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NSAC'S BLOG

USDA PROGRAMS SUPPORT SMALL MEAT PROCESSING PLANTS

July 16, 2020

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Sheep resting in a barn.

The ongoing coronavirus pandemic has brought the instability of the consolidated meat and poultry sectors (<https://sustainableagriculture.net/blog/meat-and-poultry-supply-chain/>) into sharp focus. This has led to increased discussions, and some action, among consumers, producers, farm organizations, and Congress about how to expand and support small and medium sized slaughter facilities upon which many farmers and

- safety/)
- General Interest (https://sustainableagriculture.net/category/general-interest/) ranchers rely. Luckily, there are a few existing federal programs that could be expanded to further support small, local, and regional meat and poultry processing plants and increase access to slaughter and processing options.
- Grants and Programs (https://sustainableagriculture.net/category/grants-and-programs/) The Niche Meat Processors Assistance Network (https://www.nichemeatprocessing.org/what-is-nmpan/) (NMPAN) issued a report (https://www.ams.usda.gov/services/local-regional/lessons-learned) that analyzes 20 years of the United States Department of Agriculture’s (USDA) Agricultural Marketing Service (AMS) competitive grants that have invested in small meat processing activities. The programs included 12 Federal-State Marketing Improvement Program (https://www.ams.usda.gov/services/grants/fsmip) (FSMIP), 21 Local Food Promotion Program (https://www.ams.usda.gov/services/grants/lfpp) (LFPP), and 2 Farmers Market Promotion Program (https://www.ams.usda.gov/services/grants/fmpp) (FMPP) projects.
- Implementation & Rule-making (https://sustainableagriculture.net/category/implementation/) The success of these projects and recommendations for improvement should be carefully considered by both USDA and Congress as they continue to look for ways to support and improve the meat and poultry sector during COVID-19.
- Local & Regional Food Systems (https://sustainableagriculture.net/category/local-food-systems/)
- Marketing and Labeling (https://sustainableagriculture.net/category/marketing-labeling/)
- Nutrition & Food Access (https://sustainableagriculture.net/category/food-access/)

Report Findings

- Organic (https://sustainableagriculture.net/category/organic/) The report highlights several successful projects. For example, one LFPP project ensured an older, small federally inspected plant could not only stay in business, but also expand, which increased area farmers’ access to slaughter and processing options. True & Essential (T&E) Meats (https://www.ams.usda.gov/sites/default/files/media/TEMeats.pdf) in Virginia used the LFPP grant program to determine the most effective and financially viable way to expand an older small processing plant. After concluding that expansion was practical, T&E received another LFPP to expand their facility, which benefited area farmers who now have increased access to reliable processing services. This project’s expansion of value-added processing allows area farmers to sell higher margin, value-added products, and increase their market opportunities and profitability.
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“In 2007, only four farmers used T&E Meats to process meat under inspection and pack it under their own label. Now over 100 farmer customers use their services” according to the report.

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TAKE ACTION

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Small scale processing infrastructure is expensive, so it is essential to determine the economic feasibility of new processing facilities before investing in building or expanding a facility. For example, Michigan based Mighty Fine Poultry (https://www.nichemeatprocessing.org/wp-content/uploads/2020/02/Mighty-Fine-Poultry.pdf) received two LFPP Planning grants to determine what type of facility would be financially feasible.

Construction for the new facility is underway, and the founder, Wendy Banka, credits LFPP, “It is clear that without the USDA LFPP opportunity, I would not have been able to embark on this path and would have had to give up long ago.”

Similarly, National Sustainable Agriculture Coalition (NSAC) member Ecological Farming Association (https://www.nichemeatprocessing.org/wp-content/uploads/2020/02/Ecological-Farming-Assoc.pdf), based in Soquel, California was also awarded a LFPP grant to conduct a comprehensive feasibility study for a multi-species meat slaughterhouse in or near the Monterey Bay region in California. While the study concluded there was not sufficient regional production to support a slaughter

facility, it did create recommendations for area farmers, including how to share and reduce processing transportation costs, take advantage of the “slow” season at local processing facilities, and expand their markets.

Recommendations

The report also included several recommendations, including a clear focus on the economic viability of new facilities and the actual demand from farmers and ranchers.

NMPAN includes several recommendations and lessons learned, including that projects must consider and analyze the demand in the local and regional supply chain (https://www.ers.usda.gov/webdocs/outlooks/37459/28829_ldpm216-01.pdf?v=3028.2), and determine what size facility is appropriate for their local area or region. These are essential elements for both a successful project and viable business. The study recommends AMS develop a list of “best practices” for local food sector development grants. This list could be shared across all USDA programs that also support the expansion of the small meat sector.

Frequently, the proposed answer to bottlenecks in small meat processing is to build new facilities, especially during the pandemic crisis. However, in several parts of the country, a new facility may not be successful, which is why LFPP Planning grants are so important when they help determine if there is enough demand to make new infrastructure financially viable. NMPAN’s report recommends that potential applicants be advised about the importance of working with experienced businesses to expand this sector.

NMPAN also suggests that feasibility studies funded by these grants clearly analyze the demand for processing services and that the demand will ensure financial stability of the project.

For a full list of lessons learned and recommendations, check out the report briefing paper here (https://www.nichemeatprocessing.org/wp-content/uploads/2019/07/Briefing-Paper_NMPAN_72219.pdf).

Take Action: Support the Small Meat Sector

As Congress considers the next Fiscal Year (FY) spending bill, additional funding for FMPP, LFPP and VAPG are being considered. The 2018 Farm Bill created the Local Agriculture Market Program (<https://sustainableagriculture.net/blog/2018-farm-bill-local-agriculture-market-program/>) (LAMP), which combined the Farmers Market and Local Food Promotion Program (<https://sustainableagriculture.net/publications/grassrootsguide/local-food-systems-rural-development/farmers-market-promotion-program/>) (FMLFPP) and the Value-Added Producers Grant Program (<https://sustainableagriculture.net/publications/grassrootsguide/local-food-systems-rural-development/value-added-producer-grants/>) (VAPG). NSAC has been encouraging appropriators to provide \$20 million in discretionary funding for LAMP in FY2021 to ensure it remains fully funded and continues to support a stronger, more resilient small meat and poultry sector.

According to the report, LFPP projects allowed for plant expansion, employee training, and financial assessments that so many small scale plants need right now due to the increased demand for local and regional meat due to COVID-19. There are several bills under consideration that if included in Congress’s next COVID-19 relief package, could further support small meat and poultry processing plants through the expansion of FMPP and LFPP funds. The COVID-19 response package passed in June by the House now under consideration in the Senate, the HEROES Act, includes an additional \$50 million for LAMP

to fund COVID-19 related projects. In the Senate, Senator Booker (D-NJ) introduced the Local FARM Act of 2020 (<https://www.booker.senate.gov/imo/media/doc/FARM%20ACT.pdf>), which would provide an additional \$500 million for LAMP to fund COVID-19 related projects. The increased grant funds could help ensure processing and slaughter options remain available and are expanded to include additional farmers and ranchers.

New, innovative grant programs can also help this sector grow. Senator Stabenow (D-MI), along with all the Democratic Senate Agriculture Committee members also introduced the Food Supply Protection Act (<https://sustainableagriculture.net/blog/is-there-help-on-the-horizon/>) which would provide up to a \$1 million grant for a food processor's equipment or infrastructure upgrades that could increase farmers' slaughter options. Consider speaking to your member of Congress about these important bills and programs to support the small meat sector.

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National Sustainable Agriculture Coalition
110 Maryland Avenue NE, Suite 209 Washington, DC 20002

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