



REPORT TO CONGRESS

STATE GRANTS FOR SPECIALTY CROPS

Submitted by the National Association of State Departments of Agriculture

**A Progress Report of
State Actions on the New State Grants for Specialty Crops**

April 9, 2002

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INTRODUCTION

In August, 2001, Congress approved a farm assistance package (H.R. 2213, P.L. 107-25) which included a block grant to states for assistance to specialty crop producers. Congress aimed these resources directly to the states to provide much needed resources to farmers and ranchers who are continuing to experience commodity prices which are, in many cases, below their cost of production. The block grant was given to provide states with critical support and funds to supplement ongoing activities at the state and local level. It gives the states the opportunity they have been calling for to set their own priorities and to find creative and innovative ways to address the diverse economic challenges faced by growers of specialty crops throughout the country.

In a letter to House Agriculture Committee Chairman Larry Combest, then-NASDA President, Leon Graves, committed to provide a report to Congress on the activities of the states to implement the block grant program. The National Association of State Departments of Agriculture (NASDA), on behalf of the state agriculture secretaries, commissioners, and directors, is pleased to submit this preliminary report to Congress. This report is an initial look at states' outreach activities to producers of specialty crops. We thank Congress for their willingness to work with states to support America's specialty crop producers. We are pleased to report that the states are on track for improving the marketing and sales of specialty crops both domestically and abroad.

Under the agreements with CCC, states have until September 30, 2002, to complete disbursement of their respective block grant funds. Consequently, NASDA will compile and send to Congress a final report in the fourth quarter of 2002

SECTION I: BACKGROUND AND OBJECTIVES OF THE EVALUATION

DESCRIPTION OF THE PROGRAM

The state grants for specialty crops is part of a \$5.5 billion emergency farm assistance package (H.R.2213) approved by Congress and signed into law by President Bush during the week of August 13, 2001. This is the first time that funds from an emergency farm assistance bill have been distributed directly to the states in the form of a block grant for specialty crops. The legislation provided a total of \$159 million for specialty crop production assistance and the mechanism for distributing the funds is through state grants. Each state received; (a) \$500,000 base grant, with \$1 million going to Puerto Rico, to “support activities that promote agriculture.” and b) the remaining \$133 million in funding was allocated to states based on the ratio of the value of vegetable, fruit, and nut production in each state to the national total (using 1999 cash receipts as reported by the National Agricultural Statistics Service).

However, the legislation does not specify how this money should be spent and only says that, “a state shall agree to give priority to the support of specialty crops in the use of the grant funds.” Specialty crops are defined in the legislation as “any agricultural crop, except wheat, feed grains, oilseeds, cotton, rice, peanuts, and tobacco.” The committee report to accompany H.R. 2213 (H. Rept. 107-111) cites some general examples of how grant funds might be used, including value-added research, promotion, and inspection. The legislation further required the money to be obligated and distributed to the states by USDA by September 30, 2001. The legislation has generated some questions, however, because it does not specify which state agency would receive and distribute the grant funds. The intent, as related by congressional staff, was for the funds to be distributed to the state departments of agriculture. Staff further explained that the legislation was written broadly to give states flexibility on how to spend the money.

OPERATION OF THE PROGRAM

The responsibility for oversight of the specialty crop block grants to states belongs to the U.S. Department of Agriculture, Farm Service Agency (FSA). States are required to disburse the economic assistance funds within one year of the date the funds were provided to the State. The Commodity Credit Corporation (CCC) is using September 30, 2002, as that target date. During November 2001, the Controller of CCC, provided specific instructions to each state concerning: (1) handling earned interest; (2) reporting of expenditures; (3) the timing of required actions; and (4) requests for extensions of time beyond one year. States are not required to conduct audits of multi-year projects or third party subcontractors, although states are to exercise reasonable oversight to ensure the funds are being used for their intended purpose. The CCC reserves the right to audit State fund use as provided for in the Agreement between CCC and each State government.

In a November 29, 2001 letter to NASDA President Billy Ray Smith, Secretary Veneman stated , “There are no further restrictions on the use of these agricultural economic assistance

funds beyond the definition of specialty crops provided in the statute, Public Law 107-25. The specialty crop grants are a State-run program, and it will be incumbent upon each State to determine what complies with the statute.”

SECTION II: EVALUATION CRITERIA

The National Association of State Departments of Agriculture (NASDA) informed Congress and the U.S. Department of Agriculture that we would prepare a report on the use of state specialty crop block grant funds and how the monies are being used at the state level. The evaluation has several purposes.

First, the report is intended to determine whether the state specialty block grant is achieving its objectives, the principal goal of the funds being to assist specialty crop producers in individual states.

Second, it provides an evaluation of how the funds are being allocated by the states to individuals, new or existing programs, and/or through a competitive grant process.

Third, the evaluation is to inform Congress of the innovative methods many states are using to promote specialty crops to increase demand or create new markets.

NASDA distributed a sixteen question survey to the states in February 2002. The questions were constructed in a manner to respond to the aforementioned questions. The results of that survey are summarized in this report. NASDA also requested that states provide comments on any difficulties encountered with administration of the block grant which follow in a subsequent chapter of this report.

It is important to note that many states are currently in the grant making process and are still disbursing funds for projects. Some states have already successfully used some of their funds for projects—including leveraging their block grant with corporate sponsorship dollars to increase the available funds to help their specialty crop producers in their states. Some of these successes will be described in this report. Since, the states are in varying stages of using the funds to promote specialty crops, a final evaluation of the program will be issued later this year.

Because this is a new block grant to states, an econometric method to examine the program and the effects on increased sales for agricultural products would be difficult if not impossible for a myriad of reasons.

- A study to examine only a single product or a small sampling of products would not be a fair evaluation of the full range of specialty crop projects funded under this grant.

- Several states have pooled their money with corporate sponsors or other funds which increase sales collectively. In the real world, sales increases result from multiple factors and activities that are carried out in complex promotional programs.
- A grant such as this is inherently difficult to evaluate. There are multiple independent variables that cause sales to increase, and multiple dependent variables that are important to the program. We believe that although econometric studies provide useful results, they should be supplemented with sound qualitative information about the results of the direct block grants to states. Thus, this report contains information directly from states about or concerning their use or intended use of these funds to supplement and expand existing successful programs or funding new and innovative programs.

SECTION III: SURVEY OF STATES AND RESULTS

INTRODUCTION

The specialty crop block grant could not have come at a more opportune time for the states. Prices in most of the specialty crop areas have been low, marketing “windows” have shrunk and global competition has never been greater. The block grants have enabled the states and their constituency to enhance competitiveness and increase their visibility with buyers and consumers. We urge Congress and the USDA to approve future agricultural block grants to the States as the best means to utilize marketing and development resources quickly and target them to specific grower needs within diverse agricultural economies as seen among the states and U.S. territories.

CURRENT TRENDS

Specialty crop producers are facing a myriad of challenges in producing, marketing, and selling their products. Competition from Mexico, South America, and other specialty crop producing countries makes for a fiercely competitive marketplace. However, there are strong indicators that bode well for specialty crop producing farmers and ranchers. An aging and more health conscious population is driving an increased demand for whole, fresh, natural foods. According to a recent survey by HealthFocus, Inc., 72 percent of shoppers say that freshness is the most important quality in food. Organic food sales have increased by 20-25 percent annually since 1990 and per capita consumption of fruits, vegetables, and whole grains in the U.S. has increased by ten to fifteen percent in the last decade. Horticulture, both business and residential properties, is investing in landscaping making the greenhouse/ nursery industry one of the fastest growing sectors. Opportunities exist for producers to add value by developing relationships directly with consumers through farmers markets, community-supported agriculture, home delivery, and producer-owned retail outlets. Since 1965, the average time spent in preparation of a meal has dropped from two hours to fifteen minutes. This trend increases demand for meal solutions in the form of ready-to-eat (or ready to assemble) products such as prewashed and cut vegetables, mixed salad greens, and home meal replacements. Finally, the growing diversity in

the U.S. population with Hispanics, Asians, and people of Middle-Eastern descent has opened new markets domestically for specialty fruits and vegetables, cheeses, and other products.

OVERVIEW OF STATE ACTIVITIES

The States are well aware of these trends and are marketing to these emerging and growing segments. A major fruit and vegetable producing state is using part of the specialty crop block grant to develop a “fresh cut peeler.” After development, the commercial peeling system will be constructed and implemented to assist the fresh cut industry target the fastest growing segments of the produce industry. Many states are promoting their state as a brand name—associating quality and “lifestyle” with their state’s products. A survey of states shows that marketing is the most important aspect of increasing sales of specialty crops (see Fig. 1).

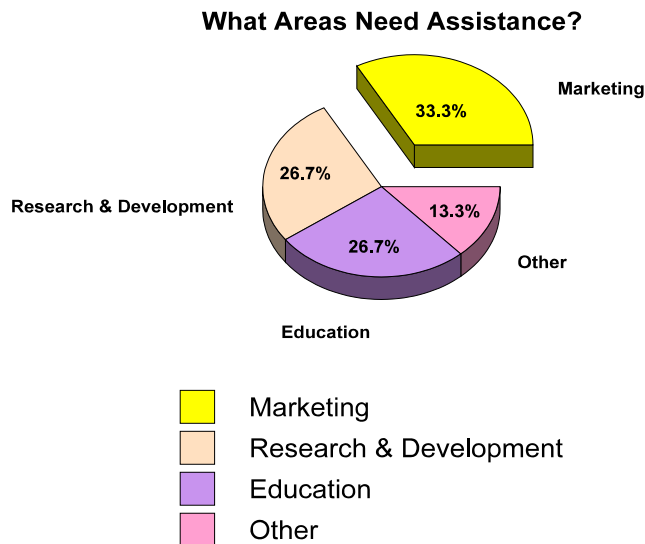


Figure 1

States also reported education, as well as research and development, as important tools for supporting specialty crop producers.

In the Northeast region, the block grant is playing a pivotal role in partnerships between producers, companies, individuals, state departments of agriculture, and the federal government. One Northeastern state leveraged a portion of its block grant for promotions—more than doubling their funds. Once the total numbers are calculated including “promotional giveaways” and other in-kind support, the figure will be much higher.

In the West, where water is at a premium and compliance with Federal programs such as the Clean Water Act (CWA) and the Endangered Species Act (ESA) can mean the difference between irrigating a crop or losing your livelihood, a Pacific Northwestern state is funding a comprehensive Irrigation District Management Plan (CIDMP). The program will pioneer the way to provide guidance to irrigation districts or any other water purveyor to develop management plans for simultaneously meeting the requirements of the Clean Water Act (CWA) and the Endangered Species Act (ESA). The process is a voluntary, incentive based approach that will help improve land and water management practices while providing irrigation districts assurances that they are in compliance with the CWA.

A Southern State has taken a unique approach to addressing the concerns after September 11. The state department of agriculture, in partnership with interested stakeholders, decided to use part of the funds to expand the state's University Extension Agency's Distance Diagnostic program to an additional 21 counties. The program allows rapid and revolutionary diagnoses of plant pest and disease problems in fruit, vegetable, nursery stock, and other crops across the state by using digital images. The Distance Diagnostic program would also be used in the event of a bio-terrorism event, enabling officials to quickly respond to the threat. The state has chosen to handle the block grant monies in a fund that directs grants to eligible specialty crop producers through a Farm Income Improvement Foundation (FIIF). FIIF is a non-profit organization, affiliated with the state's Farm Bureau Federation, which exists for the specific purpose of administering grants to farmers.

Specialty crops and the Midwest, in agricultural terms, are not necessarily associated together; however, a Midwestern state is helping its farmers find niche markets and expand their production outside of the traditional row crops. The state will fund an Agricultural Products Utilization Commission (APUC) to assist individual producers with exploration of non-traditional crops and livestock and marketing through competitive grants; to receive requests and award grants to groups that request funds; to enhance research efforts leading to applied marketing roll-outs, promote foreign trade initiatives, and a reserve for foreign trade missions. This state will also purchase livestock handling equipment to respond quickly to an animal health emergency while providing an education program for veterinarians and livestock producers, particularly addressing foot and mouth disease.

The Southwest exemplifies the action states have taken with the funds provided by the block grant legislation, which further provided grant funds to pay direct and indirect costs related to the processing, transportation, and distribution of commodities under the Emergency Food Assistance Act (Sec. 8). One Southwestern state transferred the Sec. 8 funds to the state's Economic Security department for administration of the funds. In fiscal year 2001, USDA offered large quantities of bonus commodities to the states for distribution to the needy. State food banks were instrumental in accepting and distributing these commodities among needy individuals. However, the states did not budget for storage and delivery of these surplus goods. The Federal assistance in administrative funds helped offset the food banks' expenses regarding these food items—if not for the grant, the food banks would have been left with a deficit for the year.

These are only a few examples of how the states have used the specialty crop block grant. States have allocated funds for marketing, education, production, research, pests, individual farmers, co-ops, universities, and others (see Fig. 2). In many cases, these funds would have never reached small specialty crop producers or businesses. This grant has greatly assisted the states, individuals, and small businesses at the local level at a critical point in time.

Where did/will the funds go in your state?

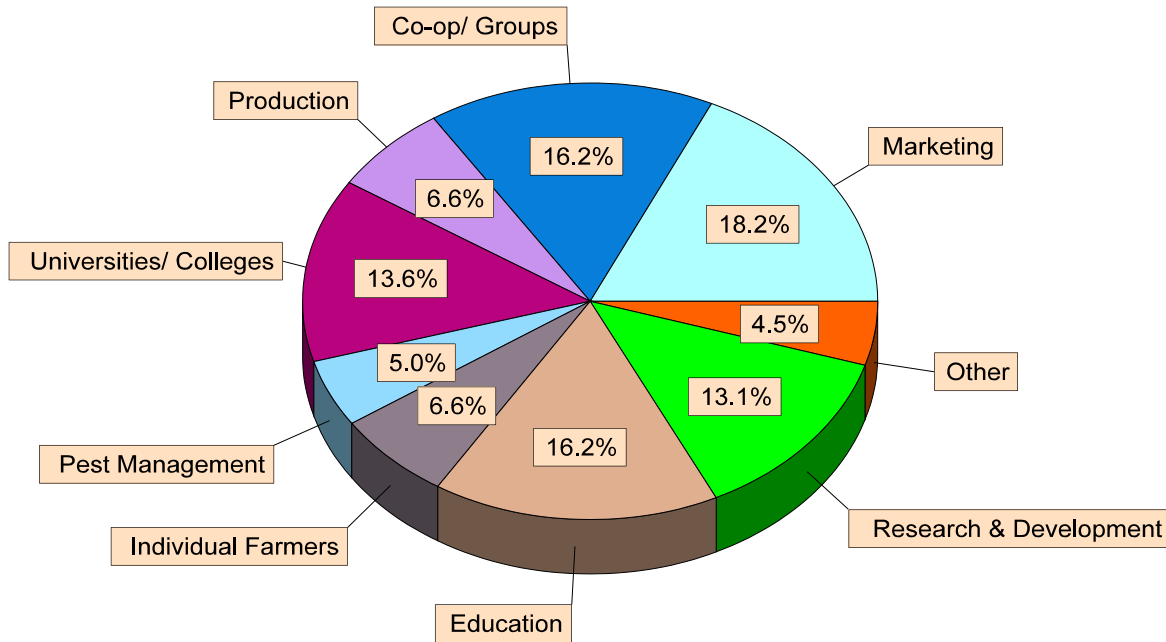


Figure 2

CONCLUSION

Creating block grants is not a new concept and has been applied successfully in other program areas. In fact, a report by the Commission on the Organization of the Executive Branch in 1949 concluded, "A system of grants should be established based upon broad categories—such as highways, education, public assistance, and public health—as contrasted with the present system of extensive fragmentation." As an organization, NASDA supports this concept and certainly encourages the list be expanded to include agriculture. The early returns from the survey NASDA administered showed that many states are using the one-time block grant for new programs – programs which benefit producers who never would have benefitted from a Federal program (see Fig.3). But, through the local perspective of regional and state governments, funds are reaching producers who otherwise would not have received any

assistance. These are oftentimes the farmers and ranchers state and federal government want to assist, but cannot through existing channels. Fortunately, this specialty block grant comes at a unique time and is being to put to use in unique ways, such as using the funds to break down non-tariff trade barriers. A southern apple producing state, for example, is using the funds to meet a series of phytosanitary restrictions imposed by Mexico so their apples can be added to a very limited list of approved importers.

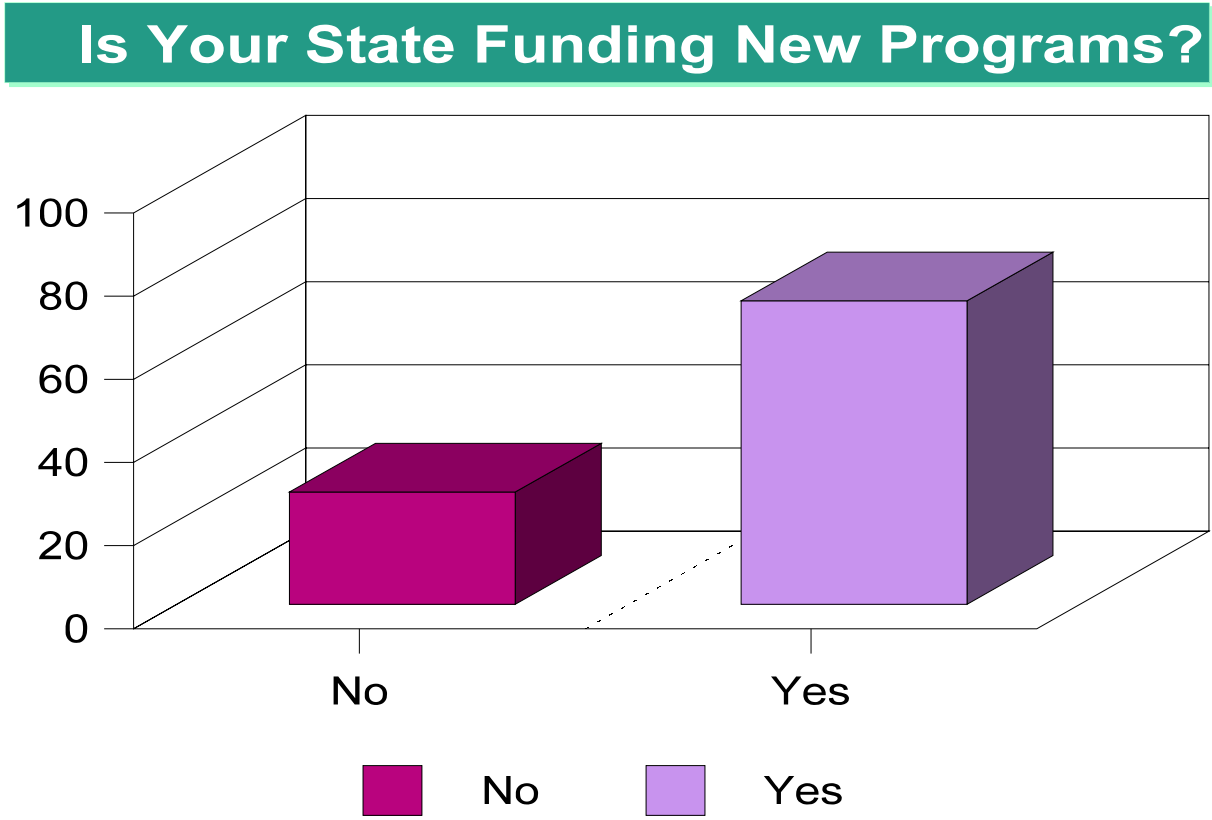



Figure 3

The transfer of the block grants from the Federal government to the states has been extremely smooth as states are relying on existing management and service delivery systems. According to the NASDA survey, state officials generally report administrative efficiencies in managing block grants, with minor issues in dealing with interest to the CCC and timing of release of funds. We do see that there will be concerns by the Administration and Congress on the kinds of information available to effectively oversee the block grant – and hopefully future block grants. NASDA would hope that not only will this block grant be made permanent, but that it be distributed with the same flexibility as in the first year of funding. If further oversight is deemed necessary, we propose an “Agriculture Flexibility Partnership Act” or “Ag-Flex” for future block grants to ensure accountability, yet maintain state flexibility.

Ag-Flex is a program that allows the Secretaries of Agriculture, Interior, and Commerce to delegate to state departments of agriculture (SDAs), with strong accountability safeguards – based on benchmarks – the administration of federal programs or block grants in the states. It is at the option of state governors to participate in this partnership. In exchange, states are required to demonstrate enhanced accountability measured through accomplishments and outcomes rather than meeting arbitrary restrictions.

SECTION IV: SAMPLE OF SPECIFIC CASE STUDIES OF INDIVIDUAL STATES

The following section of this report contains a selected sample of specific state programs. The final report will contain a description of all states' programs.


 <p>ALASKA</p> <p>Director Robert Wells State of Alaska - DNR Division of Agriculture 1800 Glenn Hwy., Suite 12 Palmer, Alaska 99645-6736 Phone: 860-713-2500</p>	REGION:	Northwest
	Base Block Grant (Sec. 7a):	\$500,000
	Value of Production Grant (Sec. 7b):	\$ 20,000
	Dollar Value of Specialty Crops:	
		\$1 - \$50 million
	Number of Grants Awarded to Date:	10 -25
	Funds Used for New Programs:	No
Funds Used for Existing Programs:	Yes	

The Division of Agriculture, headed by Director Robert Wells, is in charge of this block grant, in the amount of \$520,000. Alaska considers this grant very important to our marketing efforts of Alaska Grown crops, the vast majority that are defined specialty.

After consulting with the industry, the Division has committed approximately 80% of the funding towards a media effort to strengthen the brand identification of our Alaska Grown products. Alaska initiated the "Alaska Grown" program in the mid 1980s as an instate marketing program. Recent retail consolidations, as well as dwindling budgets, has limited the marketing efforts of the program. With these funds the division is working with a private sector marketing company to develop media to be placed statewide. The media will remind and educate Alaskans and visitors of the quality, freshness and other reasons to support our farmers.

Because the agricultural infrastructure in Alaska is limited, farmers have to perform marketing functions that most other farmers in the country don't. Importation of product from out of state by retailers who are vertically integrated make the task even more challenging. Processing of product into value added products is also limited. This funding will allow some preliminary research into processing of vegetables to be utilized in institutional markets, such as school lunch programs, senior citizen homes, correctional facilities, etc. If the grant funding is available in the future, farmers have expressed interest in grant programs which would allow them to develop innovative processing techniques suited to our crops. This would be a significant advance for Alaskan agriculture.

The remaining 20% of funds is being used in a cooperative matching grant program. Participants match dollar for dollar with the division to develop other marketing programs. We are able to double the available funding with this grant. Finally, small grants to educational and research efforts are being made available to sponsor workshops and other activities of importance to the agricultural community. This includes noxious weed and pest prevention efforts, Agriculture in the Classroom, and FFA and 4-H programs.

 <p>CALIFORNIA</p> <p>Secretary William J. Lyons California Department of Food & Agriculture 1220 N Street, Suite 409 Sacramento, California 95814 Phone: 916-654-0433</p>	REGION:	West
	Base Block Grant (Sec. 7a):	\$500,000
	Value of Production Grant (Sec. 7b):	\$63,320,000
	Dollar Value of Specialty Crops in State:	Over \$1 Billion
	Number of Grants Awarded to Date:	0-10
	Funds Used for New Programs:	Yes
Funds Used for Existing Programs:	Yes	


The California Department of Agriculture and Markets, headed by Secretary Bill Lyons, coordinated with the Governor’s office and stakeholders to spend \$79 million in a new “Buy California” initiative. The increased funds came through a state general fund commitment.

“Buy California” is a major investment into market promotion crop research, food safety, nutrition education, and other progressive measures. The plan is a result of a series of five listening sessions held throughout the state last October to give members of the agricultural community an opportunity to advise the department on the best uses for the funds. Over 300 Californians provided comments, including growers, industry representatives, state and local officials, educators, researchers, and consumers.

Market Promotion and Development

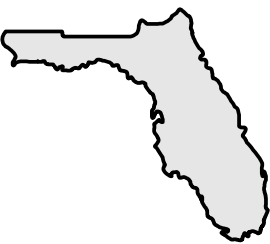
- “Buy California Campaign”– Major marketing effort to increase consumer awareness and consumption of the Golden State’s agricultural products.
- California Market Assistance Program– This new market assistance fund will consider leveraging matching monies from these existing programs, further expanding the reach of the original investment.
- Nutrition “Five a day” Campaign– Growers have tremendous confidence in, and allegiance to, this very successful program. Funds will expand the reach of the existing program, and may also be used to create or boost other efforts similarly aimed at increasing consumption of fruits and vegetables.
- School Nutrition– Pilot project to raise nutritional standards in California schools (SB 19) signed into law last October.

- Food Safety Initiative– Funds will initiate a collaborative effort involving CDFA, the California Department of Health Services, the University of California and the private sector. Recent events, including terrorist attacks and the threat of disease by food supply, are the impetus for a renewed sense of urgency for food safety efforts.
- Minor Crop Research–Specialty crop producers often do not have the option of using many crop protection tools because the products are not initially tested by the manufacturer for use on each type of crop. Funding research to extend the range of approved crops for these materials will enable specialty crop growers to choose a product that is better for plants, safer for workers, and more effective against a particular type of pest or disease.
- Sustainable Agriculture– With the support of California’s agricultural community, this program seeks cost-effective ways for farmers to develop new market opportunities by using organic or other reduced input production methods.
- Ag Research Initiative–The state’s school ag research programs will consider projects across a wide range of topics including; irrigation and water management, exotic pests, e-business and agriculture, development of new crops, etc.
- Competitive Grants will also be made available for various smaller projects benefitting the agricultural community and promoting specialty crops.

 <p>CONNECTICUT</p> <p>Commissioner Shirley Ferris Connecticut Department of Agriculture 765 Asylum Avenue Hartford, Connecticut 06105 Phone: 860-713-2500</p>	REGION:	Northeast
	Base Block Grant (Sec. 7a):	\$500,000
	Value of Production Grant (Sec. 7b):	\$180,000
	Dollar Value of Specialty Crops:	\$500M to \$1 Billion
	Number of Grants Awarded to Date:	0 - 10
	Funds Used for New Programs:	Yes
	Funds Used for Existing Programs:	Yes

The state of Connecticut, led by Commissioner Shirley Ferris, has used the funds primarily for advertising, which has been particularly successful when promoting the program “Connecticut Grown”. In addition to the federal funds, the state legislature allocated funds for the Connecticut State Department of Agriculture budget to promote state specific agricultural products. The agency was in a good position to quickly move forward with the State and Federal funds because the department had just completed an industry-wide survey for a “wish list” of programs promoting specialty crops. The state has a very strong working relationship with local and state businesses, as evidenced by reports back from farm businesses and to the heightened awareness of the Connecticut Grown program. The state has so far allocated funds for the following.


- A two year media blitz that includes radio ads, billboards, print, and cable tv advertising.
- Point of Purchase materials for farm stands, farmers’ markets, and supermarkets (supplied to farmers)
- A dramatic upgrade in trade show display materials, exhibits for fairs, and promotional “give-aways.”
- Updated videos, slides, *Powerpoint* presentations, etc.
- An expanded state farmer/ chef program
- Development of a new program that connects smaller farmers with smaller grocery stores to enhance the already established “Harvest New England” program that brings the supermarkets and very large growers together.
- A Johnes program designed to show the prevalence of the disease in the state; if further federal funding is available, a follow up program will include a Johnes-free certification program, most likely on a cost-share basis for enrolling farms.

 <p>FLORIDA</p> <p>Commissioner Charles Bronson Florida Department of Agriculture & Consumer Services The Capitol PL10 Tallahassee, Florida 32399-0810 Phone: 850-488-3022</p>	REGION:	South
	Base Block Grant (Sec. 7a):	\$500,000
	Value of Production Grant (Sec. 7b):	\$16,800,000
	Dollar Value of Specialty Crops:	Over \$1 Billion
	Number of Grants Awarded to Date:	Work in progress
	Funds Used for New Programs:	Yes
Funds Used for Existing Programs:	Yes	

The Commissioner of Florida’s Agriculture and Consumer Services (FACS), Charles Bronson, notified members of Florida’s agribusiness community and agricultural associations of the availability of federal grant funds. A joint committee of staff and industry representatives was appointed to request, receive, and review proposals. Proposals received by FDACS were equal to three times the amount of grant funding available. *Proposals received by FDACS were equal to three times the amount of grant funding.* The committee reached a consensus and communicated their recommendations to Commissioner Bronson, who then forwarded them to the Governor for review. The Governor and the Legislative Budget Commission approved. The specialty crop grant funds are being utilized for the following programs:

- For the Base Block Grant of \$500,000 the state plans to fund and support activities that promote agriculture (Northern Exposure Campaign) to increase product lift in targeted markets.
- Emergency Food Assistance Program (TEFAP)–Money will be distributed among the 23 Florida food banks to help with their expenses related to the storage and distribution of USDA commodities–product that was donated by USDA to the states for distribution to the needy.
- Citrus Canker Eradication Program– continuation of current eradication efforts to safeguard Florida’s \$9 Billion citrus specialty crop industry.
- Medfly Program–funds will be used for the medfly sterile release program which has proven to be a successful prevention program and more cost effective and efficient than eradication efforts in response to an outbreak.
- Detection Dogs–Additional canines (6) will be added to the existing team to assist Agricultural Law Enforcement Officers at Florida Department of Agriculture Inspection Stations, ports and other facilities


- Establish New Domestic & International Marketing & Promotional Grant Fund to be awarded by a committee which includes representation of Florida Specialty crop producers. Funds will be utilized to expand domestic and international marketing initiatives.
- Expand the Florida Agricultural Promotion Campaign (FAPC) to increase consumption of all Florida specialty crop commodities.
- 5-A-Day Produce for Better Health Foundation cooperative campaign to promote better nutrition and heighten public awareness of the healthy benefits of fruit and vegetable consumption. This initiative was the recipient of 10% of the total specialty crop grant funds available to Florida
- Methyl Bromide Alternative Research. Award research grant to focus on methyl bromide alternatives and methods to lessen the impact of mandated phase out.
- Establish a Food Safety education program to directly assist producers. Program provides hands-on assistance to producers to develop, apply and implement individual food safety programs and best agricultural practices for their operations.
- Establish a new Research and Education Grant Fund to provide assistance to specialty crop producers based upon recommendations of a committee comprised of industry and awarded by Florida Department of Agriculture and Consumer Services
- Florida Agricultural Competitiveness and Trade Center will conduct a of study focusing on specialty crop competitiveness. Research will focus on trade and policy issues.
- Citrus Technology Transfer and Research– Development of Fresh Cut Commercialization (peeler). Research has shown that fresh cut produce is the fastest growing segment of the produce industry. Complete research and transfer technology on citrus sectioning and conduct pectin research study.

 <p>IDAHO</p> <p>Director/Secretary Pat Takasugi Idaho Department of Agriculture 2270 Old Penitentiary Road Boise, Idaho 83712 Phone: 208-332-8500 Key Contact: Laura Johnson</p>	REGION:	Pacific Northwest
	Base Block Grant (Sec. 7a):	\$500,000
	Value of Production Grant (Sec. 7b):	\$3.6 Million
	Dollar Value of Specialty Crop:	Over \$1 Billion
	Number of Grants Awarded to Date:	Work in progress
	Funds Used for New Programs:	Yes
Funds Used for Existing Programs:	Yes	

Idaho’s State Department of Agriculture, headed by Director/Secretary Patrick Takasugi, worked with the governor’s office to design a plan to use the funds to boost Idaho’s agriculture economy for long-term benefits. The approach used by the state included funding for testing in seed potatoes, research into alternative crops, and food safety issues, as well as establishing a competitive grant program to directly address the challenges facing an industry that contributes approximately 20 percent to the state’s economy. This plan also dovetails with the governor of Idaho’s commitment to open foreign markets to Idaho products, which are difficult to break into because of higher tariffs and greater pest and disease restrictions, that American producers face. The following programs are slated to receive part of the funds allocated for the state of Idaho. The state is still evaluating grant proposals at this time.

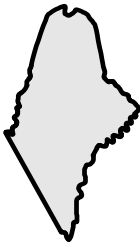
- Funds were allocated to establish a Strategic Investments Grants Program through the University of Idaho’s Cooperative Extension System. The university will also receive research funds to scientifically and economically address a number of critical waste management issues now facing Idaho’s agricultural community.
- Funds were earmarked for the transportation and distribution of donated food under the Emergency Food Assistance Program.
- An allocation was made to the Idaho Food Quality Assurance Lab/University of Idaho for the purchase of state-of-the-art equipment designed to provide enhanced analytical capabilities for all commodities in addressing food quality issues.
- Funds were targeted to assist the agricultural industry in its fight against trade barriers, and for research into trade equity issues that limit the exports of food and agricultural products.

- Funds were set aside to address biosecurity and food safety. Specifically they are intended to be used to develop, implement and test the State Animal Health Emergency Management System, and to address emerging animal health issues such as Foot-and-Mouth disease, Bovine Spongiform Encephalopathy, Chronic Wasting Disease, and other major and emerging pathogens.

 <p>ILLINOIS</p> <p>Director Joseph Hampton Illinois Department of Agriculture State Fairgrounds P.O. Box 19281 Springfield, Illinois 62794-9281 Phone: 217-782-2172</p>	REGION:	Midwest
	Base Block Grant (Sec. 7a):	\$500,000
	Value of Production Grant (Sec. 7b):	\$400,000
	Dollar Value of Specialty Crops in State:	\$250 to \$500 Million
	Number of Grants Awarded to Date:	N/A
	Funds Used for New Programs:	Yes
	Funds Used for Existing Programs:	No

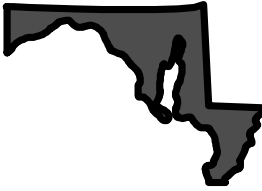
The Illinois Department of Agriculture, led by Director Joe Hampton, met with focus groups to determine how the funds could be used to serve the majority of Illinois specialty growers, offer them new opportunities not available through other state programs, and have a demonstrated and sustaining impact with only one year of funding. The Department will make its final decisions on allocations when the state legislature authorizes spending of the funds in late Spring. The funding provided under the Emergency Food Assistance Act will be used to defray the costs of warehousing and distributing the food USDA is providing Illinois' nine food banks and the staffing to support it. The amount of food is significantly greater this year, but state revenues were not available to handle the increased quantities. Proposals being considered to support specialty crop production include:

- Assistance for specialty crop growers with developing their site specific HACCP plans (Hazard Analysis Critical Control Point).
- Assistance for apple growers with the purchase of equipment to meet new federal requirements for pasteurizing cider.
- Investment in product and process certification for specialty crops to capture the value invested by growers.
- Increased marketing opportunities by adding specialty crop advertising to an existing radio and television advertising campaign in six markets.
- Support for a wine industry task force to determine ways to continue marketing efforts, viticulture research and wine festivals and to update the Illinois Winery Guide.
- Expansion of a unique web-based database to include specialty crops that geographically identifies growers, processors and markets and can be used easily by all three entities.
- Pilot program that tests the impact of the availability of Link card machines at farmers markets and use by recipients of federal food programs.
- Domestic trade mission for Illinois growers to visit other states to evaluate challenges, risks and potential opportunities.

 <p>MAINE</p> <p>Commissioner Robert W. Spear Maine Department of Agriculture, Food & Rural Resources State House Station #28 Deering Building (AMHI) Augusta, Maine 04333 Phone: 207-287-3419 Key Contact: Ned Porter</p>	REGION:	Northeast
	Base Block Grant (Sec. 7a):	\$500,000
	Value of Production Grant (Sec. 7b):	\$880,000
	Value of Specialty Crops:	\$250 to \$500 Million
	Number of Grants Awarded to Date:	12
	Funds Used for New Programs:	Yes
	Funds Used for Existing Programs:	Yes

Commissioner Robert W. Spear of the Maine Department of Agriculture, Food and Rural Resources convened several meetings during the summer and fall of 2001 to field suggestions and comments from producers and industry representatives. About half of the funds that Maine received are being used to underwrite new or expanded programs in the Department. The balance is being awarded competitively to farm groups. Among the projects or programs being funded are:

- Maine Potato Board will increase marketing efforts in regional restaurants and will add new technology to the construction of a potato storage research facility.
- Maine Dairy Industry Association will expand the Maine Cattle Health Assurance Program to improve herd health.
- The Agricultural Bargaining Council will oversee field trials and explore market opportunities for rotational crops and alternatives to potatoes.
- Maine Organic Farmers and Gardeners Association will undertake a year-long initiative to improve farmers markets
- The Department will expand its Senior Farmers Market Nutrition Program to provide more seniors with locally grown fresh fruits and vegetables.
- The Department will overhaul the exhibits it maintains at two tourist centers to promote Maine agriculture to tourists and city dwellers.


 <p>MARYLAND</p> <p>Secretary Hagner Mister Maryland Department of Agriculture 50 Harry S Truman Parkway Annapolis, MD 21401 Phone: 410-841-5880 Key Contact: Jane Storrs</p>	REGION:	Northeast
	Base Block Grant (Sec. 7a):	\$500,000
	Value of Production Grant (Sec. 7b):	\$500,000
	Dollar Value of Specialty Crops:	\$250 to \$500 Million
	Number of Grants Awarded to Date:	Work in progress
	Funds Used for New Programs:	Yes
Funds Used for Existing Programs:	Yes	

The Maryland of Agriculture, led by Secretary Hagner R. Mister, conducted an extensive outreach effort to solicit innovative ideas for projects that would provide profitable opportunities for agricultural producers. A 21-member committee made up of agricultural producers, industry associations, processors, distributors, retailers, academics and end users reviewed nearly 100 suggestions. The committee then asked the authors of similar ideas to develop collaborative proposals related to ten major themes with the most positive, long-term benefits for Maryland agriculture.

Some of the funds will be used by the Department to develop a Quality Assurance branding program and promotion materials which will be customized for different product categories. The Department is also working with producers to increase market access to high-value markets such as restaurants and educational institutions.


Additional projects include:

- Investigate production and marketing of a variety of specialty and ethnic fruits and vegetable crops, including production techniques for season extension, and provide education to producers.
- Establish organic research and demonstration plots at seven sites, including management practices for problematic insect pests and phosphorus management, and provide marketing education to organic producers.
- Research the cultivation and marketing of American Ginseng.
- Provide honey bee cost-share program to replenish the bee population, which is critical to pollination of a large portion of Maryland crops.
- Establish a approved mobile kitchen for production of value-added products by small farmers.
- Conduct a short-term promotion for Maryland-grown bedding plants.
- Initiate a long-term sustainable promotional strategy to improve the demand for and sales of ornamental and environmental plants.
- Promote Maryland wines to increase market share of Maryland’s wine making and grape-growing industries.

 <p>MINNESOTA</p> <p>Commissioner Gene Hugoson Minnesota Department of Agriculture 90 West Plato Boulevard St. Paul, Minnesota 55107 Phone: 651-297-3219 Key Contact: Tim Bubas</p>	REGION:	Great Lakes
	Base Block Grant (Sec. 7a):	\$500,000
	Value of Production Grant (Sec. 7b):	\$1,320,000
	Dollar Value of Specialty Crops in State	
		\$250 to \$500 Million
	Number of Grants Awarded to Date:	10-25
	Funds Used for New Programs:	Yes
Funds Used for Existing Programs:	Yes	


Minnesota held meetings around the state to gather input from specialty crop producers and industry representatives. In general, allocations were awarded based on each crop's percentage of total specialty crop production in the state. The specialty crop money will be used for both new and existing programs in Minnesota, which includes the development of a web-based information systems. Minnesota Commissioner of Agriculture, Gene Hugoson, noted that the one time grant will provide a financial boost to a relatively low-profile part of the state's agricultural industry. Part of the grant money will be used for the following programs:

- Red River Potato Growers Association for market development and field merchandising
- Minnesota Grown program participants for research, promotion and marketing of specialty crops and associations.
- Midwest Food Processors Association for pest and disease prevention in sweet corn, peas, and snap beans.
- Minnesota Dry Bean Research and Promotion Council for research of an effective crop desiccant and added value promotion of kidney beans;
- Minnesota Department of Children, Families, and Learning for emergency food and transportation assistance for hunger solutions.
- Minnesota Feed and Grain Association for planning and development of a non-profit shippers association for identity-preserved specialty crops.
- Funds for the development of improved perennial rye grass.

 <p>MONTANA</p> <p>Director Ralph Peck Montana Department of Agriculture P.O. Box 200201 Helena, Montana 59260-0201 Phone: 406-444-3144</p>	REGION:	Midwest
	Base Block Grant (Sec. 7a):	\$500,000
	Value of Production Grant (Sec. 7b):	\$140,000
	Dollar Value of Specialty Crops:	\$50 - \$250 Million
	Number of Grants Awarded to Date:	10-25
	Funds Used for New Programs:	Yes
	Funds Used for Existing Programs:	Yes


The Montana Department of Agriculture, headed by Director Ralph Peck, stretched the funds received to cover a number of new and existing programs. The state also utilized grant funds to pay direct and indirect costs related to the processing, transportation, and distribution of commodities under the Emergency Food Assistance Act. The state has funded the following programs to date:

- Assistance for agriculture promotion activities of Office of Economic Opportunity
- Specialty crop symposium and funding for a conference to aid producers in specialty crop production
- Agriculture promotion and market development including; web-based value added site, market development trade missions, support for Montana Food Month promotion.
- Specialty crop promotion and education– organic production promotion, fund promotion of locally grown and processed agricultural products and markets.
- Specialty crop production survey through Montana Agricultural Statistics Service
- Increased funding for Montana Department of Livestock Restricted Cattle Feeder Entry and Animal Health Program.
- Support for agriculture food processors market development functions; collaborative market and product development; business development coordination; networking and communication between businesses, freight and logistics coordination; and collaboration on common research needs.
- Pest prevention, eradication, and food safety; Cherry fruit fly suppression; potato nematode and disease survey (for trade to Taiwan).
- Agriculture promotion and market development including; development for niche crops and value-added food products; funds for market research into new livestock markets; and young agricultural couples conference.

 <p>NEW YORK Commissioner Nathan Rudgers New York Department of Agriculture & Markets 1 Winners Circle Albany, New York 12235 Phone 518-457-4188 Key Contact: Thomas Lindberg</p>	REGION:	Northeast/ Great Lakes
	Base Block Grant (Sec. 7a):	\$500,000
	Value of Production Grant (Sec. 7b):	\$3,660,000
	Dollar Value of Specialty Crops:	\$500 M to \$1 Billion
	Number of Grants Awarded to Date:	Work in progress
Funds Used for New Programs:	No	
Funds Used for Existing Programs:	Yes	

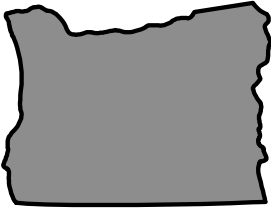
The New York State Department of Agriculture and Markets, headed by Commissioner Nathan Rudgers, met with specialty crop stakeholders to obtain their input on how the money should be used. The funds were particularly helpful to the state because it is one of the most diverse agricultural states in the nation, producing a wide variety of fruits and vegetables. Due to their regional nature, these crops are often ineligible for federal funding support. The funds from the federal grant complement competitive grants from the Governor’s office for “Grow New York” program, established in 2000. Specialty crops serve as a vital component of New York’s agricultural industry. New York nationally ranks first in cabbage, and second only to Washington state in apple production. The state also ranks nationally for production of beets, grapes, cauliflower, pumpkins, maple syrup, tart cherries, sweet corn, and snap beans. The specialty crop block grant funds will be distributed into four basic categories by the New York State Department of Agriculture.

- Competitive grants for research, new product and market development, and other areas. Priority will be given to projects involving wildlife control, New York City wholesale market development, Integrated Pest Management (IPM) research, and business and marketing cooperative development.
- Additional funds for “Pride of New York” generic marketing and cooperative advertising of the Pride of New York program and specific commodities or regions. The program identifies and promotes New York State food and agricultural products. Membership in “Pride of New York” is available to growers and retailers of fresh farm products that are grown in New York, or processed products that consist of a majority of New York grown ingredients. Over 200 members were enrolled in the “Pride of New York” program in 1999—an increase of 50% from the previous year.
- Targeted research on important specialty crop issues, such as cross-border trade, crop research, processing capacity development and labor issues.
- Expansion of the Department of Agriculture’s Workforce Training Program, which provides training and job placement for individuals seeking farm employment. Over 736 farm workers in eight different commodity-based programs were certified in 1999.

 <p>NORTH CAROLINA</p> <p>Commissioner Meg Scott Phipps N. Carolina Department of Agriculture & Consumer Services P.O. Box 27647 Raleigh, North Carolina 27611 Phone: 919-733-7125 Key Contact: David Smith</p>	Region:	South
	Base Block Grant (Sec. 7a):	\$500,000
	Value of Production Grant (Sec. 7b):	\$2,040,000
	Dollar Value of Specialty Crops:	Over \$1 Billion
	Number of Grants Awarded to Date:	Work In Progress
	Funds Used for New Programs:	Yes
	Funds Used for Existing Programs:	Yes

Meg Scott Phipps, Commissioner of the North Carolina Department of Agriculture and Consumer Services, asked the department's division directors and senior staff to recommend proposals for funding. The proposals totaled more than three times the allotted funds. Commissioner Phipps made the final selections based upon the USDA general guidelines and proposals that had the greatest likelihood of impacting North Carolina agriculture. A particular emphasis was placed on ensuring that funds were allotted to each of the state's three farming regions. Following are highlights of selected proposals:

- Provide micro grants to specialty crops farmers to assist in technical improvements for new income generating projects, especially in regards to value-added further processing of raw materials and the introduction and marketing of new specialty crops.
- Establish a State Organic program that will provide oversight of the organic industry in the state and provide direct certification services.
- Conduct research on the growing and production of heirloom and specialty tomatoes, peppers, ornamental gourds, pumpkins and squash; provide resources to conduct research on "off season" strawberry production; and provide infrastructure to maintain organic certification at the department's Center for Environmental Farming System.
- Enhance the state's ability to confront and deal with terrorist threats to its animal, plant, and food production and distribution systems.
- Develop a food safety educational program targeting specialty crop growers by utilizing FDA's guidance document, "Guide to Minimize Microbial Food Safety Hazards for Fresh Fruits and Vegetables."
- Purchase additional analytical equipment for the department's Agronomics Division to assist specialty crop farmers particularly in the area of determining nitrogen content of plant tissue samples.
- Conduct test marketing, production research, and post harvest handling research to develop new specialty crops products.
- Upgrade the department's web server to establish a virtual supermarket database, a web hosting site for farmers, and video streaming for Foreign Animal Disease video needs.

 <p>OREGON</p> <p>Director Phil Ward Oregon Department of Agriculture 635 Capitol Street, NE Salem, Oregon 97301-2532 Phone: 503-986-4552 Key Contacts: Brent Searle and John Szczapanski</p>	REGION:	Pacific Northwest
	STATE:	Oregon
	Base Block Grant (Sec. 7a):	\$500,000
	Value of Production Grant (Sec. 7b):	\$3,220,000
	Value of Specialty Crops in State	Over \$3 Billion
	Number of Grants Awarded:	55
	Funds Used for New Programs:	Yes
Funds Used for Existing Programs:	No	

The Oregon Dept. of Agriculture conducted a competitive grant program and received 263 proposals requesting nearly \$32 million. The evaluation criteria focused on measurable economic results, collaborative efforts that spread the benefit across as many growers as possible, and effective project implementation and accountability. In selecting the projects to be funded, the Board of Agriculture judged each proposal on its own merit but also looked for those that clearly demonstrated economic benefit to a large number of specialty crop producers. The specialty crop grants have been awarded to applicants in the following categories:

Production:

- Murakami Produce of Ontario (\$100,000); for research to develop "over-winter" onions.
- Oregon Ryegrass Commission (\$70,000); for management of stem rust in grass seed farming.
- Klamath Basin Fresh District LLC (\$70,000); for developing a market for European-style baby potatoes.
- Stahlbush Island Farms of Corvallis (\$70,000); for expansion of corn processing capacity.
- Malheur County Onion Growers Association (\$65,000); for enhanced marketing of early maturing onions.
- Lower John Day Regional Partnership (\$59,000); for development of alternative and rotational crops.
- Oregon-Washington Pea Growers Association (\$53,600); for development of chickpea production.
- Willamette Farm Improvement Association (\$45,000); for improved management of cover crop and tillage systems for sweet corn.
- Five Mile Farm of Eugene (\$40,000); for test growing of late season blueberries.
- Malheur County Potato Growers Association (\$40,000); to match early season potato production with processing market opportunities.
- Heritage Hazelnuts of Corvallis (\$35,750); to propagate Eastern Filbert Blight-resistant hazelnut trees.
- Central Oregon Seeds, Inc. of Madras (\$26,059); to research the use of drip irrigation on vegetable seed crops.
- Oregon Beekeepers Association (\$25,850); to develop a statewide beekeeper database for pest and disease control purposes.

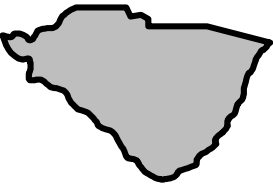
Research

- Farmworld International Foods of Redmond (\$150,000); for a beef processing facility feasibility study.
- Oregon Cranberry Farmers Alliance (\$100,000); for a study addressing seasonal water shortages.
- Oregon Hay and Forage Association (\$100,000); for biological control of the cereal leaf beetle.
- Oregon Association of Nurserymen (\$80,000); to deal with Sudden Oak Death.
- Oregon Mint Commission (\$75,000); for new processes of steam distillation in mint oil production.
- Pacific Surimi Joint Venture LLC, Warrenton (\$42,000); to develop spoilage inhibitor for Pacific whiting.
- Wild Harvest Honey of Eugene (\$25,000); for a breeding program utilizing mite-resistant honeybees.
- Oregon Orchardgrass Commission (\$20,000); for management of "choke" disease in orchardgrass.
- Oregon Dairy Farmers Association (\$14,650); for analysis of anaerobic digestion of dairy manure.
- Harry Vanderpool of Salem (\$11,875); to develop system to remove Varroa mites from honeybee colonies.
- OSU-Southern Oregon Research and Extension Center (\$5,140); to evaluate techniques for ripening of pears.
- Oregon Cranberry Farmers Alliance (\$5,000); for the Bandon Agri-Met Weather Station Project.
- Tillamook County Soil & Water Conservation District (\$3,800); to develop livestock manure tank covers.

Product Development and Marketing

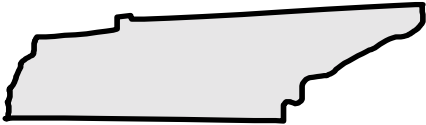
- Oregon Sweet Cherry Commission (\$150,000); for a targeted export and domestic marketing program.
- Bornstein Seafood, Inc. of Astoria (\$95,000); for sardine product development and marketing.
- Local Ocean Seafoods, Inc. of Newport (\$90,000); for developing tuna and crab products for export.
- Oregon Berry Packing of Hillsboro (\$90,000); to increase sales of Oregon fruit products to Japan.
- Western Oregon Onion Growers Association (\$85,000); to develop four new value-added onion products.
- Oregon Wine Advisory Board (\$75,000); to implement an Oregon wines marketing plan.
- Oregon Sheep Growers Association (\$75,000); to develop and market test new products using wool.
- Agri-Business Council of Oregon (\$75,000); for its industry-wide program "Oregon Agriculture. Everywhere. Every Day."
- Nicky USA, Inc. of Portland (\$54,200); for development of a plant for specialty processing of Oregon game and lamb.
- Green & Green, Inc. of Corvallis (\$53,000); for development of uniquely packaged processed fruit products.
- Oregon Strawberry Commission (\$50,000); to develop regional partnerships for the promotion of Oregon strawberries.
- Truitt Brothers, Inc. of Salem (\$50,000); to develop production and marketing of Oregon green beans in glass jars.
- Oregon Garden of Silverton (\$50,000); to feature a monthly spotlight of Oregon specialty commodities at the Oregon Garden.
- Oregon Association of Nurserymen (\$46,000); to create a partial load website for agricultural producers.

- Marionberry Marketing Association (\$45,000); to execute a market expansion plan for Marionberries.
- Coos Bay Trawlers Association (\$45,000); for a cooperative fish processing program for Asian markets.
- Truitt Brothers, Inc. of Salem (\$40,000); to develop and market canned dried Oregon Italian plums.
- RainSweet Inc. of Salem (\$38,500); to renovate processing plant and develop new products using Oregon berries.
- Oregon Dairy Products Commission (\$33,642); to develop single-serve flavored milk focusing on Oregon produced berries.
- Fruit Growers League of Southern Oregon (\$32,250); for an agri-tourism campaign featuring Southern Oregon production.
- Greener Pastures Poultry, LLC of Noti (\$31,000); to create a grower cooperative for pasture-raised poultry.
- Fruit Growers League of Southern Oregon (\$30,000); to enhance marketing efforts for Southern Oregon fruits.
- Hood River Grower-Shipper Assoc. (\$30,000); promote Oregon grown products at three selected ski areas in 2003.
- Columbia Gorge Community College (\$30,000); to refurbish processing equipment in the college's commercial kitchen.
- OMG Meadowfoam Oil Seed Growers Cooperative (\$30,000); for new product development of meadowfoam.
- Blue Mountain Potato Growers Association (\$30,000); to develop a microwaveable Oregon potato traypack product.
- The Fruit Loop of Hood River (\$25,000); for agri-tourism efforts and marketing expansion in Hood River County.
- Pacifica: A Garden in the Siskiyou, of Williams (\$25,000); to support a shared-use commercial processing kitchen facility.
- Point Adams Packing Company of Hammond (\$10,000); to optimize the performance of freeze blasting of sardines.

 <p>SOUTH CAROLINA</p> <p>Commissioner Leslie Tindal South Carolina Department of Agriculture P.O. Box 11280 Wade Hampton Office Building Columbia, South Carolina 29211 Phone: 803-734-2190 Key Contact: Larry Boyleston</p>	REGION: South
	Base Block Grant (Sec. 7a): \$500,000 Value of Production Grant (Sec. 7b): \$440,000 Dollar Value of Specialty Crops: \$50 Million to \$250 Million Number of Grants Awarded to Date: Work In progress Funds Used for New Programs: Yes Funds Used for Existing Programs: Yes


The South Carolina Department of Agriculture, headed by Commissioner D. Leslie Tindal, was directed by the Governor’s Office to administer the Specialty Crops Grant Program for the State. The funds are being used for specialty crop development, market promotion, farmer’s markets, food safety and inspection, research and value-added projects. The Department will use part of the funds within and offer part of the funds to the agricultural community by accepting project proposals that fit the criteria of the program. The Department has received requests for funds that amount to three times more money than is available. The following are some examples of how the funds are being used in South Carolina.

- Promotion of the registered logo “South Carolina Quality” to promote South Carolina grown products.
- To support local city and county operated farmer’s markets that provide marketing opportunities for locally grown produce.
- Upgrade fruit and vegetable inspection programs at the three State Farmer’s Markets.
- Support the small farms program within the Department to assist small minority owned farms and help them organize to better market their produce.
- Sponsor special seasonal promotions at the three State Farmer’s Markets and at the State Fair. This includes spring and fall plant and flower shows and an exhibit at the State Fair that highlights specialty crops.
- Aid in the formation of the South Carolina Fruit, Vegetable and Specialty Crop Association. This will help the Department to assist with minor crops that lack the ability to organize marketing efforts on their on.
- Support an ongoing effort to develop the nutraceutical and functional foods industry in South Carolina. A pilot project is in place that has a number of growers participating in growing medicinal crops. These funds will be used to further investigate the value-added product and how to market it effectively.
- Funds will be allocated to the major specialty crops associations to promote their products and expand marketing efforts. These include tomatoes, peaches, watermelons, nursery products, Christmas trees, edible soybeans and others.

 <p>TENNESSEE</p> <p>Commissioner Dan Wheeler Tennessee Department of Agriculture Melrose Station, P.O. Box 40627 Nashville, Tennessee 37204 Phone: 615-837-5100 Key Contact: Paul Nordstrom</p>	REGION:	South
	Base Block Grant (Sec. 7a):	\$500,000
	Value of Production Grant (Sec. 7b):	\$400,000
	Value of Specialty Crops in State	\$250 to \$500 Million
	Number of Grants Awarded to Date:	25-75
	Funds Used for New Programs:	Yes
	Funds Used for Existing Programs:	Yes

The Tennessee Department of Agriculture, headed by Commissioner Dan Wheeler, will use the block grant to fund eligible Tennessee specialty crop producers through the Farm Income Improvement Foundation (FIIF). FIIF is a non-profit organization, affiliated with the Tennessee Farm Bureau Federation, which exists for the specific purpose of administering grants to farmers. The following are some of the projects funded by the grant to Tennessee.

- Market development projects to increase consumption of specialty crops by identifying new marketing opportunities. Programs are pending with the specialty crop associations around the state to help them advance the interests of their members. The associations range from the Tennessee Fruit and Vegetable Association to the Tennessee Turfgrass Association.
- Several research projects have been funded including studies on feasibility of specialty lettuces and a grape analysis study. These are being done in cooperation with the University of Tennessee.
- Funds have also been extended to the Tennessee Department of Agriculture’s Regulatory Services Division to develop Emergency Support Function to respond to bioterrorism and disaster-related activities.
- The University of Tennessee’s Extension Agency’s Distance Diagnostic program will be expanded to 21 additional counties. The program allows rapid and revolutionary diagnoses of plant pest and disease problems in fruit, vegetable, nursery stock, and other crops across the state by using digital images.
- Address bio-terrorism issues through the Distance Diagnostic program by enabling officials to quickly respond to a threat

 <p>TEXAS</p> <p>Commissioner Susan Combs Texas Department of Agriculture P.O. Box 12847 Capitol Station Austin, Texas 78711 512-463-7476</p>	REGION:	Southwest
	STATE:	Texas
	Base Block Grant (Sec. 7a):	\$500,000
	Value of Production Grant (Sec. 7b):	\$2,660,000
	Dollar Value of Specialty Crops in State:	Over \$1 Billion
	Number of Grants Awarded to Date:	N/A
	Funds Used for New Programs:	Yes
Funds Used for Existing Programs:	Yes	

The Texas Department of Agriculture, headed by Commissioner Susan Combs, is working with a large number of stakeholders to enhance current marketing activities to highlight specialty crops in Texas. Marketing specialty crops will account for 44 percent or \$1.18 million of the total allocation to Texas; research represents about 16 percent or \$416,087; pest and disease control will consist of 25 percent or \$665,000; and a nutrition initiative will make up 15 percent or \$399,000. The following is an extensive description of Texas’ planned use of the specialty crop block grant funds, however, the funding direction may change (the state reports this as a work in progress).

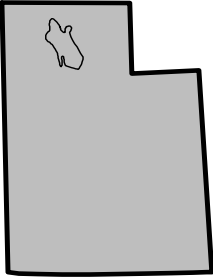
Marketing Initiatives:

- Trade Shows–TDA is considering several regional and national trade shows. Texas’ participation would involve booths and/or a Texas Pavilion. Activities in the Texas area would include special buyer invitations, give-aways, high-profile activities and ads in show publications. This also includes statewide foodservice distributor and retailer shows. Participation in trade shows hinges on interest from growers.
- Promotions and Tastings–Targeting supermarkets for cross promotions which may include newspaper and in-store advertising, cooking and product demonstrations and tastings, newspaper articles, recipes and support materials. Texas is considering in-state as well as out-of-state retailers.
- Workshops– Workshops will target commercial specialty crop producers. They will include workshops led by retailers, buying groups, distributors and marketing experts to educate specialty crop producers on topics such as media training, market trends and marketing strategy.
- Website– A comprehensive website could feature recipes, product availability, nutritional information, fun facts, a calendar of events and tips on choosing and storing produce. Links to other sites would be included. The site could also include a "pick-your-own" map of Texas.

- Nutrition Initiatives—A nutrition campaign has been developed which targets students, teachers and parents, as well as the general population on the value of consuming fresh fruits and vegetables as part of a healthy diet. Elements of the campaign include:
- Farmers’ Markets – As part of a broader nutrition initiative, initial discussions have been held with the Texas Department of Human Services and the Certified Farmers Market Association to determine the feasibility of and interest in using the Lone Star Card (the electronic benefits card for food stamp recipients) at Texas farmers markets. Support materials for farmers markets may include items such as point-of-sale materials, shopping bags, large market signs, flags and newspaper ads.
- Nutrition Programs Targeting Schools and “At Risk Counties”— Working in coordination with Texas schools is one of the best ways to reach a large audience of children. TDA will promote nutrition through the consumption of fresh fruits and vegetables to children in grades K-5 in collaboration with the Texas Education Agency and the CATCH (Coordinated Approach to Child Health) program. The CATCH program teaches nutrition targeting grades K-5 on four different levels classroom curriculum, physical education, cafeteria/food service and parent outreach.
- Resource Materials – TDA will produce colorful and useful resource materials providing helpful nutritional information for students, educators, parents and school food service personnel. These materials will also highlight the Go TEXAN program that spotlights agricultural products grown in Texas. They will be consistent with the CATCH program’s message.
- In-School Food Tastings – TDA will coordinate with school districts to spotlight fresh Texas fruits and vegetables through activities such as in-school tastings, cooking demonstrations and visits by local farmers. Nutritional information will be an integral part of these efforts with experts on hand to provide nutritional education
- Retail Store Field Trips– TDA will coordinate school visits to retail stores for students, teachers and parents. These visits may include in-store tours identifying Texas fruits and vegetables and other healthy snacks, food demonstrations and tastings of Texas products.
- “Kids Day”— TDA will work to coordinate and promote a "Kids Day" at local farmers markets and/or retail stores. This promotion may also include a coupon opportunity with coupons provided in newspapers and/or given out at schools as giveaway materials and other fun and informative activities. Children and parents will have the opportunity to taste, identify and buy healthy tasty Texas produce.
- Pest/Disease Control Initiatives - Marketing of some Texas products to other states and foreign countries requires a certification that the product meets certain phytosanitary requirements. Since 1995, TDA has experienced a 210% increase in the number of phytosanitary certificates issued for exports. These exports are dependent upon TDA’s ability to mitigate and manage pest risks so that pest-free certificates can continue to be provided. As global trade continues to increase, the risk of introducing an exotic pest into an area is greatly magnified. Survey, detection, and road station inspection activities are key to an effective quarantine program. TDA’s on-going effort to effectively safeguard Texas agriculture from the threat of pest invasion has been limited due to increase regulatory demands on existing staff. Funding for this initiative will enhance TDA’s ability to protect Texas agriculture while assisting producers with phytosanitary certification needs.

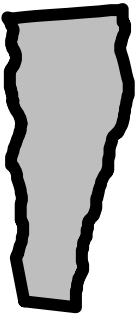
- Research Initiatives - TDA published requests for proposals for projects that are related to specialty crops. Grant proposals were accepted from non-profit producer, educational, or research organizations involved with specialty crops. Funding areas include new varieties; production techniques; post-harvest treatment; Texas brand labeling/placement; fresh cut/value-added projects; and other areas of needed research.

TDA has funded 13 specialty crop research projects totaling \$416,087. Each project proposal was reviewed and graded by an independent panel of scientists, marketing specialists, retailers and producers; who rated the projects based upon eligibility, objectives, research techniques and economic benefits.

 <p>UTAH</p> <p>Commissioner Cary Peterson Utah Department of Agriculture & Food 350 No. Redmond Road Salt Lake City, Utah 84114-6500 Phone: 801-538-7101 Key Contact: Randy Parker</p>	REGION:	Intermountain
	Base Block Grant (Sec. 7a):	\$500,000
	Value of Production Grant (Sec. 7b):	\$137,000
	Value of Specialty Crops in State	
		Over \$1 Billion
	Number of Grants Awarded to Date:	Work in progress
	Funds Used for New Programs:	Yes
Funds Used for Existing Programs:	Yes	


The Utah State Department of Agriculture and Food, headed by Commissioner Cary Peterson, met with specialty crop and other stakeholders to obtain their input on how the money should be used. The funds were particularly helpful to Utah because it is a diverse agricultural state producing a variety of crops and fruits not eligible for many programs of the RMA and USDA and often ineligible for federal funding support. The funds from the federal grant complement the Product of Utah and other state programs. The Utah State Department of Agriculture and Food will distribute the block grant funds into two categories:

- Competitive grants for agriculture promotion and market development, new products, value-added food product promotion and new, innovative and effective marketing approaches. Priority will be given to projects that demonstrate a benefit to producers throughout the state that may or may not dovetail with the Product of Utah program.
- Development and marketing of specialty crops including organic production, development for niche crops that demonstrate a benefit to producers throughout the state.

 <p>VERMONT</p> <p>Commissioner Leon Graves Vermont Department of Agriculture, Food & Markets 116 State Street Drawer 20 Montpelier, Vermont 05620-2901 Phone: 802-828-2430 Key Contact: Tom Harty</p>	REGION: Northeast STATE: Vermont Base Block Grant (Sec. 7a): \$500,000 Value of Production Grant (Sec. 7b): \$120,000 Value of Specialty Crops: \$250 to \$500 million Number of Grants Awarded : Funded Existing Programs Funds Used for New Programs: No Funds Used for Existing Programs: Yes
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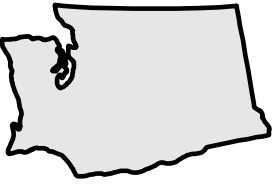
Vermont applied their funds towards the “Strategic Opportunities for Agricultural Development in Vermont,” a five year vision which began in 2000 and will reach its conclusion in 2005. The plan is a comprehensive plan for agricultural development in Vermont, mandated in the 1999 Legislative Session, S. 208 (VSA Title 6 Sec. 2963(a)). The plan was assembled by the Vermont Department of Agriculture, headed by Commissioner Leon Graves, with input from over 30 agricultural producer organizations, a professional consulting firm and the Vermont Agricultural Development Staff. The Strategic Action and Finance Plan for agricultural Development has been divided into section on industry development, marketing, Vermont identity programs and communications. Vermont was able to leverage the federal funds in a “federal, state, private sector” partnership. For example, with \$395,000 in federal funds the state and partner groups provided \$197,600 with an additional \$197,600 in matched funds from the private sector for a total of \$790,400 for promotional activities. The state used the funds for the following programs.

- Livestock program, including the application for an RBOG/RBEG grant from USDA
- Grants to organizations & producer groups for promotional activities.
- The “Strategic Opportunities for Agricultural Development in Vermont” promotional activities plan.
- “Ag in the classroom”
- Council on Rural Development
- “New England Cooks”

 <p>VIRGINIA</p> <p>Commissioner Carlton Courter III Virginia Department of Agriculture & Consumer Services P.O. Box 1163 Richmond, Virginia 23209 Phone: 804-786-3501 Key Contact: Thomas Sleight</p>	REGION:	South
	Base Block Grant (Sec. 7a):	\$500,000
	Value of Production Grant (Sec. 7b):	620,000
	Dollar Value of Specialty Crops:	\$250 to \$500 Million
	Number of Grants Awarded to Date:	0-10
	Funds Used for New Programs:	Yes
	Funds Used for Existing Programs:	Yes

The Virginia Department of Agriculture, headed by Commissioner Carlton Courter, is using the specialty crop grant activities by combining the grant with Virginia’s long term program, four to six years, of marketing Virginia products on a regional and global basis. By combining the short-term impact of the specialty crop grants with the longer term strategies developed through the Virginia general agricultural promotion grant, the combined benefits of these grants address near term sales opportunities as well as developing strategies and programs for longer term viability. Some of the new programs are going to projects that are high profile, and in growing areas, such as participation in regional trade shows for a product that is the state’s fastest growing commodity–nursery crops. Until this time, funds were just not available to take advantage of a national produce shows, which left Virginia producers at a disadvantage in marketing their products domestically and internationally. The programs that the Virginia Department of Agriculture is funding to date is as follows:

- “Meet Your Customer”, a central theme to Virginia’s strategy for the Specialty Crop grant is to enhance and personalize the connection between Virginia specialty crop growers and their customers. Virginia is organizing two separate producer missions to meet directly with produce and specialty crop buyers in key markets in the United States, Canada, and Mexico.
- “Savor Virginia” promotion–Virginia specialty crops will be highlighted using consumer/media/chef/restaurant targeted promotions. Virginia chefs will demonstrate uses of Virginia specialty crops.
- Participation in specialty crop trade shows–Virginia has not been able to exhibit products for some of the state’s fastest growing specialty crop sectors at regional and national trade shows. By exhibiting for the first time at nursery product shows and organic trade shows, Virginia products and producers will increase their visibility and contacts with regional, national, and international buyers.
- Phytosanitary access for Virginia apples–Virginia fruit producers are suffering from low prices and shrinking global markets for their products, in particular apples. Mexico has a series of phytosanitary restrictions for the importation of apples. Three states have negotiated phytosanitary protocols with Mexico, which have opened the market to them, and Virginia will use these funds to be added to the list.

 <p>WASHINGTON STATE</p> <p>Acting Director Bill Brookreson Washington State Department of Agriculture P.O. Box 42560 Olympia, Washington 98504-2560 Phone: 360-902-1801 Key Contact: Linda Crerar</p>	REGION:	Pacific Northwest
	Base Block Grant (Sec. 7a):	\$500,000
	Value of Production Grant (Sec. 7b):	\$10,110,000
	Value of Specialty Crops:	Over \$ 1 Billion
	Number of Grants Awarded to Date:	25-75
	Funds Used for New Programs:	Yes
Funds Used for Existing Programs:	Yes	

The State of Washington, led by Acting Director William Brookreson, is using a competitive grant process combined with advisory committees to distribute their specialty crop block grant. The agency is in the process of selecting the projects to fund, but has already selected several unique projects to assist their specialty crop producers. The following is a brief list of projects funded:

- A new comprehensive Irrigation District Management Plan (CIDMP) to pioneer the way to provide guidance to irrigation districts or any other water purveyor to develop management plans for simultaneously meeting the requirement of the Clean Water Act (CWA) and Endangered Species Act (ESA). The process is a voluntary, incentive based approach that will help improve land and water management practices while providing irrigation districts assurances that they are in compliance with the CWA
- Agriculture research related to salmon habitat protection and restoration . The study will determine how ecosystem processes, under managed conditions, can best be used to protect and enhance riparian systems while allowing viable farming to continue.
- “Buy Washington”, small farm, and directing marketing programs; trade resolution issues; market promotion and assistance; minor crop research; and cranberry promotion.