



## National Sustainable Agriculture Coalition

### Comments on Implementing the VAPG Program Priorities

by Ferd Hoefner, NSAC Policy Director and

Eugene Kim, NSAC Policy Specialist

to the USDA Rural Development Listening Session

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Thank you for the opportunity to provide comments on the recent Farm Bill change to the Value-Added Producer Grant Program (VAPG) that clarifies how to categorize projects by producer groups for priority consideration.<sup>1</sup> The National Sustainable Agriculture Coalition (NSAC) has been closely involved in the creation and development of VAPG, including advocating for the policy clarification for priority projects from groups of producers for which USDA is seeking public input.

Congress has identified four program priorities for VAPG – operators of small and medium-sized farms and ranches structured as family farms and beginning, socially disadvantaged, and veteran farmers and ranchers. Most, though perhaps not all, beginning, socially disadvantaged, or veteran farmers will also be small and medium-sized farms and ranches structured as family farms. In our view, therefore, small and medium-sized family farms is the overarching priority established by Congress and projects that do not meet the small and medium-sized family farm priority should be funded if and only if there are insufficient meritorious applications for projects that benefit small and medium-sized family farms relative to available funding.

There are three key tasks for the agency to ensure the statutory priorities are realized:

1. In order to ensure the submission of quality proposals that meet the four programmatic priorities, the agency should conduct specific outreach to the prioritized communities and should encourage its partners in the non-profit, academic, and business and cooperative communities to do the same.
2. In order for proposal writers to provide the pertinent information, the agency should include specific instructions for how the applicant should indicate whether or not the project addresses one of the four priorities, and if so, to what extent it does so.
3. In order to ensure that grant reviewers grasp the significance of the priorities, specific instructions should be provided by the agency.

There has been great confusion since passage of the 2008 Farm Bill (and indeed since the 2002 Farm Bill's conference report language identifying the small and medium-sized family farm priority) over how to implement the statutory program priorities, with both the Interim Final Rule and the NOFAs including high and rigid numerical tests and 'all-or-nothing' scoring. The 2014 Farm Bill helpfully clarifies that projects from eligible producer groups, farmer/rancher cooperatives, and majority-controlled producer-based business ventures that "*best contribute to creating or increasing marketing opportunities for*" operators of small/medium-sized family farms/ranches or beginning, socially-disadvantaged, or veteran farmers/ranchers are to receive priority consideration.

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<sup>1</sup> The words "creating or increasing marketing opportunities" in the new farm bill language clarifying program priorities with respect to group projects is not a new priority, but rather is simply a restatement of the basic purpose of the program as a whole.

To implement the 2014 Farm Bill change, we also urge that, in the case of group proposals, the project reviewers, rather than national program staff, award those points for the program priorities and do so on a graduated basis according to which project proposals best contribute to the program priorities.<sup>2</sup>

We recommend that if an application specifically targets or very substantially benefits one or more of these categories, significant additional points should be awarded in the review process. We urge that the total priority points should be increased from the current 10 out of 100 to at least 15 out of 100<sup>3</sup>, and that for projects benefitting more than a single farm that from 0 to 15 points be awarded on a graduated basis, dependent on the degree to which the project benefits the program priority categories.

It is not necessary that every independent producer who benefits from a particular project be from among the four priority categories of producers in order for the project to count under the “best contribute to” priority policy. Rather, projects that “best contribute to” the priorities must include substantial participation by producers from the priority categories.

A graduated point system, in which more points are awarded as the ratio of priority category producers increase relative to the total number of producers benefitting from the project, would be helpful to quantify “substantial participation.” For instance, each additional ten percent of project beneficiaries in one or more of the priority categories could equal an additional priority point, meaning a group project could score from zero to 10 points on a quantitative basis.

The project evaluations, however, should not be limited to a quantifiable determination only, but should also include qualitative aspects for the project proposal (see suggested questions below). For instance, these qualitative determinations could yield an additional zero to five priority points, for a combined total of up to 15 points.

For group projects, then, both the rigid numerical test and the all-or-nothing scoring should be replaced with a system based on effective peer review<sup>4</sup> to determine which group projects do the

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<sup>2</sup> Single farmer proposals could continue to be awarded by the national office on an “all or nothing” basis, either zero or 10 points, with additional qualitative review points of between zero and five then perhaps assessed and awarded by the project reviewers. Alternatively, either the national staff or the project reviewers could handle both aspects of our proposed process.

<sup>3</sup> We also recommend that the total number of geographic diversity or administrator points be reduced from 10 to five points, thus keeping the maximum point total at 100.

<sup>4</sup> There are many excellent USDA examples of robust peer review processes for national competitive grants programs, including programs operated by NIFA (e.g., the Sustainable Agriculture Research and Education Program or the Beginning Farmer and Rancher Development Program), AMS (e.g., Farmers Market and Local Food Promotion Program), and FNS (e.g., Farm to School Grants). We believe RBCS should take the best ideas from other USDA competitive grants programs and formulate its own peer review process for VAPG grants. We realize this cannot happen overnight, but in the long run, we believe a more robust review system is critical to the effectiveness and integrity of the program. In the meantime, however, we believe

best job of advancing one or more of the Congressional priorities. The agency should provide specific instructions to all project proposal evaluators, including a graduated point system for determining substantial participation as well as specific qualitative evaluation questions reviewers should ask of each proposal to determine which best contribute to advancing the priorities.

Among the questions that should be addressed by reviewers are:

- Does the project effectively create or expand marketing opportunities for one or more of the priority producer categories?
- Are the activities to be funded critical to benefiting priority producer groups?
- Does the project increase earnings per acre or per unit of production and thereby make it possible for small and medium-sized family farms to make a better livelihood as an alternative to getting bigger to increase income?
- Does the proposed enterprise enable operators of small- and medium-sized family farms to add value to their production and increase income by making greater use of and increasing returns to their management and skilled labor?
- Do all or most of the project beneficiaries meet the regulatory definition as being a family farm? Do the independent producer owners of the value-added enterprise and their family members provide the management and a majority of the labor as specified in the regulatory definition?
- By what percentage will the project help to expand the customer base or income levels of the priority producer group(s)?
- How does the project affect capital requirements and other entry barriers for small or beginning, socially disadvantaged, and veteran farmers and ranchers?
- Does the proposed enterprise have a process for beginning, socially disadvantaged, or veteran farmers or ranchers, or other operators of small- and medium-sized family farms or ranches, to join the joint enterprise as some members retire or exit for other reasons?

We believe that a process as outlined above would effectively and appropriately implement the clarification made by Congress in the 2014 Farm Bill. NSAC looks forward to continuing to work with its member groups and with USDA on the implementation of VAPG so that farmers and ranchers — especially priority groups such as beginning, socially disadvantaged, and veteran farmers and ranchers, and operators of small- and medium-sized family farms and ranches — can effectively utilize this successful program.

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individual project reviewers, even without the benefit of a robust peer review panel, can use the same process we describe for determining which projects best contribute to the priorities.