

Improving the impact and benefits of USDA research and grant programs to enhance mid-size farm profitability and rural community success

Abstract: A review of four USDA grant programs in 2001 and 2002 found that only a small percentage of the programs served the needs of small and mid-size farmers.

This project found that of nearly \$500 million dedicated to the selected programs over the period examined, only about 5 percent went to projects determined to be beneficial to small and mid-sized and beginning farmers and ranchers.



P O L I C Y

What was done and why?

Farms of modest size are being squeezed nationwide and in Iowa, both by economics and public policy decisions. Several existing federal competitive grant programs offer the ability to assist mid-size operations. A review of these programs will focus on their impacts in Iowa and help determine how their resources could be better targeted to aid mid-size farmers and their rural communities.

Project objectives were to:

- Analyze funded proposals for 2001-2002 from the Rural Business Enterprise Grant (RBEG) program, the National Research Initiative (NRI), the Initiative for Future Agriculture and Food Systems (IFAFS) and the Value-Added Producer Grant (VAPG) program;
- Use the analysis to propose policy and administrative solutions to better target these programs to mid-size farmers;
- Write, publish, and disseminate the analysis and findings; and
- Employ outreach and media coverage to promote the report.

What did we learn?

The review of projects funded by the four USDA programs found that only 3 percent of nearly 2,500 funded projects served small, mid-size and beginning farmers and ranchers. Only 5 percent of the combined 2001-2002 funds for these four programs were awarded to projects relevant to the needs of small, mid-size and beginning farmers and ranchers. The VAPG and IFAFS programs offered the most benefits to the target groups. The NRI and RBEG programs offer fewer benefits to small, mid-size and beginning farmers and ranchers primarily because they are not set up to do so.

In spite of the recommendations and challenges of the Small Farm Commission and the rhetorical commitment of the USDA to smaller agricultural enterprises, the study revealed that the vast amount of funded projects were more likely to support numerous marketing and value-added initiatives meant to benefit large food distribution and food processing companies. In addition, the USDA programs failed to invest in research that would promote development of economic opportunities to help keep small, mid-size and beginning farmers and ranchers on the land.

Investigators:

Jerry DeWitt
Leopold Center
Iowa State University

Jon Bailey
Center for Rural Affairs
Lyons, Nebraska