

Value-Added Grant Opportunities

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Value-Added Grant Opportunities

- What Is Value-Added?
- Grants “101”
- More about the USDA Rural Development “Value-Added Producer Grant Program”

What is “value-added?”

- A physical change in a commodity (strawberries to jam, wheat to flour, livestock slaughtering).
- Production/Marketing of a commodity in a way that enhances its value.
- Segregation of a commodity in a way that makes it worth more.

- Processing, packaging and marketing agriculture commodities/resources so that more of what the consumer spends on it goes to the farmer.

Grants “101”

“I read in the newspaper where
my neighbor got a grant . . .

where do I sign up to get one?”

“grants are awarded every day of the week”

- State and Local Governments
- Public Education
- University Research and Education
- Non-Profits
- Others, Others, Others
- Agriculture
 - State and Local Governments
 - Public Education
 - University Research and Education
 - Non-Profits
 - Farmers

Grants “101”

GRANT vs. PROPOSAL

- **Grant**: funding (\$\$\$) for projects which meet the mission, objectives, criteria and requirements of the funding group (during the late 90's, grants became a common way to allocate funds for priority initiatives --replaced many direct- and formula-funding programs)
- **Proposal**: The document/packet which requests, describes and convinces

Grants “101”

- **Grants**: funding for projects which meet the mission, objectives, criteria and requirements of the **funding group**
- **Funding Groups**: Public & Private
 - **Public**: Federal and State Government Departments & Special Initiatives
 - **Private**: Foundations and Other Interests

Grants “101”

- **Grants**: funding for projects which meet the **mission, objectives**, criteria and requirements of the funding group
 - Missions: Health, Infrastructure, Research, Entrepreneurship, Education, Development, Agriculture
 - Objectives: Livestock, Water Quality, Crops, Alternatives, Marketing, Value-Added.

Grants “101”

- **Grants**: funding for projects which meet the mission, objectives, **criteria** and requirements of the funding group
- **Criteria: Eligibility** - - Farmer, Extension, Non-Profit, Group,
 - **Purpose**: Research, Education, Development, Planning, Working Capital
 - **Use**: Construction, Non-Construction, Equipment, Analysis, Surveying, Instructions, Printing

Grants “101”

- Q: How do I get one?
 - A: Determine/Decide what your project is (what do you need the grant funds for?)
 - A: Identify a funding group which has a grant program with a mission, objective, criteria and requirements that fit your need/idea.
 - A: Write a proposal . . . A proposal that describes how your use of the grant meets the criteria better than the other proposals.

Grants “101”

- Proposal
 - Title
 - Summary/Narrative
 - Justification
 - Objectives
 - Work Plan
 - Leadership and Partners
 - Qualifications
 - Budget
 - Grant Funds & Matching Funds
 - Evaluation Plan

Agriculture Grant Programs for Farmers & Farmer Groups

- TDA “Ag Tag” www.picktnproducts.state.tn.us
- USDA Sustainable Agriculture Research & Education (SARE) <http://www.griffin.peachnet.edu/sare/>
- Small Business Innovation Research (SBIR) <http://www.reeusda.gov/sbir/>
- USDA Rural Development “value-added development grants” <http://www.rurdev.usda.gov/rbs/coops/vadg.htm>

More Details on USDA “Rural Development” and the Value-Added Development Grant Program

Lee Loveless



Rural Development

Creating New Opportunity for Rural America

Lee Loveless
USDA/Rural Development
www.rurdev.usda.gov
(615) 783-1341

USDA/Rural Development

- Rural Housing Service
- Rural Utilities Service
- Rural Business-Cooperative Service

RURAL HOUSING SERVICE (RHS)

RHS administers the Single Family Housing and Multi-Family Housing loan & grant programs that ensure access to safe, well built, affordable homes and apartments. RHS also offers home improvement and repair loans and grants to individuals and families in rural areas.

504 Before Repair



504 After Repair



- Home Ownership Loans (Guaranteed & Direct)
- Home Improvement Loans & Grants
- Self-Help Technical Assistance Grants
- Housing Preservation Grants
- Rural Rental Housing Loans (Guaranteed & Direct)
- Farm Labor Housing Loans
- Site Development Loans



RUS provides essential services to its rural residents. Through the Water and Environmental Programs, RUS administers a water and wastewater loan and grant program to improve the quality of life and promote economic development in Rural Tennessee. RUS also administers loan and grant programs for electric, telecommunication and distance learning/telemedicine and community facilities programs



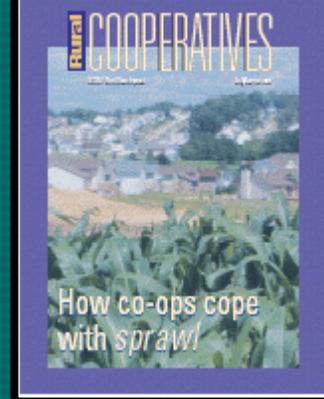
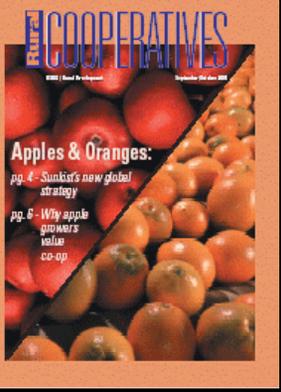
- Water and Waste Disposal Loan and Grants (Direct and Guaranteed)
- Solid Waste Management Grants
- Community Facilities Loans & Grants (CF)
- Distance Learning and Telemedicine (DLT)
- Electric and Telecommunication
- Technical Assistance & Training Grants

RURAL BUSINESS - COOPERATIVE SERVICE (RBS)

RBS administers business and cooperative loan and grant programs to build competitive businesses and meet business credit needs by leveraging with resources of commercial, cooperative and other private-sector lenders.

- Business & Industry Loan (B&I Guaranteed)
- Intermediary Relending Program Loans (IRP)
- Rural Economic Development Loans & Grants (REDLG)
- Rural Business Enterprise Grants (RBEG)
- Rural Business Opportunity Grants (RBOG)
- Value-Added Development Grants (VADG)

RURAL DEVELOPMENT COOPERATIVE DEVELOPMENT ASSISTANCE



Cooperative Service (CS) provides a wide range of assistance for people interested in forming new cooperatives. This help can range from coordinating development activities to assisting with the implementation of a business plan. CS strives to provide a realistic view of what it will take to make a new cooperative succeed. SC also provides technical assistance to existing cooperatives facing specific problems or challenges.



VALUE-ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT GRANT (VADG)

- **The Farm Security and Rural Investment Act of
2002**

**Re-authorized the Value-Added Market
Development Grant Program (pilot project in
2001)**

Producer Grant Overview

(based on 2003 program)

The primary objective:

To help eligible producers of agricultural commodities:

- (1) develop business plans for viable marketing opportunities.
- (2) develop strategies to create marketing opportunities in emerging markets.

Producer Grant Overview

Philosophy of the Program

- **Help producers (farmers) expand their customer base for their products or commodities and ensure that a greater portion of the revenues derived from the value-added activity is available to the producer.**
- **Help as many producers as possible.**

Producer Grant Overview

Three Levels of Eligibility--must meet all three.

Applicant-- (1) independent producer, (2) agricultural producer groups, (3) farmer or rancher cooperative, and (4) majority controlled producer-based business ventures.

Product--value-added agricultural commodity.

Purpose--planning or working capital.

Producer Grant Overview

emerging market - is a new or developing market for the applicant (a market the applicant has not traditionally supplied).

Key Point - Venture must be focused on:

- a new product going into a new or an existing market.**
- an old product going into a new market.**

Producer Grant Overview

Product

- 1. The changing of the physical state or form of the product.**
 - **Examples include processing wheat into flour, corn into ethanol, slaughtering livestock or poultry, or slicing tomatoes.**
- 2. A product produced in a manner that enhances its value, as demonstrated through a business plan.**

example - organically produced products.

Producer Grant Overview Product

3. The physical segregation of an agricultural commodity or product in a manner that results in the enhancement of the value of that commodity or product.

- **Examples:** include an identity preservation system for a variety or quality of grain desired by an identified end-user or the traceability of hormone-free livestock to the retailer.

4. Any agricultural commodity or product that is used to produce renewable energy on a farm or ranch.

- **Examples:** collecting and converting methane from animal waste to generate energy

Producer Grant Overview

Purpose

- **Planning**
 - a defined program of economic activities to determine the viability of a potential value-added venture including feasibility studies, marketing plans, business plans and legal evaluations.
- **Working capital**
 - Funds which are used to operate the venture and pay the normal expenses associated with the operation of the venture.

Planning

- Feasibility Studies
- Business Plans
- Marketing Plans
- Operation Plans

Working Capital

- Salaries
- Utilities
- Office Equipment
- Legal
- Accounting

Producer Grant Overview

- Maximum Grant \$500,000
- In 2003, Grants ranged from \$5,000 to \$500,000
- 50/50 Matching Funds Requirement

Producer Grant Overview Purpose

What's Not Eligible

- **Plan, repair, rehabilitate, acquire, or construct a facility,**
- **Purchase, rent, or install processing equipment,**
- **Pay for the preparation of the grant activity,**
- **Pay expenses not directly related to the funded venture,**
- **Pay costs incurred prior to receiving the grant,**
- **Fund political and lobbying activities,**
- **Pay any expenses related to agricultural**

VALUE-ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT GRANT (VADG)



USDA Rural Development assisted Appalachian Springs Cooperative in Hancock County with a \$39,800 VADG in 2002.



VALUE-ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT GRANT (VADG)

- Rural Development awarded Tennessee Farm Bureau Federation a \$281,844 Grant in 2003.
- Project involved developing an alliance of cattle producers in a 11 county area to market a value added product.

Producer Grant Overview

2003 Results

494 eligible applications received Nationwide.

184 projects funded in 40 States.

\$28.7 million spent for an average of \$155,978

10 applications received in Tennessee

1 funded in Tennessee--total \$281,844

Tennessee Offices



Union City
Area Office
James Sanders
Rural Dev. Manager
(731)885-6480 ext.4

Nashville
Area Office
Chris Westbrook
Rural Dev. Manager
(615)783-1359

Nashville
State Office
(615)783-1300

Cookeville
Area Office
Dewight Stamps
Rural Dev. Manager
(931)528-6539 ext. 2

Knoxville
Area Office
Jerry Amonett
Rural Dev. Manager
(865)523-3338 ext. 4



Covington
Area Office
Thomas Taylor
Rural Dev. Manager
(901)475-3350 ext. 4

Jackson
Area Office
James Sanders (Acting)
Rural Dev. Manager
(731)668-2091 ext. 2

Lawrenceburg
Area Office
Faye Rodgers
Rural Dev. Manager
(931)762-6913 ext.4

Chattanooga
Area Office
Rickey Hickman
Rural Dev. Manager
(423)756-2239 ext. 2

Greeneville
Area Office
Charles Brooks
Rural Dev. Manager
(423)638-4771 ext. 4

Examples of Projects Funded . . .

<u>STATE</u>	<u>DESCRIPTION</u>	<u>GRANT AMOUNT</u>
California	Market Development for a New Canned Rice	\$500,000
Colorado	Feasibility Study for a natural meat cooperative	\$115,000
Kentucky	Working Capital for the Commonwealth Agri-Energy, LLC	\$500,000
Massachusetts	Processing and Market Development for Welch's into the UK	\$500,000
Wisconsin	Market Introduction of Farm-Fresh Milk	\$8,000

Examples of Projects Funded . . .

<u>STATE</u>	<u>DESCRIPTION</u>	<u>GRANT AMOUNT</u>
Georgia	Processing and marketing co-op peanuts	\$250,000
Indiana	Working capital for a farmer-owned pork processing facility	\$280,000
Kentucky	Feasibility of developing soy-foods	\$73,000
Tennessee	Develop an beef-cattle marketing alliance	\$281,000
Texas	Processing seafood wastes into pre-mix food ingredients	\$300,000

Examples of Projects Funded . . .

<u>STATE</u>	<u>DESCRIPTION</u>	<u>GRANT AMOUNT</u>
Alaska	Determine Alaskan market for frozen vegetables	\$30,000
Iowa	Feasibility study for aquaculture venture to add value to grain	\$150,000
Minnesota	Development of value-added, food-grade sugar beet pulp	\$166,000
Nebraska	Expand markets for SoyGold (solvent) program	\$155,000
Washington	Expand markets for non-fat dry milk powder dehydration facility	\$450,000