Family Farm Innovation Fund

Announcing investments in North Carolina agriculture

August 2, 2010
Five state and federal programs are partnering to make $18.4 million in assistance available to North Carolina farmers over the next year.

The programs will help farmers:

- Lower energy costs or implement renewable energy projects
- Develop and implement value-added production
- Develop other new sources of farm income

Together the programs are expected to provide grants for up to 1,500 farmers and assist another 2,400 farmers with training on energy efficiency. The programs are operated by the U.S. Department of Agriculture Office of Rural Development, the N.C. Farm Bureau, the Rural Advancement Foundation International-USA and N.C. MarketReady.

The partnership is being strengthened by a new $1 million state appropriation, which is being administered by the N.C. Rural Economic Development Center, and $1 million in matching funds from the N.C. Tobacco Trust Fund Commission.
N.C. Farm Energy Efficiency Project
N.C. Farm Bureau

**Purpose:** The Farm Energy Efficiency Project educates North Carolina farmers about energy use and conservation and helps them implement energy efficiency and renewable energy projects. The goal is to increase farm profits by lowering energy-related costs.

**Description:** The program provides low-cost energy audits and offers cost share grants for other energy-related projects. Specifically:

- **Energy audits.** Energy audits will be performed for energy-intensive farming operations such as curing barns; grain drying; peanut drying; irrigation; poultry, swine and dairy production; greenhouse and nursery production; and fruit and vegetable production. Audits will highlight energy-saving alternatives and payback periods for implementation. Energy audits performed through the project can be used in applying for the Rural Energy for America Program (REAP) of USDA-Rural Development. REAP grants reimburse farmers for up to 25 percent of the cost of energy efficiency upgrades on the farm.

- **Cost share grants.** Grants of up to $20,000 per farm will be available to assist in the implementation of on-farm energy efficiency improvements and renewable energy projects that contribute to an operation's energy efficiency. These grants also will leverage REAP funding.

(For more on the USDA’s REAP program, see page 9.)

At the conclusion of the project, data and lessons learned will be compiled to provide farmers with more information on the benefits of energy efficiency.

**Who is eligible:** Any farmer or production farming operation within North Carolina may apply.

**Timetable:** Energy audit grants will be available on an on-going basis through April 2012. On-farm energy efficiency and renewable energy implementation grant opportunities will be announced periodically.

**Source:** The N.C. Farm Energy Efficiency Project was created with a grant from the N.C. Tobacco Trust Fund Commission. Of the original grant, $600,000 remains. The Tobacco Trust Fund and the N.C. Rural Economic Development Center, through a state appropriation, have committed $970,000 in new funding for the program, bringing the total available to $1.57 million.

**For more information:** Additional information and project applications can be found on the N.C. Farm Energy Efficiency website, www.ncfarmenergy.org. Other questions may be directed to Lendy Johnson 919-782-1705 ext. 8209 or lendy.johnson@ncfb.org.
Purpose: The Tobacco Communities Reinvestment Fund aims to assist farmers in developing new income-generating opportunities that demonstrate ways to replace lost tobacco income and mitigate the negative effects of the recession.

Description: Cost share grants are offered to farmers and rural communities to develop new sources of agricultural income. The program offers two types of awards: Producer Grant Awards of up to $10,000 for individuals and Community Grant Awards of up to $30,000 for collaborative farmer projects. Grants are distributed within four service regions (coastal, central, western Piedmont and west). Each region is served by a separate grant review committee and managed by a field coordinator. Grants are awarded on a competitive basis. Deadlines for grant applications vary by region.

Eligible projects are those that: have a likelihood of generating new farm income; establish new markets for local products and services; develop new uses for greenhouses; add value to existing farm products by processing, packaging or marketing in a special way; make new use of tobacco facilities and equipment; maintain or create quality employment, including self-employment or opportunities for home-based businesses; or make optimal use of on-farm and natural resources. High priority will be given to projects that are innovative and demonstrate a new direction or opportunity for farmers in North Carolina.

Who is eligible: Grants are available for producers or community groups.

- Producers must be farmers who are actively engaged in full- or part-time farming. Priority is given to farmers who earned a significant portion of their income from tobacco at the time of the Master Settlement Agreement (1997-1998) and to projects that demonstrate innovative opportunities in production, processing or marketing.

- Community groups must include qualifying farmers who are active in the leadership of the group. Groups of farmers, farm co-ops, farmer associations, churches, local businesses, civic organizations or combinations of these are eligible.

Timetable: Grant applications are available now and may be downloaded from the RAFI website: www.ncfarmgrants.org. “How-to-apply” workshops will be offered in various locations through November 30, 2010. Awards will be announced no later than March 30, 2011.

Source: RAFI created the Tobacco Communities Reinvestment Fund program in 1997 with funding from the N.C. Tobacco Trust Fund Commission. The commission and N.C. Rural Economic Development Center, through an appropriation of the North Carolina General Assembly, have added $730,000 in new funds to the program’s $1.2 million, making nearly $2 million available to North Carolina farmers.

For more information: For information on workshops, deadlines and application materials, visit the website (www.ncfarmgrants.org) or contact Joseph Schroeder at 919-621-0534 ext. 208 or joe@rafiusa.org.
N.C. Value-Added Cost Share Program
N.C. MarketReady/N.C. Agricultural Foundation

Purpose: The North Carolina Value-Added Cost Share Program helps farmers and processors develop and implement value-added production. This assistance may be used to prepare applications for, and offset costs not covered by, USDA Value-Added Producer Grants. USDA grants assist with planning or working capital for a wide range of activities that add value to agricultural commodities. (For a description of the USDA program, see page 7.)

Description: The North Carolina Value-Added Cost Share Program is administered by the N.C. Agricultural Foundation and N.C. MarketReady, a program of N.C. State University College of Agriculture and Life Sciences and N.C. Cooperative Extension. Farmers and other agricultural producers may apply for cost-share assistance in any of four areas:

- Grant writing. The program provides professional assistance (a value of up to $3,500) in preparing applications for planning grants or working capital grants under the USDA program.

- Feasibility assessment. USDA requires a detailed feasibility assessment for a working capital grant application. The North Carolina program will match up to $20,000 of a farmer’s cost for preparation of the assessment.

- Matching funds. USDA requires a dollar-for-dollar match for its grants. The North Carolina program will provide up to $10,000 toward the farmer’s match.

- Equipment. The program provides a maximum of $50,000 to cover up to half the cost of equipment purchases for value-added processing. This bridges a gap in USDA working capital grants, which may not be used for equipment purchases. The equipment must be specific to the value-added process.

Who is eligible: Eligible applicants are:

- N.C. farmers who produce at least 50 percent of the farm products used in the value-added enterprise
- N.C. processors of agricultural products who buy at least 50 percent of their raw agricultural goods from N.C. farmers

Timetable: For fiscal year 2011, applications are due by December 31, 2010. Awards will be made by February 2011.

Source: The program was created in 2008 with a grant from the N.C. Tobacco Trust Fund Commission. For the 2011 fiscal year, the commission and the N.C. Rural Economic Development Center, through an appropriation of the N.C. General Assembly, have provided $300,000 for an expansion of the program. This brings available funding to $900,000.

For more information: More information and applications are at www.ncmarketready.org. Contact Brittany Whitmire at 919-830-9557 or brittany_whitmire@ncsu.edu with questions regarding applications and eligibility.
Value-Added Producer Grants
U.S. Department of Agriculture, Office of Rural Development

Purpose: Grants enable farmers and other producers to develop businesses that produce and market value-added agricultural products.

Description: USDA-Rural Development offers two types of grants (planning and working capital) to encourage the value-added production of agricultural goods. A wide range of processes and products qualify under the value-added umbrella. Generally, value-added means the original farm product has been changed in some way. For example, a cattle farmer may add processing and direct marketing to beef production, a grower may cut and package sweet potatoes for marketing, or a growers cooperative may turn apples into applesauce for sale.

Under the value-added program:

- Planning grants may be used to determine the viability of a potential value-added venture, including feasibility studies, marketing strategies, business plans and legal evaluations. Grant funds also may be used to pay consultants who guide producers through the development process. The planning activities must be related to the marketing of a value-added product. Studies also may evaluate the feasibility of using a specific location or facility, but grant funds may not be used to design a facility or building (including architectural or engineering design) or to construct the facility. Planning grants are available for up to $100,000. They must be matched by other funds on a dollar-for-dollar basis, with certain exceptions.

- Working capital grants may be used to cover normal operating expenses, such as wages and overhead, of a value-added venture. Grants are available for up to $300,000 and must be matched by other funds on a dollar-for-dollar basis.

Who is eligible: Independent producers, agricultural producer groups, farmer or rancher cooperatives and producer-based business ventures are eligible to apply.

Timetable: The USDA-Rural Development offices accept applications for this program on a year-round basis. Funding decisions are typically made in the spring, but this is subject to change from year to year. USDA-Rural Development encourages applicants to begin work on applications as soon as possible and to work with N.C. MarketReady (www.ncmarketready.org) on preparation of their applications.

Source: The Food, Conservation and Energy Act of 2008 provided funding guidelines and authorization for the program. In fiscal year 2010 the North Carolina state office for USDA-Rural Development was allocated $1 million for the program.

For more information: Contact Neal Sherrod at 919-873-2043 or neal.sherrod@nc.usda.gov.
Rural Energy for America Program
U.S. Department of Agriculture, Office of Rural Development

**Purpose:** The REAP Grant Program provides grants and guaranteed loans that assist farmers, ranchers and rural small businesses with energy efficiency improvements and renewable energy projects.

**Description:** REAP grants can reimburse up to 25 percent of the total cost of an energy-saving project. For example, a $100,000 energy efficiency or renewable energy project could be eligible for a $25,000 grant. The maximum grants available under this program are $250,000 for energy efficiency improvements and $500,000 for renewable energy projects. There are minimum grants of $1,500 for energy efficiency and $2,500 for renewable energy projects.

For eligible projects, the program also will guarantee private-market loans of up to $25 million. Borrowers must have an eligible lender willing to participate in the guaranteed loan process.

REAP will assist two types of projects:

- **Renewable energy.** This includes biomass projects, wood burners for greenhouses or tobacco barns, on-farm solar or wind, and anaerobic digesters that involve energy production.

- **Energy efficiency.** These projects make energy improvements to a building or process that will reduce the amount of energy used, whether the source is LP gas, electricity or another form of energy. Such projects may involve lighting improvements, variable speed drives for dairy farms, curing controls for barns, insulation of buildings or barns, installation of more efficient heating systems, energy improvements to greenhouses, grain dryer replacements, improvements to swine and poultry facilities, and irrigation projects (e.g., switching from diesel to electric motors).

**Who is eligible:** The applicant must be located in a rural area. For purposes of this program, rural areas consist of any areas other than cities of 50,000 or more in population and their contiguous urbanized areas. Applicants also must be either agriculture producers or small businesses. An agriculture producer is defined as someone receiving at least 50 percent of gross income from agriculture products. Small businesses are defined by the size standards set by the U.S. Small Business Administration (see www.sba.gov/size/index.html). Nonprofits and public bodies are not eligible for the program.

**Timetable:** USDA-Rural Development offices accept applications for this program on a year-round basis. Award decisions are typically made in the spring, but this is subject to change from year to year. Once the grant is awarded and the project has been completed, the reimbursement process on the grant funds can be completed within a week.

**Source:** The Food, Conservation and Energy Act of 2008 provided funding guidelines and authorization for the REAP program. In fiscal year 2010, the North Carolina state office for USDA Rural Development was allocated $2.125 million in grant funds and $10.883 million in loan guarantee funds.
For more information: Prospective applicants should contact their local USDA Rural Development contact person on the map below. In addition you may contact David Thigpen in the state office at 919-873-2065 or david.thigpen@nc.usda.gov.

1  David Thigpen (Raleigh)  
david.thigpen@nc.usda.gov  
919-873-2065

2  Neal Eller (Jefferson)  
neal.eller@nc.usda.gov  
336-246-2885  
or  
Josh Carswell (Morganton)  
joshua.carswell@nc.usda.gov  
919-323-7902

3  Lynn Straughan (Asheboro)  
lynn.straughan@nc.usda.gov  
336-629-4449

4  Tobais Fullwood (Henderson)  
tobais.fullwood@nc.usda.gov  
252-438-3134

5  Calvin Askew (Winton)  
calvin.askew@nc.usda.gov  
252-358-7836
Partners in the Family Farm Innovation Fund

**State of North Carolina**

The citizens of North Carolina are represented in Raleigh by members of the executive and legislative branches of government. Gov. Beverly Perdue took office as the head of the executive branch in January 2009. The legislative branch is made up of the Senate and the House of Representatives, which together are known as the General Assembly. In 2010, Gov. Perdue proposed and the General Assembly passed a $1 million appropriation for the Family Farm Innovation Fund.

**N.C. Farm Bureau Federation**

The North Carolina Farm Bureau Federation was organized in 1936, with the goal of protecting the interests of farm and rural families across the state. A private, non-profit, grassroots organization, it represents farm interests through governmental relations, marketing, field representation, agricultural education, member services and other programs. Among its programs is the North Carolina Farm Energy Efficiency Project.

**N.C. MarketReady**

N.C. MarketReady, a program of N.C. Cooperative Extension, is a multidisciplinary team that builds partnerships and educational resources to help North Carolina agriculture become more profitable. Its educational programs help North Carolina producers compete effectively in the marketplace. “Market ready” applies to all facets of a business: research, business planning, production, management, food safety and marketing.

**N.C. Tobacco Trust Fund Commission**

Established in 2000 by the General Assembly, the N.C. Tobacco Trust Fund Commission provides grants that promote and influence a strong agricultural economy in North Carolina. Using available funds resulting from the annual Master Settlement Agreement payments, it provides grants for projects that target economic development, crop diversification and increasing farm profitability and that provide skill and resource development. Its emphasis is on serving tobacco-dependent communities, displaced tobacco workers, former/current tobacco growers and/or quota holders. Partnerships with various farm organizations, universities and community colleges, governmental agencies and commodity associations strengthen the grant programs enacted by the NCTTFC.
Partners in the Family Farm Innovation Fund

**Rural Advancement Foundation International-USA**

The Rural Advancement Foundation International-USA cultivates markets, policies and communities that support thriving, socially just and environmentally sound family farms. RAFI organized as a 501(c)3 nonprofit in 1990 with an office in Pittsboro, North Carolina. Its work, however, goes back some 75 years, to the Great Depression. It was then that white and black sharecroppers organized in Arkansas to get a fair deal for working the land. Over the decades RAFI has been a constant resource for U.S. family farmers facing all manners of natural and human-made problems. RAFI programs have helped farmers navigate out of the farm credit crisis of the 1980s; recover from hurricanes, drought and flood; avoid the pitfalls of genetically modified organisms and agricultural concentration; and create viable farm-based enterprises to replace lost tobacco income.

**USDA Office of Rural Development**

USDA-Rural Development is committed to the future of rural communities. Its role is to increase rural residents’ economic opportunities and improve their quality of life. Rural Development forges partnerships with rural communities, funding projects that bring housing, community facilities, utilities and other services. It also provides technical assistance and financial backing for rural businesses and cooperatives to create quality jobs in rural areas. Rural Development promotes the president’s National Energy Policy and ultimately the nation’s energy security by engaging the entrepreneurial spirit of rural America in the development of renewable energy and energy efficiency improvements. Rural Development works with low-income individuals, state, local and Indian tribal governments, as well as private and nonprofit organizations and user-owned cooperatives.

**N.C. Rural Economic Development Center, Agricultural Advancement Consortium**

The N.C. Rural Economic Development Center is a private, nonprofit organization whose mission is to develop sound economic strategies that improve the quality of life in rural North Carolina, with a special focus on individuals with low to moderate incomes and communities with limited resources. The center operates a multifaceted program that includes conducting research into rural issues; testing promising rural development strategies; advocating for policy and program innovations; and building the productive capacity of rural leaders, entrepreneurs and community organizations.

The Agricultural Advancement Consortium, a program of the Rural Center, promotes the benefits of a strong farm sector and considers new ways to increase farm profitability. It conducts original research and awards grants for research and demonstration projects with potential to create new products or markets and to improve agricultural practices.