

Farm and Ranch Profitability Grants Program

Supporting Entrepreneurship, Market Opportunities and Local Food Systems

Fostering Innovation and Consumer Connections

U.S. farm policy can foster improved farm profitability, agricultural innovation, rural prosperity and healthy diets for our citizens by supporting programs and initiatives that encourage new marketing and business strategies, product promotion, consumer education, and on-farm improvements or diversification. American Farmland Trust proposes a new \$1 billion grant program that will fund a mix of programs to:

- Improve the profitability of America's farms and ranches;
- Increase self-employment opportunities for farmers and ranchers;
- Revitalize local and regional food systems;
- Increase wealth and asset-building in rural communities; and,
- Expand access to healthy foods.



Status Quo: Lack of Support for Market Innovation and Consumer Connections

American farms and ranches are a diverse group of businesses with significant differences in farm size, annual revenue, ownership structure and marketing approaches. Yet all face a changing marketplace, where the percentage share of the food dollar received by producers continues to decline. Federal programs that encourage farm profitability through innovation, entrepreneurship and business development are a small portion of the federal farm bill, and they are chronically under-funded. Greater attention to market and product development, new marketing and business models, regional food systems and infrastructure development can increase farm profitability, offer farmers opportunities to capture a greater percent of the food dollar, and increase connections to local consumers.

Currently our most innovative programs for farmers and ranchers are desperately under-funded.

A State-level Incubator for Change

AFT's proposed new program, based in part upon the Specialty Crop Competitiveness Act of 2004, focuses on fostering farm profitability for all producers. The program would be administered through each state's department of agriculture, with USDA playing the critical role of ensuring program accountability. Each state would receive a base allocation of funds (15 percent of the program's annual funding would be distributed equally to all states as a base allocation); seventy percent of funds would be distributed to states based on a state's percentage of the total number of farms and total farm market receipts; and the remainder of funds (15 percent) would be distributed as performance bonuses based on a state's ability to leverage the federal funds.

The Farm and Ranch Profitability Grants Program—How It Works

State departments of agriculture would distribute grant funds within each state to eligible entities for allowable uses (both defined by statute), consistent with the priorities and needs identified through state-level strategic plans. States would be required to submit these three-year strategic plans for approval by the Secretary of USDA, as well as annual work plans indicating how their proposed distribution of grant funds would meet the objectives and mileposts of the strategic plan. The Secretary of Agriculture could require revisions to a strategic plan or work plan and ultimately reject either if not reflective of a state's agricultural sector and needs. Program funds could not be used to directly subsidize the price of an agricultural commodity.

Eligible entities could include producers, local and regional government entities, agricultural cooperatives, non-profit organizations and research institutions that could use the grants for programs or projects that:

- Provide marketing or business development assistance to producers;
- Promote new or value-added product development or differentiation;
- Encourage direct-to-consumer market opportunities, including farmers' markets, farm-to-cafeteria and farm-to-institution programs;
- Foster agricultural economic development through development of agricultural processing facilities or other infrastructure that enhances or adds value to agricultural products grown within the state;
- Expand access to healthy foods through community food projects, farmers' market nutrition programs, and expand food markets in underserved communities;
- Provide food safety training;
- Match state funding for:
 - Farm viability programs
 - Agricultural innovation centers
 - Recreational walk-in or access programs
- Encourage profitable business models and develop alternative ownership structures;
- Increase consumer awareness of agricultural products and services grown and provided within the state, including advertising and promotional campaigns;
- Provide direct grants to producers for farm infrastructure or equipment needs that:
 - Add value to a commodity produced, or
 - Allow for the transition to a new agricultural enterprise
- Provide technical, legal and other support to beginning and/or socially disadvantaged farmers; or
- Enhance the competitiveness of specialty crops.

The program will incorporate the needs of all producers—specialty, livestock and crop—into one grant program that will dedicate a sizeable base allocation to each state to provide support for a wide range of local and regional needs.

For more information about this or any of the policies recommended in *Agenda 2007*, please visit AFT's Web site at www.farmland.org or send an email to info@farmland.org.

AMERICAN FARMLAND TRUST