

Governor's Office of Agricultural Policy

**Kentucky Agricultural Development Fund:
2011 Regional Workshops**




KY Agricultural Development Fund

Overview:



- Kentucky Agricultural Development Board (KADB) and County Agricultural Development Councils (created in 2000 under KRS 248.701-.727)
- KADB oversees distribution of 50% Kentucky's Master Settlement Agreement (MSA) funds (Phase I)
- Investment funds to an array of county, regional, and state projects designed to increase net farm income and create sustainable new farm-based business enterprises




KY Agricultural Development Fund

More than 3,760 projects


Totaling more than

\$345,600,000



Invested in state, regional and county projects across the Commonwealth

*Total as of February 11, 2011




KY Agricultural Development Fund

Board's Investment Philosophy:

The Kentucky Agricultural Development Board (KADB) will invest funds in innovative proposals that:

- Increase net farm income
- Impact tobacco farmers, tobacco-impacted communities and agriculture across the state
- Stimulate markets for Kentucky's agricultural products
- Find new ways to add value to Kentucky's agricultural products
- Explore new opportunities for Kentucky farms



KADF Brand & Logo Usage



- Acknowledgement of the Fund
- (Recipient) receives funding from the Kentucky Agricultural Development Fund (KADF) which provides grants to diversify and modernize Kentucky's farm economy
- The Kentucky Agricultural Development Fund, growing Kentucky Agriculture








Governor's Office of Agricultural Policy

Staff

15 Staff members

Compliance Department:
 Diane Schuler Fleming, General Counsel
 Kylee Palmer, Senior Compliance Coordinator

Project Analysts:
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 Jennifer Hudnall, Jennifer.Hudnall@ky.gov
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Project Analyst Areas

Project Analyst County Assignments



■ Christi Marksbury
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 ■ Jennifer Hudnall
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County Agricultural Development Councils

Role of County Council Members:

Legislation-

- Each county shall establish an agricultural development council to:
 - evaluate the needs of the local agricultural economy
 - devise a plan for the county that would identify programs best suited for the agricultural development of the county
 - assist prospective applicants in the council's county in obtaining monies from the agricultural development fund

KRS 248.701 to KRS 248.727



County Agricultural Development Councils

- Comprised of the following 9 members:
 - 2 members from Farm Service Agency (FSA)
 - 2 members from Soil Conservation District
 - 2 members from County Extension Council
 - 3 at-large members
 - At least 2 young farmers (aged 21-40) and a minority (race or gender) must be represented on the 9 member council



* Term Limit - members may serve 2 consecutive 2 year terms



County Agricultural Development Councils

The County Council shall:

- Hold a formal meeting as needed with a quorum (at least 5 of the 9 members)
- Maintain the County Comprehensive Plan for Agriculture that outlines the needs of the local agricultural community including the current strengths and deficiencies
- Serve as an evaluator of ALL applications submitted requesting financial support from the county's Agricultural Development Funds



County Agricultural Development Councils

The County Council shall:

- Review applications within 60 days of receipt
- Assign priority (high/low) on priority sheet
- Include reason for low priority
- Minimum of 5 signatures on the priority sheet
- Rank investment areas for CAIP
- Consider additional question for CAIP
- Attach conflict of interest letters
- Include meeting minutes with priority sheet





County Administrative Funds

- May request up to 4% of the county's annual allocation for counties with \$20,000 or more in annual allocation for costs incurred in the administration of the Council - maximum of \$15,000.
- **Eligible uses of 4% administrative funds for council members:**
 - General office supplies / postage for related correspondence
 - Travel / registration fees to attend workshops, KADF related meeting, etc.
 - Costs incurred in seeking out innovative projects
 - Costs for holding public forums for revision of county plan



County Agricultural Extension Agent

Role of County Extension Agents:

Legislation- "Each council shall be attached to the county cooperative extension service for administrative support" **KRS 248.721(3)**



County Agricultural Extension Agent

Role of County Extension Agents:

- Leadership Development
- Community Engagement
- Promotion and Media
- Accountability
- Communication
- Program Development
- Lead in the development of the county comprehensive plan for agriculture
- Facilitate with County Council Members - Assist with gathering membership information on County Agricultural Development Council
- Link between the GOAP/KADB and the county



Outstanding Cooperative Extension Agent

2011 GOAP Conference Award Winner

Clint Hardy, Extension Agent for Agriculture and Natural Resources in Daviess County



Governor's Office of Agricultural Policy

Funding Opportunities

- Kentucky Agricultural Finance Corporation
- Loan programs
- Projects (county &/or state funds)
- Programs (county funds)
- County Agricultural Investment Program (CAIP)
(county funds)

Other Initiatives

- American Recovery & Reinvestment Act of 2009 (ARRA)



Funding Programs

Kentucky Agricultural Finance Corporation

KAFC Staff:

Bill McCloskey, Director of Financial Services
Cyndi Hall, Financial Records Specialist



Participation Loan Programs:

- Agricultural Infrastructure Program
- Beginning Farmer Program
- Large/Food Animal Veterinary Program
- Diversification through Entrepreneurship in Agribusiness Program

Guidelines and eligibility requirements for all KAFC loan programs are available on-line at <http://kafc.ky.gov/>

Direct Loan Programs:

- Agricultural Processing Program
- Coordinated Value-added Assistance Program



2011 GOAP Conference KAFC Award Winners

Kentucky Agricultural Finance Corporation

- KAFC Distinguished Agriculture Lender - Mike Mullican, Independence Bank, Daviess County
- KAFC Distinguished Agriculture Entrepreneur - Melissa Lipps, DVM



Funding Opportunities

Projects

- **2011 Project Application** (12-month expiration)
- Available in Word document
- Deadline: Last Friday of every month
- KADB makes final decision
- Types: grant & loan (combination of county and state funds)
- Reporting: varies - a detailed letter sent out to all approved project applicants



Funding Opportunities

Projects

- **60/60 Discussion** regarding additional information and/or documents requested for application
- **Application Review Committee**



Project Match/Reimbursement

Projects:

Only new project expenses incurred after receipt of the application by the Governor's Office of Agricultural Policy shall be eligible for funding.

For-profit application -

- May apply for funding up to **50%** of the new project costs incurred after application was received.
- Eligible expenses are limited to capital improvements and equipment.
- Match shall be new project expenses limited to capital improvements and equipment paid for with cash.
- In-kind products, services and labor are not an eligible match.



Project Match/Reimbursement cont.

Non-profit community-based application -

- May apply for grants up to **50%** of the new project costs incurred after application was received.
- Examples would be farmers markets, high school greenhouses and permitted kitchens.
- Match shall be new project expenses paid for with cash or documented third party donated materials and equipment.
- In-kind services and labor are not an eligible match.

Non-profit regional or statewide project application -

- May apply for grants for new project cost incurred after application was received.
- Examples would be organizations that provide marketing, distribution, educational or technical assistance to Kentucky farmers.
- Applicants are expected to seek other sources of funding in support of their project and present a plan for sustainability.



KADF Projects

Project Applications

Cultivating rural prosperity



Agritourism
More than \$2.5 million in state and local investments

Kentucky Proud

More than \$10 million invested



Funds committed: \$164,662,252

Projects approved: 851

Farmers' Market Development

More than \$2.4 million invested



*Total as of February 11, 2011



KADF County Programs

- **Farmers' Market Infrastructure Competitive Grant Program**

- Producer Education/Training Program
- Deceased Farm Animal Disposal Assistance Program (DAP)
- Shared-use Equipment Program
- County Agricultural Investment Program (CAIP)



KADF County Programs

Farmers' Market Infrastructure Competitive Grant Program

Program created to make \$250,000 in state funds available on a competitive basis to support construction of **new** permanent farmers' market facilities.

Funding will be limited to no more than \$25,000 in state funds and KADF (state & county) cannot be more than 50% of the of the project.

All applications must be postmarked/returned to GOAP no later than **June 24, 2011**.

The KADB will announce recipients of these competitive grants the day of the September 2011 board meeting.

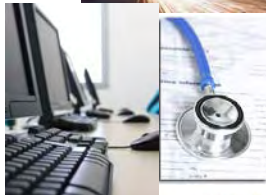


KADF County Programs

- Farmers' Market Infrastructure Competitive Grant Program

- **Producer Education/Training Program**

- Deceased Farm Animal Disposal Assistance Program (DAP)
- Shared-use Equipment Program
- County Agricultural Investment Program (CAIP)



KADF County Programs

Producer Education/Training Program

Program created to provide up to \$5,000 in county funds, not to exceed half the cost of approved expenditures to provide an education/training program for county producers.

Eligible Program Types:

- o Farm Safety
- o Demonstrations
- o Producer Training
- o Health Days



KADF County Programs

Producer Education/Training Program

Purpose: To provide an education/training program for county producers in areas of welding, farm safety or producer health.

Award Type: Grant - reimbursement rate of \$1 for \$1 of approved expenses

Guidelines:

- ✓ Complete a 2011 Producer Education/Training Program Application
- ✓ Award shall not exceed \$5,000 (county funds) & impact a minimum of 10 producers within the county

Approved Expenses:

- ✓ Printed Advertisements & Printed Informational Materials
- ✓ Facility Rental
- ✓ Demonstration/Equipment Rental
- ✓ \$20/hour for Certified Teacher/Instructor Fees, not to exceed 50% of their hourly rate
- ✓ Safety/Protective Accessories



KADF County Programs

▪ Farmers' Market Infrastructure Competitive Grant Program

▪ Producer Education/Training Program

▪ **Deceased Farm Animal Disposal Assistance Program (DAP)**

▪ Shared-use Equipment Program

▪ County Agricultural Investment Program (CAIP)



KADF County Programs

Shared-use Equipment Program

Funds committed: \$1,523,081

Purpose: To impact a high number of producers who cannot justify ownership expenses associated with certain equipment by helping them access technology necessary to improve their operations economically.

County participation: 64

Award Type: Grant

Guidelines:

- ✓ Complete a 2011 Shared-use Equipment Application
- ✓ Local agency or organization serves as administrator
- ✓ 50/50 match or 75/25 match
- ✓ Rental fees for maintenance, repair and future replacement
- ✓ Equipment must be maintained for five (5) years
- ✓ Eligible equipment included in guidelines
- ✓ Semi-annual reporting required

*Complete guidelines and program application are available at http://agpolicy.ky.gov/funds/shared_use.shtml



Reporting Process

Shared-use Equipment Program

Amanda Kachler,
Amanda.Kachler@ky.gov

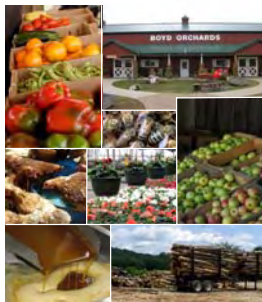
(Example)

1. Semi-Annual & Annual Reporting
2. First summary sheet
3. Subsequent summary sheets
4. Usage information
5. Administrative issues
 (new/replacement equipment,
 selling, etc.)



KADF County Programs

- Farmers' Market Infrastructure Competitive Grant Program
- Producer Education/Training Program
- Deceased Farm Animal Disposal Assistance Program (DAP)
- Shared-use Equipment Program
- **County Agricultural Investment Program (CAIP)**



KADF County Programs

County Agricultural Investment Program (CAIP)

Investment Areas

- Agricultural Diversification
- Cattle Genetics Improvement
- Cattle Handling
- Commercial Poultry, Dairy, Swine
- Farm Fencing
- Farm Structure & Commodity Handling
- Farmland Improvement & Utilization
- Goat & Sheep Diversification
- On-farm Energy Efficiency & Production
- On-farm Water Enhancement
- Technology & Leadership Development

Funds committed: \$36,022,658
County participation: 105



KADF County Programs

County Agricultural Investment Program (CAIP)

Purpose: To provide farmers with incentives to allow them to improve and diversify their current production practices.

Award Type: Cost-share

Guidelines:

- ✓ Complete a 2011 CAIP Application
- ✓ Local agency or organization serves as administrator
- ✓ 50/50 match or 75/25 match
- ✓ 11 Investment Areas for producers to choose from
- ✓ County Council sets primary, secondary areas – must offer ALL
- ✓ Maximum cost-share \$5,000
- ✓ Producer universal application, producer report
- ✓ Semi-annual reporting required by administrator

*Complete guidelines and program application are available at <http://spolicy.ky.gov/funds/caip.shtml>



Annual Revision Process:

- Staff gathers requested changes throughout the year
- Revisions are compiled, reviewed, and recommendations made in early Fall
- ADB holds planning session in the Fall and reviews recommended revisions to programs & policies
- Revisions approved at December Board meeting become effective for **January programs/projects.**
- Investment Areas with revisions for 2011:
Agricultural Diversification, Cattle Genetics Improvement, Cattle Handling, Commercial Poultry, Dairy, & Swine, Farm Structure & Commodity Handling, Farmland Improvement & Utilization, and Goat & Sheep Diversification
- Programs/Projects with revisions for 2011:
Retroactivity, Project Match, Shared-use Equipment, and Two New Programs



County Agricultural Investment Program (CAIP)

Fertilizer

Add fertilizer and soil amendments for establishment or renovation of legumes in existing pastures and the establishment of other perennial forage crops.

Affected Investment Area:

- ✓ Farmland (Forage) Improvement & Utilization for 2011 CAIPs ONLY

Remove soil test reimbursement but maintain soil test requirements in order to receive cost-share on fertilizer.



County Agricultural Investment Program (CAIP)

Buyer/Seller Language

Previous Language:

A producer shall not participate as both a buyer and a seller within the same year.

Current Language:

- A producer shall not be eligible to receive cost-share for the purchase of livestock, if they sell that species of breeding livestock, within the same program year.

Affected Investment Areas:

- ✓ Cattle Genetics Improvement
- ✓ Commercial Poultry, Dairy & Swine
- ✓ Goat & Sheep Diversification



County Agricultural Investment Program (CAIP)

On-farm Composting

The following items shall be eligible for cost-share:

- o Materials to create impermeable surface (concrete, soil-cement)
- o Site preparation
- o Documented hired labor
- o Equipment rental

Prerequisites:

- Producers approved for cost-share assistance by the Kentucky Division of Conservation for "KWP8-On-farm Fallen Animal Composting" are not eligible for cost-share through this program.
- Producers shall be permitted by KDA(KAR 302.20:052) before funds will be disbursed.
- Producers shall provide a copy of permit and picture of site for documentation prior to receiving funds.

Affected Investment Areas:

- ✓ Agricultural Diversification (Equine Category)
- ✓ Cattle Handling
- ✓ Commercial Poultry, Dairy & Swine
- ✓ Goat & Sheep Diversification



County Agricultural Investment Program (CAIP)

Shade

New Eligible Cost-share Item:

Temporary or Permanent Shade (excludes trees) – material costs necessary for construction of temporary or permanent shade for horses.

Affected Investment Areas:

- ✓ Agricultural Diversification (Equine Production Category)



County Agricultural Investment Program (CAIP)

Technology & Leadership Development

Parameters:

- Half of the tuition of an adult leadership program, not to exceed \$1,000
- Applicant must provide proof of enrollment/acceptance, as well as contact information of the leadership program coordinator
- Applicant must provide invoice/letter from leadership program coordinator and a copy of the cancelled check for the full amount of the program.

Eligible Programs (including, but not limited to):

- ✓ Leadership Kentucky
- ✓ Kentucky Agricultural Leadership Program
- ✓ Commodity organization leadership programs (e.g. KCA's Leadership Program)
- ✓ Kentucky Entrepreneurial Coaches Institute
- ✓ Regional leadership programs (e.g. Leadership East Kentucky, Northern Kentucky Leadership Foundation)
- ✓ County leadership programs
- ✓ County agricultural leadership programs



County Agricultural Investment Program (CAIP)

Hay Handling

New Eligible Cost-share Item:

- Hay Unroller Attachment

Affected Investment Area:

- ✓ Farm Structure & Commodity Handling (Commodity Handling Category)



County Agricultural Investment Program (CAIP)

Administrative Guidelines

- **Reminder:** All Cost-share is awarded based on the Universal Producer Application & Scoring Criteria. There are NO FIRST-COME-FIRST-SERVED.
- **Retroactivity** - Beginning January 2011, administrators shall allow producers to only submit receipts that are dated 6-months or less prior to execution of the Legal Agreement.
- **Checking Accounts:** "... to ensure that co-mingling of agricultural development funds with other funds does not occur. ...funds shall reside in a unique and separate bank account.

Administrators...for multiple counties should keep at a minimum one account per county. However, one account per program per county is encouraged.



County Agricultural Investment Program (CAIP)

Administrative Guidelines (cont.)

- **Non-compliance:** "Watch List" and "Probation"
- "Administrators who fail to follow the guidelines for this program, or who fall behind in reporting, may be placed on a "watch list" or placed on "probation." Administrators who are placed on probation and do not meet the terms of their probation may be "suspended" and no longer eligible to administer Agricultural Development Fund programs/projects."



County Agricultural Investment Program (CAIP)

Administrator Responsibilities

- Completion of CAIP Application & Submission to Council
- Advertising two-weeks (after executed legal agreement) prior to "sign-ups"
- Holding "sign-ups" and educational session(s)
- Reviewing & scoring applications
- Notifying applicants of approval (or denial)
- Establishing deadlines to submit receipts for reimbursement
- Keeping accurate records and maintaining records
- Conducting site visits
- Providing reports to GOAP Compliance Department



Outstanding Program Administrator

2011 GOAP Conference Award Winner

Stacy Marksberry, Green River Area Beef Improvement Group, Inc.



County Agricultural Investment Program (CAIP)

5% Administrative Funds

Program administration funds may be used for costs above and beyond normal duties that are associated with:

1. Processing of producer payments;
2. Processing of producer applications;
3. Completion of program reporting forms;
4. Promotion of program availability;
5. Cost of bonding; and
6. Program compliance activities

Administrative funds may be kept after end of program to send 1099's, etc. Documentation must be maintained for proof of expenditures for administrative activities.



County Agricultural Investment Program (CAIP)

Application Process

1. New Program (new grant #):

- Submit 2011 CAIP Application to County Council
- Council prioritizes application and forwards to GOAP* (Valid "Priority Sheet": minimum of 5 signatures)
- Staff presents to ADB for approval (or denial)
- Legal agreement sent to Authorized Representative for signature
- Executed legal agreement (signed by Executive Director)
- Funds disbursed

*All applications & priority sheets expire 12-months after GOAP receives them.



Press Releases

- Please fill out the **Press Release Information Sheet** located in your Application.
- This sheet is very important because it allows GOAP to send a release on the program(s) you are running with the correct information.
- Press Release are sent out on the following dates:
 - Project Releases, within one week after the Board Meeting
 - Program Releases, within one week after the Board Meeting
 - CAIP Releases, after the Legal Agreement is returned to our office
- If you need GOAP to hold a press release for advertising purposes notify Sandra Gardner - Sandra.Gardner@ky.gov. You will need to specify the date you want the release sent out, if you do not it will go out two weeks later than the original date.



County Agricultural Investment Program (CAIP)

Application Process

2. Amendment to Existing Program (same grant #):

- Submit *Amendment Request Form* for additional funds to County Council
- Council prioritizes request and forwards to GOAP with a valid "Priority Sheet": (minimum of 5 signatures)
- Staff presents to ADB for approval (or denial)
- An amendment* to the legal agreement is sent to Authorized Representative for signature
- Executed legal agreement (signed by Executive Director) returned
- Funds disbursed

*The term of the original legal agreement remains the same, only the funding amount changes.



County Agricultural Investment Program (CAIP)

CAIP Universal Producer Application

- Universal Producer Application
- Tie Breakers & Pro-Rating
- County Council Additional Questions



County Agricultural Investment Program (CAIP)

Fund Disbursement Process

- Separate checking account for Kentucky Agricultural Development Funds
- Checks written to farmers must have two (2) signatures
- Program Administrator must be bonded
- Administrative Entity must be registered and in good standing with the Office of the Secretary of State
- Funds will only be released when Administrative Entity is up-to-date on all reporting



County Agricultural Investment Program (CAIP)

Reporting Process

Semi-annual Reporting:

- CAIP Summary sheet & all appropriate producer detail reports
- Information comes from *CAIP Universal Producer Application & Producer Report*
- 6-months & 12-months
- 60 days at end of term to close (No reimbursements should take place. Only reconciliation and returning of funds.)



County Agricultural Investment Program (CAIP)

Reporting Process – ALL Information is Required

- Producer's name, SSN and FSN
- Information from *CAIP Universal Producer Application & Producer Report*
- Producer contribution, cost-share amount, total project cost
- Check numbers
- ✓ Copies of all cancelled checks issued to producers are required at completion of program to GOAP Compliance Department.

Incomplete reports will not be accepted



County Agricultural Investment Program (CAIP)

Reporting Process

Record Keeping:

- Bank statements, administrative expense records
- Producer application, evaluation score sheet, & receipts
- Any plans required by program (e.g. Ag. Water Quality Plan)
- Copies of tests required by program (e.g. soil test, breeding soundness, etc.)
- Records must be maintained 7 years from date of legal agreement



County Agricultural Investment Program (CAIP)

Reporting Process

Report Submission – Data Security:

1. **Email reports to govkyagpolicy@ky.gov**
2. **Mail CD or diskette**
Pro: easy to do
Con: risk of damage or interception in mail
3. **Zip the reports w/password** – Send separate e-mails for the zip file and the password.
Pro: more secure than #2
Con: ease depends on computer system



CAIP Summary Sheet

(Example)

- **First** summary sheet for grant (admin. taken off the top for calculations)
- **Subsequent** summary sheets
- Matching sum of producers in detail to sum in cost-share paid column
- Complete appropriate cost-share detail reports
- Update e-mail, address as necessary



Open Records

Administrator Responsibility

1. Public vs. Open Records
2. Written request for exact record(s)
3. Written response within 3 business days
4. If record exempt, then respond with reason why information withheld.

<http://ag.ky.gov/civil/openrecords.htm>



Frequently Asked Questions

- Why is a **Social Security Number (SSN)** and a **Farm Serial Number (FSN)** required?
- What if a producer refuses to give me their SSN?
- Why is a **Tax Identification Number (TIN)** no longer acceptable?
- What is the difference between the 4% County Council Admin. & the 5% Program Admin?
- What can the Administrative funds be used for?
- What is the Administrative funds cap?
- If we return unused funds, where does that money go?
- Why are cancelled checks required to closeout a CAIP?
- If a producer receives funds for a capital improvement project, how long do they have to keep it?



Frequently Asked Questions cont.

- What happens if they sell it or it is damaged?
- Do producers have to retain insurance coverage?
- Who has the final "say so" in the county?
- Can a producer that was denied CAIP funds see others Applications & Scores?
- Does a 2010 CAIP have to be complete & closed out before funds for a 2011 CAIP can be released?
- We have a tie, what do we do?
- I have an Open Records Request. What do I do?
- Does the producer have to complete their project before they receive cost-share funds?
- Our Authorized Representative has changed, what do we do?



Frequently Asked Questions cont.

- Can a county “tighten” state rules on CAIP guidelines?
- Does a county have to offer ALL Investment Areas with the CAIP & ALL eligible items?
- Do we have to notify ALL producers that applied for CAIP, approved or denied?
-
-
-



Governor's Office of Agricultural Policy

Roger Thomas
Executive Director

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