A GUIDE FOR FUNDERS:

HOW TO SUPPORT THE EMERGING NEEDS OF NEW YORK’S FARM AND FOOD BUSINESSES

2020
# CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABOUT</td>
<td>3</td>
</tr>
<tr>
<td>INTRODUCTION</td>
<td>4</td>
</tr>
<tr>
<td>KEY RESEARCH FINDINGS</td>
<td>6</td>
</tr>
<tr>
<td>RECOMMENDATIONS TO FUNDERS</td>
<td>16</td>
</tr>
<tr>
<td>RESEARCH METHODOLOGY</td>
<td>19</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td>19</td>
</tr>
</tbody>
</table>
ABOUT

The Center for Agricultural Development and Entrepreneurship (CADE)

Established in 1991, CADE’s mission is to increase the number and diversity of successful farm enterprises and related businesses in New York. We envision a vibrant food system, in which locally owned agricultural businesses thrive and consumers are nourished by healthy sustainably produced food.

For nearly 30 years, CADE has helped more than 2,000 agricultural businesses and organizations transition ideas from concepts to commercially viable activities. Through our Farm and Food Business Incubator run in partnership with SUNY Cobleskill’s Institute for Rural Vitality, CADE identifies the technological and commercialization needs of regional producers, conducts outreach and education activities, organizes interested businesses into cooperative groups, and secures financial support to move projects into production. www.cadefarms.org

The Institute for Rural Vitality, SUNY Cobleskill

The mission of the Institute for Rural Vitality at SUNY Cobleskill is to engage the substantial resources of SUNY Cobleskill in collaboration with regional partners to enhance community and economic vitality in rural New York. Through its five distinct centers, the Institute addresses the region’s most pressing issues to develop and enact sustainable solutions.

SUNY Cobleskill students and faculty are at the fore of community partnerships and coalitions, adding their expertise to that of their partners to support economic development initiatives. With robust student involvement, the Institute creates boundless new immersive learning opportunities both on and off campus. Each of the five centers complements SUNY Cobleskill’s academic programs to support research opportunities for faculty and students as well as internships and applied learning opportunities.

The Center for Farm and Food Entrepreneurship cultivates farm-centric and food-centric businesses to ensure the full and profitable use of the region’s considerable natural resources, which includes the Farm and Food Business Incubator run in partnership with CADE. www.cobleskill.edu/institute
INTRODUCTION

Dear Agribusiness funders,

As agricultural agencies, the first question we are asked by nearly every farm and food business entrepreneur that seeks our services is: “can you help me find grant funding for my enterprise?”. We know that precious resources are needed for agricultural entrepreneurs to thrive today--to get up and running (for new farmers), launch new products, expand, diversify, modernize, enter new markets, improve distribution, and adapt to changing market forces or climate change.

Whether as “ag” agencies or funders, we are all committed to helping farm and food businesses do what they do best: produce great food that rivals the best in the world, innovate and launch new product lines that meet market demand, feed our communities, drive the rural economy, and keep New York’s farmland in production.

Yet based on our work with agribusinesses every day, we began to observe a significant gap between what entrepreneurs need and what funding is available.

This prompted us to undertake research with a range of stakeholders to map the evolving needs of agribusinesses so that we could share our findings with the funding community.

“We invite funders to review this guide with an eye toward considering new priorities and approaches for investing in New York’s agribusinesses”
Ultimately, we created this guide as a tool to help funders do what THEY do best: efficiently and effectively provide appropriately targeted financial support to their clients/partners/grantees, whose success will drastically impact the economic well-being of agriculture in New York. We invite funders to review this guide with an eye toward considering new priorities and approaches for investing in New York’s agribusinesses.

In this report, CADE and SUNY Cobleskill provide readers with a snapshot of how farm and food businesses perceive the funders/funding landscape; what are their experiences of accessing funding; how additional funding could impact their businesses; and what they would like to see change for them to grow and thrive in today’s economy.

In summary, we found that entrepreneurs need more accessible, flexible funding sources tailored to them. Too often, entrepreneurs are directed to traditional lenders; but taking on debt in an insecure economy in a high risk industry is not appealing, and many give up their aspirations to shift gears. The result? We snuff out innovation and the ability of New York’s farm and food businesses to adapt and thrive in the 21st century.

“entrepreneurs need more accessible, flexible funding sources tailored to them”

New York’s farm and related food businesses matter—producing food as a “public good”, driving the rural economy, acting as custodians of our land and water systems. And increasingly, farms are also our State’s most promising resource for sequestering carbon to help us solve one of the world’s most urgent challenges—the climate crisis—and are enhancing our capacities to meet New York’s (and America’s) most ambitious “green” targets set by Governor Cuomo for 2030.

“We recognize and offer our most profound appreciation to federal and State funding agencies, legislators, philanthropists, investors, lenders, and committed individuals who serve and invest in the agribusiness community every day. Thank you. We hope this guide offers helpful information as you consider new funding strategies in the years ahead to meet your constituents’ and clients’ needs.

For questions or more information, or if this publication inspired you to shift gears, let us know! Contact Jim Manning at <jim@cadefarms.org>.

Phoebe Schreiner, Executive Director CADE

Jason Evans, Executive Director Institute for Rural Vitality SUNY Cobleskill

"farms are also our State’s most promising resource for sequestering carbon to help us solve one of the world’s most urgent challenges--the climate crisis--and are enhancing our capacities to meet New York’s (and America’s) most ambitious “green” targets set by Governor Cuomo for 2030"
KEY RESEARCH FINDINGS

Through interviews and surveys of nearly 50 funders and stakeholders across the supply chain, representing nearly every region of New York State—from start-ups to long established businesses—we found the following through our research:

1) Agribusinesses question funder priorities and perceive funders distrust them

We sought to understand how agribusinesses perceive funders and the funding landscape as a whole. We found a notable thread emerge throughout nearly all of our interviews: agribusinesses felt donor-driven priorities were not aligned with their own and funders don’t trust them. Entrepreneurs highlighted the following:

Hundreds of millions of NYS funding allocated toward agriculture is almost entirely earmarked for research, education, or government run programs. Only a tiny fraction goes directly to agribusinesses. This is perceived as lopsided and indicative of distrust toward farm and food business entrepreneurs.

“Most NYS funding goes toward ag research or farm service agencies. They suck up all the dollars and have big salaries, while farmers are still struggling. Imagine if all those millions in funds could go instead directly to farmers as an investment in our businesses to grow. If funds went to us, NYS agriculture would be dramatically different!”
- Farmer, Delaware County

“Funders don’t trust farmers to do the right thing with funding. They only trust the ag agencies to ‘educate’ us. Why don’t they trust us? Do they think farmers are dumb?”
- Farmer, Schoharie County

Government grant programs are perceived to be structured to force “skin in the game”, by awarding only reimbursement-based grants and requiring cash matches. But these make grant opportunities inaccessible to the agribusiness majority, causing difficulty with cash flow or disqualifying many farmers. Farmers—the majority of whom run small family farms—resent being told they have to have “skin in the game” when many have invested substantial resources in real estate and equipment, or have mortgaged their own homes and land.

“I can’t even try with [this] grant opportunity. I just don’t have the cash match they require.”
- Farmer, Schoharie County

“Grants require an existing minimum income and I don’t have the funds to get to the minimum.”
- Farmer, Delaware County

“For grants, [I’d like to see] the ability to receive awarded funds up front before project begins [which] would help immensely.”
- Farmer, Herkimer County

The debt-to-income ratio threshold is a frequent disqualifier for agribusinesses, especially to dairy farmers. Farmers perceive that funders (such as County grant programs that fund small businesses) don’t understand the realities of running a successful food business.

“We were disqualified from a micro-enterprise grant opportunity run by our County government because we were told our debt-to-income ratio was too high. We run a dairy farm and are transitioning to value-added production. What dairy farm doesn’t have debt right now in the current dairy crisis? The County government says they are prioritizing agricultural business grants, but that’s not happening in practice based on how they are structuring and making decisions for their grant program. They should create grant programs that are created only for agribusinesses, tailored to our realities.”
- Dairy farmer
Many economic development grant opportunities for businesses are limited to those that create a high number of jobs. Farms are not big job creators, but they support jobs among connected businesses. Agribusinesses should be an exception to job thresholds.

Most funding programs are based on job creation and I can’t afford to employ more people. Last year, I paid $70,000 for workers compensation insurance for ten full-time employees, on top of social security/disability.

- Supply chain entrepreneur, Seneca County

“State funders want to provide business grants for job creation. That might work for some sectors, but farms are not big job creators. However, farmers’ success creates jobs in connected industries--like for tractor businesses, seed or feed supply outlets, truckers, food retail outlets that sell our food, etc. State funders and legislators need to understand economic development in a more holistic way, so that farmers can be recognized for what they contribute AND be eligible for economic development grants that are beyond counting the number of jobs created directly by that business.”

- Ag Agency representative

Traditional investors walk away from agriculture, believing there isn’t sufficient financial return on investment (ROI), discounting social or environmental ROI.

“I spent years connecting with traditional ‘angel’ investors to encourage them to invest in NY’s farm and food businesses. The answer was always the same--‘it’s not enough return on investment’ and they would walk away. There’s only one small network of ag-friendly investors, but even they are notoriously hard to access. There are just not enough investors who really ‘get’ the farm business, but investments are critical for farms to grow and adapt.”

- Former Ag Agency representative

Subsidies for agriculture are perceived to benefit only ‘big ag’, namely, big business factory farms known to pollute the environment. Many believe subsidies should reward farmers that contribute positive environmental outcomes, such as organic producers or those that use sustainable, climate-smart farming practices.

“In America, subsidies go to ‘big ag’. We need to rethink how we subsidize agriculture. In France, subsidies go to the organic farmers who are using climate smart farming practices. This is a great way to incentivize sustainable agriculture. Here, the big business factory farms that pollute and destroy ecosystems are the ones that get subsidized. If we used France’s model, it would be small farms like ours that get the subsidies. The federal government needs to drastically rethink subsidy models.”

- Farmer, Otsego County

“Subsidies act like a regressive tax that helps high-income businesses, not poor rural farmers. Most of the money goes toward large agribusinesses. Between 1995 and 2017, the top 10% of recipients received 77% of the $205.4 billion doled out. The top 1% received 26% of the payments. That averages out to $1.7 million per company. Fifty people on the Forbes 400 list of the wealthiest Americans received farm subsidies. On the other hand, 62% of U.S. farms did not receive any subsidies.”

- Farmer, Otsego County
2) Agribusinesses have diverse funding needs, many of which are beyond the scope of current funding opportunities

A whopping 85% of entrepreneurs affirmed they are in need of additional funding for their businesses. So we wanted to know—what do they really need funding for in terms of preparing their businesses for the future, based on emerging realities?

To meet their long-term goals, we found they need resources for expanding to new markets (58%), followed by the need for modernizing their equipment or infrastructure to expand or grow (48%). Perhaps surprisingly, 36% of entrepreneurs seek funding for adding or expanding agri-tourism in their business. Weighted equally, entrepreneurs expressed funding needs for transitioning to value-added production or food processing; transportation/distribution; and adapting to climate change (21%).

Although improving on-farm safety was ranked the lowest priority (less than 10%), one entrepreneur noted that the high cost of employing people—paying for workers compensation, social security, and disability—necessitated him to prioritize it:

“Given the cost of employing people, my priority is to purchase equipment that will allow me to maximize the efficiency and safety of the employees I have.”
- Supply chain entrepreneur, Seneca County

[Bar chart showing the percentage of entrepreneurs needing funding for various purposes]

- Expanding to new markets
- Modernizing existing equipment or infrastructure
- Adding or expanding agri-tourism
- Transition to value-added production or food/beverage processing
- Increasing transportation/distribution capabilities
- Adapting to climate change
- Developing a new product line
- Other
- Transitioning into new types of production
- Not applicable
- Don’t know
In addition to understanding their need for resources to achieve their business goals, we also wanted to know—what would they actually spend money on to fulfill these aspirations (for example, to expand to new markets, modernize, produce value-added goods, etc).

Entrepreneurs noted their need for purchasing equipment; building or renovating or purchasing structures; short term working capital for marketing or wholesale readiness; and multi-year working capital for supplies.

The second tranche of needed funding areas was purchasing or repairing distribution vehicles; land improvements or purchasing land; hiring service providers (such as legal experts); and/or flexible loan refinancing.

The following are examples of what entrepreneurs highlighted they need funding for:

“new covers for High Tunnels”
“building a larger sap house for Maple Syrup production and storage”
“a commercial kitchen not contaminated with wheat [and] a food truck so I can cook and distribute my non-GMO & gluten-free products”
“legal expertise to know what my rights are concerning the property, as I am a life estate holder”
“renovating to put the building into safety standards”
“installing pasture water systems, buying fruit spraying equipment”
Through interviews, entrepreneurs highlighted that they believe funders should offer a wider menu of what qualifies as “eligible expenses”, given that their actual needs noted above are not always met by funders. Additionally, they expressed that what is defined as eligible or ineligible is not always clear.

“Entrepreneurs are frequently frustrated that there are few if any grant opportunities to help them purchase equipment they need to scale up. There might be funding available to help them with marketing, but they need funding for the stage before that. This is a gap in the funding spectrum.”
- Ag Service Provider

“Last year for the first time I tried applying for a grant. I spent tons of time working on the proposal, filling out forms and talking with folks at the [funder] office, getting quotes, etc, only to have them tell me on the deadline date that someone at [their office] didn’t think a refrigerated van was a legitimate category, even though various folks on the committee encouraged me to pursue it. So that soured me on the grant process, but I suppose the lesson learned is to check at every possible level to make sure the project has a chance before spending time and effort on it.”
- Farmer

In our interviews with funders, many affirmed the limited scope of their funding mandate. For example, some noted that they don’t offer direct grants to businesses (only nonprofits) while others comments that in their support to businesses, they cannot support equipment or infrastructure.

“We fund [nonprofits to conduct] research and knowledge generation that impacts farmers.”
- State funder

“We support food manufacturing projects, but only nonprofits can apply [in partnership with a business]”
- Private funder

“We offer funding to businesses for marketing, but not equipment or infrastructure.”
- Federal funder
3) Many agribusinesses are not aware of funding opportunities or don’t find them accessible

When asked whether respondents are aware of funding sources that would meet their business needs, most entrepreneurs said “no”.

For those aware of funding sources, we asked if they have taken steps to access or apply for those resources--39% of respondents said “yes” and 39% said “no”.

For those not aware of funding sources for their business needs, this was not from lack of trying. Many said they looked and could not find appropriate sources; they needed someone to point them in the right direction; or they didn’t have time to explore opportunities. This indicates that funders might more actively reach out to potential beneficiaries to publicize their opportunities and be available to offer support to prospective applicants.

“Information [needs to be] more readily available to farmers, and not necessarily dependant on the luck of having an interested, considerate rep. They don’t exist everywhere, we are lucky!”
-Farmer, Albany County

4) Government grants are the most important source of funding for agribusinesses, but policies and funding need to align

Entrepreneurs received grants or loans from government agencies more often than any other source:
Moreover, entrepreneurs affirmed that they believe government funding sources are the most valuable—first, at the State level, followed by County/municipal level, then the federal level. The second source they perceive to be the most valuable are bank loans, followed by private funders or individual donors (crowdsourcing).

So while government agencies are perceived to be the most important funding source for agribusinesses, some farmers perceived policies and funding need to be better aligned for programs to be successful:

“[For farms to access the farm to institution market, it] requires NY State Grown certification which requires GAP certification. I contacted the Mohawk valley org that administered the Producer’s Grant which would provide funds to help farms update their facilities to be certified. This was a one time grant and will not be refunded again for 5 years! So only a lucky few have a chance to sell to institutions. There needs to be better funding coordination for these policies to be successful.”

-Farmer, Otsego County
5) Funder restrictions and requirements are too burdensome, few offer assistance to applicants

We wanted to know—what is the experience like for entrepreneurs who wish to access these funding opportunities? What we found is that funder requirements are too restrictive or burdensome, which scares agribusinesses away.

When asked why entrepreneurs have not applied for grants, the most prevalent response was, “Most grants are reimbursement based and I don’t have enough capital to front the costs”.

Another issue raised was “too much paperwork” (19%). Some said “I’m not sure how [to apply]” (16%). In terms of how easy or difficult it is to fill out grant or loan applications, the majority said it was difficult or very difficult. In an interview, one farmer explained her challenge in accessing funding:

“Grant applications are overwhelming for people who aren’t experienced in doing that kind of thing or don’t have the time, so many of us feel shut out of these opportunities. I keep trying to contact the funders or even ag agency reps to help me with my application but no one responds. As I’m told, it can take 100 hours to prepare a federal grant application within a month timeline. What farmer has that kind of time, and can manage with no help? It would be nice if applications were simpler, tailored more for us, and there was someone at the funding agency who could offer assistance to applicants.”

- Farmer, Schoharie County

With respect to applying for loans, most entrepreneurs said they prefer not to take on debt (19%), noting “down payments are too high” (16%), “interest rates are too high” (13%) or “my debt to income ratio is too high” (9%).

Significantly, many entrepreneurs also feel pessimistic about going through the long process of applying but not getting an award due to high competitiveness and limited funding pots, and are thus dissuaded from even trying (19%).

With respect to applying for loans, most entrepreneurs said they prefer not to take on debt (19%), noting “down payments are too high” (16%), “interest rates are too high” (13%) or “my debt to income ratio is too high” (9%).

Two stakeholders included in the research noted gaps in the lending environment:

“I have started the process [of obtaining a loan], but was not aware of how expensive the related insurance would be - I have farm insurance, but I needed additional for the loan. This upped the payment more than expected and I am unsure if I will actually use the funds.”

- Farmer

“Farmers operate in a risky industry, and loans as currently structured do not present an acceptable form of risk sharing. If entrepreneurs are correct in their estimation of the potential impact of access to credit, the borrower’s unwillingness to take loans (due to risk aversion) coupled with the funders’ unwillingness to provide grants (due to their own risk aversion), leads to a classic credit market imperfection problem. A fund ed mediating agency who can bear some of the risk could solve this. Economic development finance agencies can serve this role in ag and non-ag settings.”

- Ag Agency Representative
In terms of what a positive experience can look like, one farmer highlighted what he considers an ideal model for how funders can better serve their clients:

“Our local [funder] office has been amazing in its support and assistance in applying for grants. Going so far as to do some of the paperwork and coming out to the farm for my signature. This would be an example of an organization that truly has the farmer on the ground in its regard. Individuals within a funding organization can make all the difference.”

- Farmer, Otsego County

6) Supply Chain Businesses fall through the cracks

Many farmers recognize that they can’t do with what they do without connected industries. Businesses that represent the supply chain, such as food hubs (aggregators/distributors), trucking and logistics companies, food processors, and co-packers are vital to keep the agricultural economy thriving. Food hubs in particular play a vital role in sustaining small farms by aggregating and identifying markets for their products, yet their profit margins can be even more razor thin than farmers’. Funders can fill this gap by offering more programs to them:

“Our small farms are struggling to keep up in today’s ‘get big or get out’ economy. Food hubs keep the small farm economy going because they can aggregate products to meet buyer demand for greater volume. Thriving food hubs are mission critical in New York, where small family farms are the norm. Yet we’ve seen 2 food hubs go under in the last 3 years. Funders who want to see New York’s agricultural economy thrive need to pay more attention to food hubs and invest in them.”

- Ag Agency Representative

7) If able to access the funds they need, agribusinesses see the potential for impact not only on their own business, but in their communities and on the environment

We wanted to know--if entrepreneurs received the funding they needed to meet their future business needs, where would they see themselves and their businesses in 5 years? We received an avalanche of responses that indicated they would not only thrive in their business endeavors, but also benefit the community and the environment:

Production and Profit-making

“Continue to grow sales, launch additional product lines”
“Grow my flock and expand into new markets”
“Expand production and income by 25%”
“Become more efficient, more profitable”

“Revenue would be around 250% - 350% above five years prior”
“Increase production and wholesale distribution of our herb and spice products”
“Purchase land [to] expand growing space and [open] a retail location”
Capacity for Value-Added Production

“Sell high quality grass-fed milk to an award winning local artisan cheese plant”
“Produce hard cheeses, yogurt”
“Infrastructure to mill locally-grown grain, produce and sell value-added products”

Supply Chain or Infrastructure

“Fulfill a need for livestock producers [by processing meat]”
“Ready for any Ag and Markets building code upgrades that may be needed”

Access to Markets

“Operate an on-farm market and cidery”
“Open a thriving sustainable, member-owned, profitable grocery store that meets the needs of a food desert. It will create jobs and markets for residents, local farmers, local food producers, artisans and bakers.”
“Operate [my business] and distribute [my products locally and regionally]”
“Sell products direct to consumers via our farm store and ship frozen products”
“Sell retail and wholesale”
“Sell both retail and wholesale--locally and to NYC--our Asian vegetables, herbs, fruits, and cut flowers”
“Operate a farm store and barn wedding venue”
“[Move into] hyper-localized e-commerce marketing”

Farm Transition

“Transferring to the next operator”
“Satisfactory support for son and granddaughter”

Sustainable Practices

“Growing and improving our carbon farm practices/methods and accepting tours for education about regenerative agriculture, forage raised meats, humane production options and an on-farm store front for sales, workshops, talks”
“Providing a source for consumers to [eat] locally produced food”
“Educating people to eat healthier and selling my unique, non-allergen foods”

Community Development

“Create economic opportunities for local residents”
“Teach workshops and on-farm growing lessons”
“Providing physician-affiliates a stable supply of products for sale at clinical practices”
“Doubling capacity, hiring 2 more full time staff”
“Hiring more people”
“Our platform will empower each community through sustainable practices, food-centric education, outreach and give us a sense of community that we can be proud of”
RECOMMENDATIONS TO FUNDERS

1) Recognize your power, strengthen your efforts to represent the needs of those you serve:

Money is power. And as the saying goes, “with great power comes great responsibility”. Be ready to assess from A-Z your priorities, approaches, requirements, and levels of accessibility. In the words of one entrepreneur, “I think [this] publication is a great step toward getting people who have the power of the checkbook to understand how their bureaucracies can either kill or make our regional agriculture viable.”

2) Ambitiously increase your financial investments in agribusinesses, be willing to take risks, align policies and funding streams:

Recognize New York’s farm and food businesses as the most important drivers of the rural economy, producers of food as a ‘public good’, custodians of our land and water systems, and the most promising sector to help solve the climate crisis—whether nascent or well established businesses. Invest more in them.

Recognize farmers operate in a high risk industry, and risk aversion on the part of businesses and lenders/funders hampers innovation and industry growth. Also recognize that low income and socially disadvantaged groups often have the least access to resources. Consider developing a model or economic mediation agency that can bear the risk to solve this AND create a level playing field for entrepreneurs of all backgrounds.

Farm-to-institution purchasing has become a State priority, yet many farmers can’t access this market without New York State Grown certification or GAP certification. Make the related Producers Grant for updating facilities be available annually to farmers ensuring they can connect to this market opportunity.

3) Trust farmers and food business entrepreneurs:

Commit a greater portion of funding to agribusinesses directly, not just agricultural researchers or educators. Allow businesses not just nonprofits to be eligible applicants.

Provide up-front grant payments or quarterly progress payments to respect cash flow.

Stop requiring matching contributions and reporting on matching funding, understanding they already have “skin in the game”. New York’s agribusinesses are largely small family businesses with substantial real estate and equipment, but limited liquid assets. If requiring a match is a “must”, allow them to provide in-kind contributions of a wider sort—such as the value of farmers’ land or equipment which are in themselves a contribution to food production.

Simplify your applications. Require less paperwork.

Don’t require or recommend debt-to-income thresholds that disqualify agribusinesses from grant opportunities. They are not indicative of a healthy agribusiness, nor a healthy business prospect.

Don’t score agribusinesses lower for not creating as many jobs. Farmers create an important ripple effect among other businesses and rural communities—in agritourism, food processing, trucking and logistics, tractor supply outlets, etc.
4) **Promote your opportunities more, be more accessible to entrepreneurs:**

Organize tables at ag and food conferences to promote your opportunities.

Partner with ag agencies to run workshops about your opportunities and allow direct dialogue with prospective applicants.

Promote opportunities through press releases, newsletters, social media, etc.

Spread information through word-of-mouth and send copies of RFPs by regular mail, recognizing that many farmers live in rural areas that still do not have broadband.

Offer open office hours and/or provide a phone number and direct email address of staff for applicants, encouraging direct outreach.

Be ready to help do some of the paperwork with them. Visit your applicants on their farms or places of business to collect signatures. Demonstrate you will accommodate their “before sun-up to after sun-down”, 7 day-a-week work schedules.

5) **Invest in infrastructure and the supply chain:**

There are few funding opportunities for farmers, and even fewer for supply chain businesses that are likewise critical for getting food to market. Invest in food aggregators, distributors, processors, and other such businesses to innovate and grow—especially food hubs that provide an important service vis-a-vis aggregating products from New York’s small farms.

6) **Expand what qualifies as “eligible” expenses based on agribusiness needs:**

Expansion to new markets;
Modernizing equipment or infrastructure;
Adding or expanding agritourism;
Transitioning to value-added production or food processing;
Transportation/distribution (including for vehicles);
Working capital;
Land improvements;
Adapting to climate change
Farm safety, etc.

Specifically, this would include expenses for:

- purchasing equipment or supplies;
- building or renovating or purchasing structures;
- working capital for marketing or wholesale readiness;
- purchasing or repairing distribution vehicles;
- land improvements or purchasing land;
- hiring service providers; and/or
- flexible loan refinancing.
7) Rethink how agriculture and food are subsidized:

Subsidies act as a social and economic reward for specific types of businesses. Consider creating a new subsidy model where agribusinesses that use sustainable, climate smart farming practices that generate positive ecological impacts are the primary beneficiaries. Explore France’s subsidy model which does this, and build on U.S. Farm Bill language that requires conservation planning as an eligibility threshold for important farm subsidy and support programs. More directly, the Farm Bill’s Environmental Quality Incentives Program, Conservation Reserve and Conservation Stewardship Program support on-farm adoption of conservation practices that simultaneously enhance farm operations and profitability. These programs are popular and competitive, indicating farmer interest in and need for more of these dollars.

8) Recognize agribusinesses are unlike other businesses or private sector industries:

Tailor grant or loan opportunities for them—agribusinesses are not big profit generators like other private sector industries (they have highly perishable products, have limited liquid assets, are vulnerable to seasonal or climate conditions, consumers are accustomed to “cheap food”, etc.). Acknowledge in particular that economic development is not just about job creation or that debt/income ratios may be higher for agribusinesses.

9) Recognize the potential for farmers to be a fundamental part of the solution to the climate crisis with an ecological ROI:

Reward and invest in their capacity to implement climate-smart farming practices to sequester greater quantities of carbon or methane, including for purchase of equipment and infrastructure (i.e., double cropping harvesting equipment, methane digesters).

Reward and incentivize consumer/institutional/retail and wholesale outlet purchasing of local, sustainably produced food to reduce “food miles”.

![Cows in a field](image-url)
RESEARCH METHODOLOGY

In 2019, we undertook interviews and surveys of nearly 50 funders and stakeholders across the supply chain, representing nearly every region of New York State—from start-ups to long established businesses.

We conducted 13 key informant interviews with farm and food business entrepreneurs and held informal discussions with four funders. We used open ended questions to invite authentic responses. We drew from data we collected through our own client consultations and direct service provision, in which we played a role in facilitating access to capital for “capital ready” entrepreneurs.

Our survey instrument enabled us to collect both quantitative and qualitative data targeting agribusinesses across New York. We promoted it through our e-newsletter, social media handles, and partners. We received 34 responses, providing a valuable snap-shot of perspectives. Respondents represented:

nearly every region of New York State1: the Mohawk Valley (Herkimer, Montgomery, Oneida, Otsego, Schoharie); the Capital District (Albany, Rensselaer); Finger Lakes (Seneca, Wayne); Mid-Hudson (Orange, Ulster); Western New York (Cattaraugus); Central New York (Madison); and the Southern Tier (Delaware).

both new and established entrepreneurs: 33% in start up or in operation less than 5 years; 18% in operation between 5-10 years; and 36% in operation 10+ years.

a range of producers and businesses across the supply chain: 24% in livestock; 15% in dairy; 15% other ag production; 15% in food/beverage processing; 12% in fruits/vegetables; 6% in food/beverage retail sales; 6% other; 3% in food/beverage wholesale distribution; 3% don’t know.

ACKNOWLEDGEMENTS

CADE and SUNY Cobleskill’s Institute for Rural Vitality would like to thank funders who chose to invest in farm and food businesses. We thank the entrepreneurs and funders who dedicated their time and energy to sharing their views with us to create this publication. We also thank photographer Joe Demone for his photographic contributions.

We thank our team members who contributed to this publication: Phoebe Schreiner, Jason Evans, Jim Manning, Jake Houston, Carli Ficano, Abby Pfingst, Danielle Campbell, Lauren Melodia, Kimberly Ferstler, Walter Reisen, Judy Pangman, Ken Jaffe, Tianna Kennedy, Carolyn Lewis, Erin Summerlee, Taier Perlman, and Mark Davies.

1 With the exception of the North Country, New York City, and Long Island.