers. The distribution of the project scores is detailed in Table 9.

Grade	Number of Projects	Percent of Projects Reviewed
A (90-100%)	2	15%
B (80-89%)	5	38%
C (70-79%)	3	23%
D (60-69%)	0	0%
F (0-59%)	3	23%

The median score was 81.

The average score was 80.

**TABLE 9. Distribution of IFAFS Project Scores**

The Winrock International report referenced herein found that six of 25 IFAFS projects funded in 2001 mentioned applicability to small farms.<sup>54</sup> USDA also reported that all 15 projects funded in the 2001 IFAFS “Farm Efficiency and Profitability” category were targeted to small and medium sized farms.<sup>55</sup> Unfortunately, we were not provided information about all of these projects pursuant to our Freedom of Information Act request.

Table 10 below outlines the average scores for each of the 16 assessment measures for the reviewed IFAFS projects. IFAFS projects generally scored highest in the same traditional research categories as NRI, but generally scored higher in these categories.

Projects relevant to beginning and small and medium sized farmers and ranchers were found in Arkansas, Florida, Georgia, Michigan, New York, Tennessee and Washington.

Assessment Measure	Average Score (1-10)
Farmers part of design	7.0
On-farm research	8.2
Appropriate scale technology	8.5
Emphasizes on-farm resources	8.9
Emphasis on improving management	8.0
Improves farm quality of life	7.9
Enhances value-added/increases farm share of the food system profit	7.5
Doesn't concentrate land ownership	8.4
Multi-disciplinary	8.5
Minimizes barriers to beginning farmers	6.0
Moderate capital requirements	7.3
Builds rural marketing infrastructure	6.1
Increases technology choices for farmers	7.7
Diversifies farm income choices	8.0
Reduces compliance costs associated with environmental requirements	7.2
Improves farmer/consumer relationship	7.2

**TABLE 10. Average IFAFS Assessment Measure Scores**

## POLICY AND PROGRAM RECOMMENDATIONS

### *RECOMMENDATIONS FOR CONGRESS*

#### **2007 Farm Bill**

- ▶ The 2007 Farm Bill should reauthorize the Value-Added Producer Grant Program and provide it with \$50 million annually in mandatory funding.
- ▶ Target funding to RBEG, VAPG, NRI and IFAFS programs (now a subset of NRI) to projects that serve family farmers and ranchers and rural communities using our selected criteria as a guideline.

<sup>54</sup>Hawkes et. Al. 2004 at 23.

<sup>55</sup>USDA. 2003. *Assisting America's Small Family Farmers and Ranchers in the 21st Century: Accomplishments Through October 2001*. Washington DC: U.S. Department of Agriculture.

- ▶ A stated goal in the authorizing language of the VAPG program should be to create self-employment opportunities for farmers and ranchers that increase the profitability and viability of small and medium sized farms and ranches, as well as conserving and enhancing the protection of land, water and other natural resources.
- ▶ Prioritize projects that strengthen the profitability and viability of small- and medium sized farms and ranches and/or increase farming opportunities for beginning farmers and ranchers -- perhaps through a scoring system that provides substantial additional points for proposals advancing this objective.
- ▶ The 2007 Farm Bill should include a provision for special outreach and attention to states that have little or low participation in the VAPG program to date. In addition, for all states, a small portion of total VAPG funding should be set aside for grants to non-profit and educational organizations to provide technical assistance for grant proposals.
- ▶ Create a set-aside of no less than 10 percent but up to 15 percent of VAPG program funding for projects concerning beginning farmers and ranchers.
- ▶ Eliminate the presidential initiative on energy in the VAPG program, while adequately funding other energy-related programs within USDA and other agencies that could meet the requirements of this initiative.
- ▶ Include funding in the Farm Bill to train national and state level Rural Development staff in ways the VAPG program can assist small- and mid-size and beginning farmers and ranchers and rural communities.
- ▶ The 2007 Farm Bill should establish a \$60 million Farm, Food, and Rural Transitions Competitive Grants to provide new research, education and extension funding for integrated, inter-disciplinary, outcome-based research to improve the competitiveness and viability of small- and moderate-size family farms, enhance natural resource protection and ecological health, create new farm and food system approaches to improved public health, food safety, and human nutrition, and renew the health and vitality of rural communities. The Transitions grants should either be a new stand alone program, a replacement for the existing IFAFS, or a distinct subset of the NRI with its own funding base. Congress should designate the following as specific subprograms with the Transitions program: 1) Agriculture of the Middle; 2) New Farmers and Ranchers; 3) Agricultural and Rural Entrepreneurship; 4) Public Plant and Animal Breeding Genetic Conservation; 5) Ecosystem Services; 6) Renewable Energy; 7) Conservation Effectiveness; 8) Rural Development Strategies; 9) Food System-Public Health Interactions; 10) and Local and Regional Food Systems.
- ▶ Direct more NRI resources to programs that directly serve small, mid-size and beginning farmers and ranchers and that help build vitality in rural communities using IFAFS as a model.
- ▶ Funding for the rural development and markets and trade topic areas of NRI should be increased. The research done in those areas has great potential to keep small and medium sized farm and ranch families on the land and provide potential market initiatives for beginning farmers and ranchers.
- ▶ Institute set-asides in each program for beginning farmer and rancher projects.
- ▶ Fund training for national and state level Rural Development and CSREES staff in ways these programs can assist small, mid-size and beginning farmers and ranchers and rural communities, including potential beneficiaries in such training programs.

### **Budget Legislation**

- ▶ Do not eliminate the RBEG program as proposed in the FY06 and FY07 presidential budgets. RBEG serves a definite and special niche in rural development.

- ▶ Adopt the recommendations contained in the Winrock<sup>56</sup> report to evaluate USDA programs for their effectiveness in meeting the needs of small and medium sized farms.
- ▶ Adopt the recommendation contained in the Winrock report to provide additional funding for the USDA Small Farm Program.

### *RECOMMENDATIONS FOR U.S. DEPARTMENT OF AGRICULTURE*

- ▶ Include farmers and other stakeholders, including organizations representing sustainable agriculture issues and concerns, on the evaluation panels used to evaluate grant proposals.
- ▶ Reform the RBEG proposal evaluation procedures to include assessments of economic, environmental, and social and community impacts.
- ▶ Clarify to state USDA Rural Development officials that RBEG can be used for agriculture-related projects.
- ▶ Institute an on-going program of education for USDA rural development and CSREES staff on the full utilization of their programs and how they can serve different constituencies such as small, mid-size, minority and beginning farmers and ranchers.
- ▶ Develop criteria to ensure that agricultural research and development programs simultaneously address issues of farm profitability, environmental protection and rural community success.
- ▶ Develop a less complicated and more accessible VAPG application process by:
  - ◆ developing a separate, less complex application for smaller grant requests
  - ◆ requiring careful reading and review of the grant funding notice and application guidelines by state-level USDA and outside stakeholders prior to publication to identify areas where the guidelines can be improved and simplified before release to the public
  - ◆ developing an eligibility assessment tool handbook for potential applicants
  - ◆ offering training for grant reviewers
- ▶ Eliminate the “project cost per producer” criteria from the VAPG application process. This feature favors sheer numbers rather than merit at the disadvantage of smaller scale projects.
- ▶ Make available on the USDA website two models of completed VAPG grant applications, one for the planning grant applicant and one for the applicant applying for a working capital grant.
- ▶ Keep state Rural Development offices as the first point of contact for VAPG grant applicants.

### *RECOMMENDATIONS FOR THE ADMINISTRATIVE BRANCH*

- ▶ Establish a presidential initiative within the VAPG program that specifically targets proposal evaluation points to proposals that *add value to rural communities* by: creating potential to increase income and self employment opportunities in farming and ranching; benefiting the local economy through social and environmental improvements to the area; increasing diversification of agriculture and industry on the farm and within the local economy; retaining and enhancing small- and medium-sized farms and ranches and preserving productive farm and ranch lands. This would again be in keeping with the goals and outcomes identified by Congress in the 2002 Farm Bill.

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<sup>56</sup>Hawkes, C., Clancy, K. and DeMuth, S. 2004. *USDA Programs: What Do We Know About Their Effectiveness in Improving the Viability of Small Farms*. Little Rock, AR: Winrock International.

APPENDIX A  
LIST OF “GOOD PROJECTS”

<b>Value Added Producer Grants</b>			
CA	2002	Adding Value in the San Joaquin Valley	Golden State Milling & Baking
CO	2002	Value Added Ag-based Oil Products from Sunflower and Canola crops	Kiowa County Growers Inc.
CT	2002	Agri-Tourism at Griffins Beaver Brook Farm	Beaver Brook Farm
FL	2002	Greenhouse Prod./Organic Vegetables, Herbs, Fruit	Gibbons Farm Organics
HI	2002	Hawaii Grown and Made Chocolate	HI Gold Cacao Tree, Inc.
HI	2002	Fresh SE Asian Herbs and Vegetables	TLS Corp.
ID	2002	Marketing of Natural Pork Products	Salmon Creek Farms Marketing Assoc.
IL	2002	Business Marketing Plan	Ag Guild of Illinois
IL	2002	Soy Extruder Plant Feasibility Study	Midwest Prairie Products
IL	2002	Identity Preserved and Carcass Tracking System	Meadowbrook Farms Cooperative
IN	2002	Ag-Tourism and Value Added Wines in a German and Swiss Style Winery	Wizerwald Winery, LLC.
IN	2002	Bio-Energy Project	Greencastle/ Putnam County Development Center
IA	2002	Alternative Crop Enterprises	Greene County Farmers
IA	2002	Independent Pork Producers Cooperative	Midwest Pride Systems LLC
IA	2002	Soymilk Plant	Central Iowa Soy Producers
IA	2002	Emerging Soy Foods Market	SoyLink
IA	2001	Ready to Eat Smoked Pork Burgers and Snacks	Vande Rose
IA	2002	Quality Organic Producers Co-op	Soy Valley
IA	2002	Value Added Organic Soy Lecithin Processing	American Natural Soy
IA	2002	Marketing Berkshire Pork	Eden Farms
IA	2002	Value Added Pork Supply Chain for Food Science	Practical Farmers of Iowa
KS	2001	Sweet Corn Processing	Valley Vegetable Co-op
KS	2001	Artisan Bakery Partnership	American White Wheat Producers Assoc.
KY	2002	Value Added Livestock Marketing Venture	Kentucky Heritage Meats
KY	2002	On-Farm Processing of Alternative Livestock Species	Partners for Family Farms
MA	2002	A New Fully Traceable 100% Organic Feed Manufacturing Venture	United Co-op Farmers Inc.
MA	2002	Pasture Perfect	New England Livestock

### Value Added Producer Grants, continued

MD	2002	Produce Subscription Service	Howard County Growers, LLP
MI	2002	Marketing Strategies for Novel Premium Cherry Varieties	Michigan Cherry Committee
MI	2002	Peacock Road Tree Farm	Peacock Road Tree Farm
MI	2002	Carbonated Fruit Beverage using “Charmat” Pressurized Techniques	Black & Red
MI	2002	Alcoholic Apple Beverages	Uncle John’s Cider Mill, Inc
MI	2002	Individually Quick Frozen Onion Project	Hart Freeze Pack, LLC
MI	2002	Expanding Value Added Opportunity for Vintners	Leelanau Peninsula Vintners Association
MI	2002	Value-Added Dairy Products	Barhman’s Blue Ribbon Dairy
MI	2002	Gourmet Food Market	Big North Specialty Foods
MI	2002	MI Organic Soybean and Grain Processors’ VA Agricultural Pilot Processing Venture and Emerging Markets Feasibility Proposal	Great Lakes Organic Processors Cooperative
MS	2002	To Establish Value Added Markets for Producer Owned Vegetable Co-ops	MS Association of Cooperatives
MO	2002	Adding Value to Beef Through Canning	Farm Foods Co-op, Inc.
MO	2001	Pecans	North Missouri Pecan Growers
MO	2002	Organic Pecan Marketing	North Missouri Pecan Growers
MO	2002	Pork Marketing with farmer and grocer	Ozark Mountain Pork Co-op
MT	2002	Planning a Vertically Integrated Producer Owned Natural Beef Co-op	Northwest Natural Beef
MT	2001	Linking the Consumer with Montana Natural Beef	MT Natural Beef LLC
NE	2002	Emerging Market in Europe and Natural Meat Market in US*	Small Farms Co-op
NE	2002	St. James Marketplace*	St. James
NE	2002	Winery	Western Nebraska Vineyard Assoc.
NE	2002	Feasibility Study for Ethanol Production	Imperial Young Farmers and Ranchers
NJ	2002	A Feasibility Study of Value Added Products for a Family Farm in NJ	M.R. Dickinson and Son
ND	2002	Identity Preserved Grains/Oilseeds	North Dakota Farmers Union
OR	2002	USDA Inspected Cooperative Poultry Processing Plant	Greener Pastures Poultry
PA	2001	Pure Country Dairy Store	Best Milk Producers Co-op
PA	2002	Alliance for Renewable Energy from Agriculture (AREA)	American Corn Growers Association

\*These projects were assisted in preparation by the Center for Rural Affairs and included some contract work in the funded proposal. Reviewers of these projects had no involvement or specific knowledge of these projects.

**Value Added Producer Grants, continued**

TN	2002	Farm to Market	Appalachian Spring Co-op
VT	2002	Branded Products	Vermont Quality Meats Cooperative
VT	2002	Feasibility Study/Business Plan to Expand Production/Markets	Adams Petting Farm, Inc.

**Rural Business Enterprise Grant Program**

AK	2001	Expansion of Quinhagak Salmon Processing Plant	Native Village of Kwinhagak
AZ	2001	Sustainable Ram Exchange Program	Dineh Bi' Ranchers Roundtable & Development Inc.
CO	2001	Producer/Processor Assessment and Training Program	New Farms
CO	2002	Kirk Cooperative Association Comprehensive Market Study and Business Management Plan	Yuma County Economic Development
CO	2002	Rio Culebra Agriculture Co-op Assessment, Training, Agronomic Assistance and Development	New Farms
IL	2001	Farmers Market/Direct Marketing	Pembroke Farmers Co-op
IA	2001	Producer Owned Co-op to Market Sustainable Produced Pork	Iowa Farmers Union Education Fund
IA	2002	Prairie's Edge Sustainable Woods Co-op	RC&D for Northeast Iowa, Inc.
MI	2002	Local Lamb On Local Tables	Michigan Agriculture Stewardship Association
MI	2001	Alternative Dry Bean Markets	Innovative Farmers of Michigan
MI	2002	Purchase Mobile Grain Cleaner	Michigan Organic Marketing Co-op
NM	2001	Fostering Cooperation Among Family Farmers to Increase Rural Economic Security	Friends of the Farmer's Market
SC	2002	Construction of a Farmer's Market	County of Marlboro South Carolina
TN	2002	Farmer Market Equipment	So. Middle TN Producers
UT	2001	Accessing a Sustainable Timber Supply	So. Utah Forest Products Cooperative
VT	2002	Maple Industry Strategic Plan	Vermont Sugar Makers Association
VT	2001	Value-added Food Project	Northern Enterprises
VT	2002	Vermont Fresh Sheet Catalog	Vermont Fresh Network



<b>National Research Initiative</b>			
WA	2002	Sustainability of Three Apple Production Systems	Washington State University
<b>Initiative for Future Agriculture and Food Systems</b>			
AR	2001	Production, Development, and Marketing of Value-Added Horticultural Products	University of Arkansas
FL	2001	Production Systems to Improve the Efficiency and Profitability of Small and Economically Disadvantaged Livestock Family Farms	Florida A&M University
GA	2001	Collaborative Research and Outreach for Small Farm Enterprises and Community Development in the Black Belt South	Ft. Valley State University
MI	2001	Enhancing Farm Efficiency, Management, and Profitability on Small and Mid-Sized Dairy Farms	Michigan State
MT	2001	Chicken Farm Diversification, Efficiency and Profitability	Montana State University
NY	2001	Northeast Organic Network: Enhancing Farm Viability Through Organic Agriculture	Cornell University
TN	2001	Alternative Production Systems for Mid-South Fruit and Vegetable Growers	University of Tennessee
WA	2002	Using Organic Waste	Washington State University

## APPENDIX B ASSESSMENT TOOL

<b>Questions posed in the small and mid-sized farm and ranch assessment tool</b>
1. Are farmers included in the research design?
2. Is on-farm research included in the project?
3. Is the research/technology appropriate in scale to small farms?
4. Does the project emphasize utilization of existing on-farm resources?
5. Does the project emphasize improvement of management skills?
6. Does the project improve quality of life on the farm/ranch?
7. Does the project enhance opportunity for adding value to the farm product? Does it increase the farm share of the food system profit?
8. Is land ownership likely to be further concentrated as a result of the project?
9. Does the project take a multi-disciplinary approach?
10. Are barriers to beginning farmers minimized in this project? Are beginning farmers encouraged?
11. Will small farmers need other than moderate capital requirements to take advantage of the project outcomes?
12. Does the project build rural marketing infrastructure?
13. Does the project increase technology choices for small farmers?
14. Are farm income choices diversified as a result of the project?
15. Are compliance costs associated with the farming operation reduced as a result of the project?
16. Are farmer to consumer relationships improved as a result of the project?