

Community Farm Alliance



"THE GREENPRINT: A LONG TERM PLAN FOR KENTUCKY'S AGRICULTURAL ECONOMY"

A VISION FOR KENTUCKY'S AGRICULTURAL FUTURE

Kentucky agriculture is a vital link between the health of Kentucky's citizens and the conservation of the land that surrounds and supports them.

We believe that the small, independent, family farmers of Kentucky are the most reliable, efficient, careful producers of food and fiber for our citizens.

We believe that any long-term plan for the development of Kentucky agriculture must place people in a new agricultural economy that focuses on the health and safety of Kentucky's citizens.

We believe Kentucky should invest in Kentuckians. Kentucky's farm economy needs infrastructure for the people who are responsible for our rural landscapes, not tax incentives for profit-driven corporations. It is our belief that small farms will be stronger and thrive, using farming systems that emphasize the management, skill, and ingenuity of the individual farmer.

We envision a competitive advantage for small farmers realized through a framework of supportive, yet responsible, government and private initiatives.

We envision a farm, food and fiber system – providing a safe, adequate, nutritious supply of food for human consumption in a manner that is socially, economically and ecologically sustainable – as a vital component of the state's economy.

As all farmers and farm workers succeed in this nurturing environment, not only will they continue their valuable contribution to the state's food supply, they will fuel local economies and energize rural communities all across the Commonwealth. In the process of flourishing, small farms will contribute to the strengthening of society, providing communities and the entire state with opportunities for self-employment and ownership of land.

Therefore, we emphasize policies that recognize the value of small farms and strongly encourage their maintenance and expansion. These policies are essential to the realization of this vision.

FORWARD

WHAT IS THE GREENPRINT?

The Greenprint is CFA's version of a long-term plan for the investment of Tobacco Settlement Monies for agricultural development in Kentucky. Based on the plans drafted at the county level, the Greenprint outlines a vision and process for maintaining family farms as the foundation for rural community life by preserving the farmer-driven process mandated by House Bill 611.

THE PURPOSE OF THE GREENPRINT

Community Farm Alliance submits this Greenprint for public consideration. The Greenprint is a plan for ACTION for long-term quality agricultural growth that reflects the ideas and goals of hundreds of Kentuckians. We believe the comprehensive long-term plan for the development of Kentucky's agriculture must reflect a partnership between the public and the private sectors. It is our hope that this document will provide an analysis of the direction and investment priorities offering the best alternatives for a successful Kentucky agricultural economy.

ARRANGMENT OF THE GREENPRINT

The Greenprint briefly details relevant sections of House Bill 611 and briefly illustrates our viewpoint regarding the importance of Kentucky's Comprehensive Plan for the Development of Agriculture. This Greenprint identifies the following three guiding principles: (1) *Strong local economies are the foundation of a strong state economy*, (2) *Political and economic democracy*

begins with and is driven by local people, (3) Kentucky must foster a “culture of cooperation” among its rural and urban citizens in order to find creative, innovative, and successful solutions to the challenges we face. We analyze these guiding in the next section. Then, we recommend policies that invest in a sound marketing infrastructure for Kentucky products, support a decent farm income, encourage environmental stewardship and provide needed resources. An appendix correlating our policy recommendations with county plans, along with a description of the agricultural development planning process completes the Greenprint.

HOUSE BILL 611

Kentucky passed historic and ambitious legislation in 2000 when the legislature created a democratic, citizen led process for economic revitalization of tobacco dependent counties so that the programs funded reflect the needs of tobacco dependent communities. No other state took such an innovative approach. The challenge now before the agricultural community is to implement a grassroots process that results in sustainable agricultural development. The creation of a Comprehensive Plan for the Development of Agriculture in Kentucky is a fundamental part of this challenge. The question of whether the plan will meet the needs of tobacco dependent counties is still unanswered although the “near term” (one-year) plan does reflect those needs.

LEGISLATIVE HIGHLIGHTS

What does the legislation do?

In April of 2000, the Kentucky legislature passed House Bill 611, allocating funds from the Master Settlement Agreement for the revitalization of tobacco dependent counties, early childhood development, endowed chairs for the Universities and health care. House Bill 611 mandates that fifty percent (50%) of the moneys received in the tobacco settlement agreement fund from the Master Settlement Agreement, along with accrued interest, shall be allocated to the Agricultural Development Fund. The legislation allocates money as follows:

- (a) Forty million (\$40,000,000) shall be set aside to supplement Phase II payments
- (b) The moneys remaining shall be further allocated as follows:
 - (1) Thirty-five percent (35%) to a “Counties Account,” the amount allocated to each county shall be determined by formula based on the following weighted factors:
 - (a) Fifty percent (50%) weight to the county’s percentage of the states tobacco allotment based on 1999 data;

- (b) Twenty-five percent (25%) weight to the county's number of farms with tobacco quotas;
 - (c) Twenty-five percent (25%) weight to the county's tobacco income as a percentage of total personal income.
- (2) Sixty-five (65%) for state projects.

The legislation creates an **Agricultural Development Board** to administer funds which provide economic assistance to the agriculture community, ensuring that each county agricultural development council's plan receives major consideration in **completing a comprehensive plan with long and short term goals**, and developing criteria to evaluate the success of the board's programs. The criteria should include the number of families farming, increases in farm trying new ideas. We must create the farm of the 21st century, rather than proposing solutions from the 1950's or following the path of vertical integration so prevalent in the 1990's.

Legislation allocating tobacco settlement funds allows Kentucky's farmers to create an alternative agriculture system dedicated to sustaining small farms and ensuring farmers a fair return for their labor. The county planning process has confirmed that Kentucky farmers want the state to intensify efforts to find new crops, create value-added enterprises and new marketing opportunities and strengthen relationships between farmers and consumers.

It is imperative that the power to determine how tobacco settlement dollars are spent originates and remains on the local level so farmers exercise ownership over the development of a local food system for Kentucky. Our state has the farms, skilled farmers, natural resources, institutions, and financial resources to build a new Kentucky agriculture. As tobacco has been the foundation of rural Kentucky communities, so now it can be the impetus for the rebirth of these communities. Kentucky must reinvest in those who are losing the basis of their economy.

Kentucky is at an agricultural crossroads. Recognizing and creatively responding to new realities is the challenge Kentucky's farm community needs to continue meeting. Kentucky has a choice. We can continue the present course and industrialize our food and fiber production, or we can create a new agriculture that produces locally grown, healthy food, supports rural communities, and protects farmer's incomes, their children's future, and the land, allowing for the evolution of a culture, rather than its demise.

Tobacco Settlement Funds will finance a vision. We believe the Greenprint offers a sound course of investment in the future of Kentucky's agriculture through investing in our farm families and rural communities. CFA urges leadership in the state to choose bold, visionary, progressive investment strategies. With the right choices, Kentucky can harvest a new era of prosperity and cultivate new growth for farm families and rural communities.

Guiding Principles

Community Farm Alliance members have identified three primary principles as essential to the development of a long-term comprehensive plan for agriculture in Kentucky:

I. Strong local economies are the foundation of a strong state economy.

A long-term comprehensive plan for the development of agriculture . . .

- Builds upon the local market needs and expands outward.
 - o Evolves over time, as local markets develop for locally produced products.
 - o Meets local needs first, providing stability and the greatest returns to the community and farmers.
- Ensures a fair income for the people who produce our food.
- Integrates the needs of the whole community, rather than developing agriculture in isolation.

II. Political democracy cannot succeed without economic democracy.

A long-term comprehensive plan for the development of agriculture . . .

- Begins with and is driven by local people, who plan their own future.
 - o Recognizes that local people have the most knowledge of local resources and existing successful models.
 - o Recognizes that the people who take the risks and reap the rewards are the most committed to achieving success.
- Spreads wealth throughout the community rather than concentrating it in the hands of a few.
- Recognizes that when Kentuckians plan their own economic future, they treat the landscape appropriately, as an asset to be protected.

III. Kentucky must foster a “culture of learning” among its rural and urban citizens in order to find creative, innovative, and successful solutions to the challenges facing us.

A long-term comprehensive plan for the development of agriculture . . .

- Places a premium on fresh, high-quality food.
- Invests in the skills and knowledge of Kentucky farmers and consumers, creating learning opportunities and resources for them.

Analysis Of Guiding Principles

I. Strong local economies are the foundation of a strong state economy

In Kentucky, farm operations are key to economic vitality. Kentucky is a state whose farm economy remains characterized by a large number of small family operated farms. Much of Kentucky is rural, with over 90,000 family farms across the state. This makes Kentucky a unique state, ranking second in farms per capita and fourth in total number of farms in the nation. Kentucky, therefore, has unique assets that must be utilized when planning for the future and the ability to accomplish what few states could consider. Building strong local economies requires investment in the communities that fuel local economies, contribute to the state's food supply, and stimulate new marketing opportunities. CFA believes that strong rural economies lay the foundation of a strong state economy.

In order to create a new Kentucky agriculture, two fundamentally different, yet complementary processes of economic development must occur. One is local and one is statewide. A strong state economy must first build upon local market needs and then expand outwards. Kentucky must develop local markets on county and multi-county levels as county plans have recognized (See Appendix). Counties have similar needs that must be coordinated and funded at the state level. State agencies and county councils must work cooperatively in order to create a new future for Kentucky's rural citizens.

The key to the future success of Kentucky's small-scale farms lies in creating opportunities for small-scale farms to be profitable and innovative. Typically, farmers only receive 2 to 3 percent of retail sales prices on any given item. It is obvious that to remain in business and viable, farmers must diversify. They must begin to engage in value-added enterprises and capture some of the money made by intermediaries. Tailoring production to consumer niche markets is one economically viable way to diversify. Ultimately, farmers must sell more products directly to consumers.

If we are to build strong local economies, the farm sector cannot be treated as though it is independent of the rest of the economy. Most people do not understand how the farm economy works or how it treats farmers unfairly. For example, many urban people do not realize that where they buy their food has an impact on the state or region in which they live. Similarly, many farmers are unaware of people in their own county who are making money selling non-traditional crops or products. If they were aware, they may feel an obligation to support their neighbors. In general, people do not see themselves as economically connected, even when they are.

Building strong local economies demands reversal of the state's policy of recruiting out of state agribusiness into the state rather than supporting local farmers and processors. Historically, the trend in agriculture toward larger farms coupled with a corresponding decline in total number of farms correlated to the industrialization of agriculture. In the past, agricultural policies have

used 'industrial recruitment' models for rural economic development. For example, the state gave hundreds of millions of dollars to poultry companies in tax incentive packages to locate in Kentucky, yet Kentucky lacks a USDA inspected plant that will process pasture poultry or family farmers. Hogs and poultry companies have contracted with family farmers and the outcome has been bankrupt family farms, costly facilities for the treatment and storage of animal waste, environmental damage, and depleted tax bases of local communities as profits have left the state.

The economic exploitation of farmers is accelerating exponentially. The industrial model agricultural production requires expansion, mechanization and consolidation. Once confined solely to the poultry industry, it now includes hogs, beef, fruits, vegetables, and tobacco. The rapid pace of agribusiness consolidation and the resulting dwindling competition have left many farmers with limited options. In 1998, USDA found that farmers grew 35% of all agricultural products under contract. Farmers often have little choice but to sign production or marketing contracts when faced with increased price volatility and fewer markets for their products. There is a fear that farming in the future will be controlled by large corporations who will contract for the production of tobacco, livestock and other commodities.

Current food markets take agricultural products away for processing and send them back into town for sale at stores. For example, Kentucky sends 90% of our beef cattle out of state to be processed. Then, out-of-state corporations send meat back to supermarkets for sale to consumers. Therefore, an out-of-state corporation collects the profit from the beef cattle. If farmers processed the beef locally and marketed it directly to the supermarket, the profit would remain within the county and help to support local businesses. Strong local economies can afford to say no to exploitative economic arrangements.

The industrial form of agriculture, based on production and profits, should not be the only model of agricultural production. In fact, this form of agriculture has frustrated the potential of small farm survivability in Kentucky. Multiple and diverse models are necessary for economic, ecological, and social stability in our food and agricultural system. This requires a new way of thinking about the contributions of small farms. It requires recognition that small farms produce valuable social and environmental goods and services to Kentucky that warrant public support. The challenge to preserve Kentucky's family farms, therefore, is to develop policy initiatives that build on the strengths, ingenuity and unique capabilities of small farms; we must build initiatives that recognize the social and ecological benefits of small farms and that improve economic opportunities and benefits to rural communities.

With the right economic development strategies that invest in local economies, small farmers have an opportunity to increase profits without becoming big farmers. There will be no future for farmers in Kentucky unless we have the courage to challenge and disprove the conventional wisdom that farmers must either get bigger or get out. Kentucky needs policies that reverse the widening spread between what farmers receive for their production and what

consumers pay at the stores. County plans have recognized intuitively that strong local economies are the foundation of a strong state economy. Kentucky's Comprehensive Plan for the Long-Term Development of Agriculture must be built upon this principle.

II. Political and economic democracy begins with and is driven by local people who plan their own future.

History teaches us that political democracy can only succeed when accompanied by economic democracy. Economic democracy spreads wealth throughout communities rather than concentrating it in the hands of a few. The wealth of this Commonwealth belongs to everyone and we must distribute it based on inclusion rather than exclusion.

One of the strengths of House Bill 611 was the creation of County Councils with the intention that state resources be spread throughout the state based on need and that those in need be given a voice in devising solutions. The fact that volunteers across the Commonwealth stepped forward to meet these responsibilities is a tribute to the willingness of Kentucky citizens to actively participate in democracy. It is our belief that the success of House Bill 611 will depend upon the incorporation of county councils ideas into the Comprehensive Plan.

Counties across the state began appointing county councils in July of 2000 and most councils were in place by September of 2000. Shortly thereafter, councils began developing local comprehensive plans. As the work unfolded, they participated in regional meetings and trainings. Each county held a series of public meetings in an effort to design their comprehensive plan. Farmers drove the discussion and formation of ideas contained in the plans. It is impossible to know for sure how many public meetings were held across the state, but CFA members serving on county councils held in excess of 90 local meetings from August through January, when local plans were developed. Attendance generally ranged from eight people to as many as 120 participants.

Counties across the state put together county agricultural development plans that will keep Kentucky farm families farming, increase farm income, and encourage diversification. Counties identified existing local assets, including underutilized facilities and resources and analyzed local successes including successful operations, people, production methods and marketing systems. Counties also identified missing resources.

As counties across the state pursued a planning process simultaneously, similar needs began to emerge. Every county owns assets that offer opportunities for building a strong agricultural economy. People already know what food related businesses exist in the county, but counties need state assistance in determining the extent to which food dollars are leaving or staying and multiplying in any county. Similarly, they need state assistance in determining what food products local restaurants and institutions are willing to buy from area growers, substituting them for imported food products. Additionally, counties looked for opportunities for regional coordination, convened appropriate multi-county meetings and developed regional proposals. Farmers, in the regional meetings and through the county plans, identified several key issues to

be addressed: lack of information about new crops and markets, weak infrastructure for the development of new markets, and policies counterproductive to the creation of a revitalized agriculture.

It is clear the farmers do not favor a “Vertical Integration” model of economic development. Vertical Integration is a strategy employed by large corporations that streamlines the process of production from farm to table by squeezing out small producers. Vertical Integration is anti-competitive. It is a system that allows a single company to control the entire production process of a commodity from the farm to the table. For example, a chicken integrator may control several chicken farms, own the plants that process the meat, own the plants that pack the product, and own a distribution system that transports the meat to the retailers. Poultry companies are almost completely integrated. Six companies contract 75% of the pork grown in the U.S. The four largest grain buyers control almost 40% of the grain elevators and storage. No county plan called for the recruitment of new poultry or hog integrators or further vertical integration of our farm economy.

Alternatively, county plans favor Community Cooperation. Models for agricultural development based on ‘Community Cooperation’ involve more than one business and work on the principles of cooperative and comparative advantages. Initiatives restructured to level the playing field among farms of all sizes and scales require that businesses or farmers work together, based on their advantages in the same market environment. A group of local dairy farmers, for example, may want to process cheese. Smoked cheese has a good market, but the dairy farmers do not want to do this process on farm. A neighbor volunteers to smoke the cheese, adding more value. The farmers direct market their cheese through a local store. Another farmer begins growing pumpkins, inviting the public to pick their own. Eventually, community members realize that they have a unique opportunity to develop agri-tourism as other local businesses and farmers begin diversifying. County plans had many such examples, because Community Cooperation can only be driven by local people involved in developing their own economy. If Kentucky is to level the playing field by encouraging coordination among businesses with similar needs, the comprehensive plan for the development of agriculture must honor the local planning process.

County Council plans also recognized that Kentucky lends itself to and perhaps requires a highly diversified land economy. A recurring theme of county plans spoke to grazing and farming in small, family-sized parcels with small-scale equipment as appropriate resources to build upon. We need to make better use of our forests, including farm woodlots; dispersing small-scale, locally owned value-added industries for forest products; while developing local markets for these products. Because we need grass, we need grazing animals. We have the ability here to finish slaughter animals mainly or entirely on grass. This is a proven ability. Until the advent of confinement feeding, we produced large numbers of steers and spring lambs, ready for slaughter, with little or no grain feeding. Another proven and languishing capability of our

agricultural landscape is dairying. We need a support structure of local markets and small locally owned meat and milk processing plants. We can grow all the non-tropical fruits and vegetables. For these products, as for forest and animal products, we need local processing and marketing—the crux of what local farmers said over and over again through public meetings as the priority need.

A citizen led planning process unveils recurring themes that must be addressed by a long-term plan, lest we make a mockery of the 611 process. Those recurring themes include Community Cooperation, and valuing our most precious assets -- the people and land -- as we build new markets for a new Kentucky economy.

III. Kentucky must Foster a “Culture of Learning” that places a premium on fresh, high quality foods.

With fewer and fewer people in the United States engaged in producing our food, most consumers have little understanding of their connection to agriculture and food production. Consequently, they do not understand their connection with nature, except as a place for recreation, and they lack an appreciation for farming as cultivation of the earth for the production of food that sustains us. Through farmers’ markets, Community Supported Agriculture and direct marketing strategies of small farmers, non-farmers are beginning to connect with the people who grow their food. Consumers are developing meaningful, direct relationships with farmers and an awareness that food is a product of a farmer’s cooperation with nature.

Our current system places a premium on cheap food and efficiency, rather than on fresh, responsibly grown food. Consumers now subsidize industrial agriculture at a very high cost. There are high environmental costs associated with large scale production; conditions are hazardous for the workers in large scale factories; consumers face health risks associated with cheap quality and highly processed foods; and profits that leave the state represents an enormous leakage in the tax base. Health and food safety are at stake, and the long-term plan for agricultural development should reflect that.

Today’s factory farms emphasize speed and quantity rather than quality and safety. Produce is grown in hothouses or in enormous monocultures that rely heavily on chemicals; milk comes from cows that are injected with growth hormones and live in dark, confined spaces; and meat production is done in virtual flesh factories dependent on continuous use of antibiotics that produce dangerous quantities of animal waste and at best a mediocre product. Early outbreaks of diseases such as e-coli and mad cow disease coincided with the rise of corporate of agriculture, and they continue to threaten the health of the public. Genetically modified food poses new dangers. Genetically engineered food basically serves the needs of corporations for transportation, shelf life, and mass production of animals and most ominously to profit from patenting humankind’s knowledge of DNA and genetic material.

We envision a food system in which Kentuckians eat locally grown food. Most Kentucky consumers are interested in healthy, environmentally friendly, locally grown food, and are concerned over the loss of farmland. Kentuckians can support their local farmers by consuming locally produced fruits and vegetables, meats, eggs, milk, and products such as breads, jams, butter and cheese, processed food and canned goods.

When the distance from farm to table is short, food is still fresh when it gets to the consumer, and therefore it tastes better. Family farms produce safer food, because their small scale enables farmers to manage their land with less dependency on chemicals and large feedlots.

A viable long-term plan must begin by building on Kentucky's strengths — our people, the incredible success of sustainable agriculture in this state and local assets. Every farmer who has tried an alternative to tobacco is an expert on the barriers to financially successful diversification. Tobacco monies give us the opportunity to effectively place resources based on the lessons already learned by Kentucky farmers. In our vision for Kentucky agriculture people form relationships with the farmers who raise their food, and they recognize their food choices affect long-term food security in critical ways.

Policy Recommendations

Marketing Infrastructure Development

Kentucky farm and food policies should support a diversity of markets for a diversity of unique products, producers, and consumers. Currently, our markets are inadequately developed. Although every county has some diversified success stories, no county has an integrated local food economy. There is, however, opportunity in every Kentucky county to expand existing markets and develop new markets for both existing and new products. State policies that support and expand local markets, encourage new enterprises and create markets where they do not exist will greatly enhance farm income. Kentucky also needs a cross-institutional approach to developing markets, co-op development assistance, business planning assistance, feasibility studies and marketing assistance.

Developing New Markets & Improving Existing Markets

Perhaps, improving existing markets is the most obvious and least costly step. There are examples in Kentucky where we can meet demand and yet continue to import competing products from out-of-state. For example, Kentucky imports over 70% of our alfalfa hay. Trimble, Henry, Carroll and Oldham counties requested a study to look into the feasibility of locating a hay marketing facility, with a highly skilled marketer/operator, in the area. These counties all rank high in local forage production and now produce over 146,730 tons of hay.

Creating flexible networks, where producers utilize each other to add value is an additional tool to improve existing markets. Flexible networks improve existing markets and open up opportunities for new markets. For example, Kentucky sells most of our beef as calves to out-of-state feedlots for processing, losing most of the income those calves produce. Many farmers who work off farm are not interested in raising calves, but other farmers in the county might be. A flexible network of producers would allow those who only want to raise calves to sell to a neighbor and the neighbor could in turn sell to another producer to finish feeding before slaughter. If a local slaughterhouse is added to the network as well as, local retail outlets, all the profits from Kentucky calves could re-circulate within the state. Tobacco Settlement funds should expand the flexible networking program currently run by the Cabinet for Economic Development for the creation of agricultural flexible networks.

Every county in the state has underdeveloped markets. Underdeveloped areas include green house production of fruits and vegetables, coupled with hydroponic growing facilities, which could almost double the availability of Kentucky produce, value added processing of almost every product produced in the state and direct marketing efforts that benefit both farmers and the community. Many farmers have diversified into vegetables and Kentucky has a fledgling produce market that can only expand. Expansion of produce markets requires technical assistance for a variety of needs. Producers need help with packaging, transportation, grading and creating markets for each grade of product. The state should assist farmers in identifying new crops and unique products where supply does not approach demand. Current examples include: specialty vegetables, pasture poultry and dairy products.

As Kentucky farmers venture into diversification, the formation of cluster markets becomes a more useful tool. Cluster markets develop when farmers begin marketing products together, reaching revenue streams unavailable to them as individuals. For example, a cluster may develop if one farmer produces cheese and another wine and if they market their products together, they reach a completely new group of consumers that they may not reach alone. Another example may be marketing jam and bread, or meat with sauce or pumpkins with corn shocks.

Cluster marketing shares the risk and the investment among different producers when trying to reach new markets. Whether farmers try new marketing ventures through the Internet, mail order, specialty stores, agri-tourism or at the local farmers market, a high degree of cooperation is necessary and the state can assist in a variety of ways. For instance, the state can assist the development of local farmers' markets in tandem with main street development programs that promote locally owned small businesses. The State can enhance and support farmers' markets by establishing pads and tents for each county; assisting in finding locations that promote the revitalization of downtown areas; providing public spaces (could be owned by a local farmers' market associations); providing an advertising budget and assisting in forming associations to determine producer eligibility and to find buyers for top quality produce such as

restaurants, or other institutional buyers. The Kentucky Department of Agriculture website is a marketing tool that could be further expanded. The state can develop programs that will facilitate connections between farmers and other locally owned food businesses (restaurants, small grocery stores, specialty food stores, grocery chains, food processors). Incentives could be offered for all retailers who agree to provide consistent and prominent shelf space to promote Kentucky grown products in one store location. The state could give a tremendous boost to the development of local food economies with programs that label, promote and advertise for Kentucky grown products.

Kentucky should also mandate that all possible purchases of fuel, food, timber and fiber with state monies should be of Kentucky products. All branches of state and county government should be encouraged to buy from Kentucky farmers. For example, Kentucky State Parks, prisons, even the legislative cafeteria should try to buy Kentucky products before turning elsewhere. Kentucky needs to develop and vigorously pursue a comprehensive state program for buying agricultural products for schools, state parks, military bases, prisons, and hospitals modeled on USDA's school initiative program.

Emerging opportunities in new farm enterprises will require state funding. Several counties identified ag-tourism as a viable foundation for new farm enterprises. (See Adair & Owen County plans). The state can assist such development with advertising and promotional campaigns. New product development is another aspect of entrepreneurship. Grants should be available for new product development, using Kentucky products, grown by Kentucky producers, provided farmers are fairly compensated and are not required to sign one-sided contracts. As more Kentucky farmers produce organic foods, there will be a need to process these foods. Many organic products -- wheat, corn, small grains, beef, poultry, fruits and vegetables -- have an untapped market if processed. Other examples include: Organic personal and health products, such as shampoo, health supplements, herbs, and hemp-based products.

Developing the Infrastructure

Kentucky must more fully utilize our existing agricultural infrastructure and develop the infrastructure where it does not exist. For instance, when farmers try new crops, they often lack the appropriate transportation such as refrigerated trucks to get it to market. A transportation cost-share program for marketing co-ops could greatly alleviate this situation.

We need cost-share programs for the purchase of irrigation systems, planting and harvesting equipment, greenhouses, coolers, specialty crop equipment, storage facilities, pre-processing equipment, other production systems and for value-added equipment. The same is true of grading and packing facilities or processing facilities. For example, **Morgan County's** first priority is a cost-share program to improve marketing of agricultural products. **Bracken County** identified a need for a certified community kitchen to make jams and jellies to sell locally, because farmers were growing berries and fruits. A processing center would enable

produce that does not meet fresh market standards to gain value instead of going to waste. In **Madison County**, most farm products leave the county as raw materials. Farmers in Madison County would like to see raw materials made into finished products with a cannery and a certified kitchen.

Additionally, Kentucky must replace regulations and policies that interfere with small-scale production, most notably in the livestock industry. For instance, we need additional assistance for the creation of mobile USDA inspected processing plants for pasture poultry and other livestock. Stationary plants could replace mobile units after reliable markets are developed.

Meeting the Needs -- Resource Development

Identifying Opportunities

Kentucky needs to identify the current economic relationship between Kentucky farmers, consumers and businesses. Kentucky urgently needs to invest in a professional assessment of Kentucky's diversification capabilities in regard both to production and consumer demand. We need to know, for example, the amount of broccoli grown in the state, the amount of broccoli consumed in the state in all its forms (fresh, canned, frozen) so we can set appropriate statewide goals for developing every possible market. The state should further map the opportunities that exist within the Kentucky to create more local markets. The state should provide a food profile, detailing where food is purchased, how much is purchased, and consumer demand for different kinds of food: convenience and value-added food products, organic produce, pasture-finished animals, and other specialty niches. The state should not only survey consumers, but bakeries, supermarkets, restaurants, hospitals, and schools to determine what they already purchase locally, what is imported, and what guaranteed quantities they need.

The State needs to provide marketing specialists to counties when requested who can:

- a) Inventory all the agricultural, fuel, wood and fiber products and enterprises in the county;
- b) Inventory all the processing operations in the county (bakeries, slaughter houses, value-added entrepreneurship); retail operations (supermarkets, anyone selling food via the Internet and community supported agriculture enterprises); service operations (restaurants) and institutions (schools, hospitals, prisons, government);
- c) Map the relationship between local farms and local businesses: Inventory products for farm and food related businesses acquired locally; for example compile a list of imported products such as seeds, and the percentage of products sold locally.
- d) Devise a plan to strengthen the local economy so that local people are consuming a large percentage of locally grown products.

Learning Networks

To solve our problems, we must work at both local and the state level to provide resources for new and existing efforts. Kentucky needs to create greater opportunities to connect farmers with consumers directly to enable farmers to respond to changes in consumer demand and stimulate increased interest in agriculture among consumers. For example, the state can develop a website connecting chefs, restaurants and stores directly to farmers in outlying areas around our urban centers, as well as provide consumer and retailer education programs emphasizing the value of seasonal buying.

Tobacco Settlement funds should provide for the formation of informal networks and trade associations for the purposes of information exchange and technical assistance in a variety of areas from marketing to business planning. These networks and associations need staffing from appropriate institutions, and funding for resource development. Our state universities and the Kentucky Department of Agriculture need a mandate to identify successful ventures in other regions of the country and replicate those successes in specific multi-county areas of Kentucky. The Kentucky Department of Agriculture should compile a list of people who are willing to be mentors to new farmers or farmers trying something new. Mini-grants to farm entrepreneurs should be continued.

These networks and associations have a variety of purposes based on interest and need. Kentucky needs a network of entrepreneurs, since most entrepreneurs go to other entrepreneurs when they want to find out what works. Networks can also encourage individual creativity. Learning networks can document success stories, profiling sustainable, diversified farmers, develop videotapes of successful farmers talking about and showing what they do or host field days that demonstrate successful, sustainable diversification efforts. Providing ideas for such products as grapes, shrimp or dwarf fruits can help farmers to consider new options.

We need farmer associations, demonstration projects and information sharing networks of farmers on the local level as they try different crops, production methods and marketing schemes. The state also needs to encourage the growth of statewide networks and associations. Local and state learning networks may serve similar purposes, but the kind of information shared and the quality of the interchanges differ enough that both types of networks are uniquely valuable. The development of a local infrastructure need not wait on state level development, although each is complementary to the other.

Experienced Consultants

County plans identified the need for available experienced consultants

repeatedly. Individual farmers and counties need expertise to help develop local integrated markets. Farmers need help developing business plans, feasibility studies, marketing plans to product promotional plans. These experts should be available to groups of farmers, upon request. Experts should conduct marketing research jointly with farmers because the relationship between buyer and seller is the key ingredient to success. Production and marketing practices intertwine, so farmer involvement is key in each step. For instance, **Henry County** is just one of many counties that identified hiring a full time marketer for the county as a high priority.

Summary of Policy Recommendations

CFA members have the following recommendations for inclusion in Kentucky's long-range plan for the development of agriculture.

Marketing Infrastructure Development

1. Kentucky needs state policies that will support and expand local markets, encourage new enterprises and create markets where they do not exist. Kentucky needs an integrated approach to the expansion of existing markets and the development of new markets for both existing and new products. The Center for Agricultural Entrepreneurship is a step towards an integrated approach. However, Kentucky needs a coordinated cross institutional approach to developing markets, co-op development assistance, business planning assistance and marketing assistance on county, multi-county and the state level, as county plans have recognized.
2. Kentucky needs to expand the flexible networking program currently run by the Cabinet of Economic Development to develop flexible networks for agriculture.
3. The same is true of grading and packing facilities or processing facilities.
4. Kentucky needs a cost-share program for farmers or groups of farmers who are attempting new crops, developing or expanding new markets or adding value to farm products would immensely encourage these activities. Cost-share assistance should be available for new on farm infrastructure, market transportation needs, and value-added processing facilities either on or off farm. For example, cost-share programs could cover up to half the initial investment for the purchase of irrigation systems, planting and harvesting equipment, greenhouses, coolers, specialty crop equipment, storage facilities, pre-processing equipment, other production systems and for value-added equipment.
5. Farmers have a variety of technical assistance needs that need to be addressed in a coordinated programmatic fashion. For example, farmers need readily available assistance for feasibility plans, addressing issues of scale and new crops. Counties need marketing specialists upon request. Farmers need technical assistance with packaging,

transportation, grading, and finding markets for each grade of product, regardless of the commodity.

6. Kentucky needs to identify unique individual and clusters of products where supply does not approach demand.
7. The state should develop programs that will facilitate connections between farmers and other locally owned food businesses (restaurants, small grocery stores, specialty food stores, grocery chains, food processors). For instance, the state could support farmers' markets in tandem with main street development programs that support existing local businesses when appropriate. The State can further enhance and support farmers' markets by establishing pads and tents for each county; assisting in finding locations that promote the revitalization of downtown areas; providing public spaces (could be owned by a local farmers' market associations); providing an advertising budget and assisting in forming associations to determine producer eligibility and to find buyers for top quality produce such as restaurants, or other institutional buyers.
8. Kentucky needs to expand labeling, promotion and advertising of Kentucky grown products; further utilize KDA's website as marketing tool and expand KDA's promotional materials program (catalogues, guides, bags, logos).
9. Incentives could be offered for all retailers who agree to provide consistent and prominent shelf space to promote Kentucky grown products in one store location.
10. The state can also assist market development with state and federal buying of products. Kentucky should mandate that all possible purchases of fuel, food, timber and fiber with state monies should be of Kentucky products. All branches of state and county government should be encouraged to buy from Kentucky farmers when possible. For example, Kentucky State Parks, prisons, even the legislative cafeteria should try to buy Kentucky products before turning elsewhere. Kentucky needs to develop and vigorously pursue a comprehensive state buying of agricultural products program for schools, state parks, military bases, prisons, and hospitals modeled on USDA's school initiative program.
11. Emerging opportunities in new farm enterprises will require state funding. The state can assist agri-tourism such development with advertising and promotional campaigns. Grants should be available for new product development, using Kentucky products, grown by Kentucky producers, provided farmers are fairly compensated and are not required to sign one-sided contracts. Kentucky need to encourage dispersed, small-scale, locally owned value-added industries for agriculture and forest products. Kentucky needs its universities to help with new product development that would benefit family-scale farming.

12. Kentucky needs locally owned; small-scale meat-processing plants and more USDA inspected mobile plants for pasture poultry and other livestock. Stationary plants could replace mobile units after reliable markets are developed.

Credit Availability

1. The Kentucky Agricultural Financing Authority, or a like entity should develop loan programs to ease credit problems for those seeking operating money when trying new crops. The Authority should make direct loans for farm entrepreneurs with new ideas for marketing and product development, for co-op development and for agricultural cost-share programs. Kentucky needs to provide appropriate assistance to African American and young farmers. Qualified borrowers need to obtain money easily and quickly.
2. Kentucky needs loan programs that provide
 - Low-income grant programs to assist with start-up investments, and direct loans rather than guaranteed loans
 - Low-interest start-up and expansion loans
 - Business training and technical assistance
 - Marketing and co-op development assistance

Environmental Stewardship

1. The PACE program deserves continued support as one method of compensating farmers for loss in land value.
2. Additionally, Kentucky must replace regulations and policies that interfere with small-scale production, most notably in the livestock industry. For instance, we need additional assistance for the creation of mobile USDA inspected processing plants for pasture poultry and other livestock.
3. The water quality cost-share program should continue.

Resource Development

1. Kentucky needs a map of the current economic relationship between Kentucky farmers, consumers and businesses as well as a map that locates existing niche markets. Kentucky needs to determine what food products local stores, restaurants, and institutions are willing to buy from area growers that can be substituted for imported food products.
2. Kentucky needs to develop informal networks and trade associations for the purposes of information exchange and technical assistance in a variety of areas from marketing to business planning and for a variety of people. Kentucky needs a network of

entrepreneurs, since most entrepreneurs go to other entrepreneurs when they want to find out what works. Learning networks can document success stories, profiling sustainable, diversified farmers, develop videotapes of successful farmers talking about, and showing what they do or host field days that demonstrate successful, sustainable diversification efforts. Kentucky also needs to connect farmers with consumers, locally owned restaurants, small grocery stores, specialty food stores, grocery chains, and food processors, to name only a few categories. For example, the state can develop a website connecting chefs, restaurants and stores directly to farmers in outlying areas around our urban centers, as well as, provide consumer and retailer education programs emphasizing the value of seasonal buying.

3. Our state universities and the Kentucky Department of Agriculture need a mandate to identify successful ventures in other regions of the country and replicate those successes in specific multi-county areas of Kentucky. The Kentucky Department of Agriculture should compile a list of people who are willing to be mentors to new farmers or farmers trying something new.
4. County plans identified the need for available experienced consultants repeatedly. Individual farmers and counties need expertise to help develop local integrated markets. Needs range from help developing business plans, feasibility studies, marketing plans to product promotional plans. These experts should be available to groups of farmers, upon request. Experts should conduct marketing research jointly with farmers because the relationship between buyer and seller is the key ingredient to success.

Agricultural Development Board

One of the first actions taken by the Agricultural Development Board was to recommend a planning process for county councils to follow when drafting county comprehensive plans. The Board then oversaw training sessions for county council members and extension agents across the state. (See Appendix II for CFA recommended planning process.)

The Board began to consider proposals as early as August. The initial proposals were for large amounts of money and seemed to be solicited. However, this proved unpopular with many farmers, as it seemed logical that the board wait until the counties had a chance to develop their plans. Wisely, the board delayed most spending decisions until February 2001 when most counties had completed their planning process. Instead the board turned their attention to the adoption of “near term” state comprehensive plan in December to be used while awaiting the development of a long term plan. (The legislation envisions a 25-year long-range plan, but specifically states that the board shall have an interim plan to guide spending decisions.) The Agricultural Development Board began allocating funds to county projects in March. As of

October 1, 2001, the Agricultural Development Board has allocated approximately 28% of the county funds and 42% of state funds.

During the February Agricultural Development Board meeting, it was announced that Dr. Ray Goldberg, a Harvard Business School Professor (who has served on the board of directors for over 40 major agribusiness corporations including Archer Daniel Midlands, Tyson's and Smithfield Farms) had been hired to develop a long-term comprehensive plan for Kentucky agriculture.

Various timelines were presented over the next few months, but ultimately Dr. Goldberg facilitated a closed planning session of 60 participants in July in Louisville to begin brainstorming elements of a comprehensive plan. The 60 original participants plus some additions, ranging from California based Large Scale Biology Corporation to CFA members, participated in five focus group meetings in August and September. Some Agricultural Development Board members participated in the process.

Although CFA has been critical at many different times, for many different reasons, of Dr. Goldberg's role, it is not the purpose of this document to detail process objections, but rather to convey the content of what we think a comprehensive plan should contain. We think a comprehensive plan must be based on the content of county plans. Ideas that detract rather than enhance the ideas contained in county plans should not be considered. While Lee Todd and others have suggested that Kentucky promote using tobacco for pharmaceutical purposes, farmers know that one farm in the state could provide all the research pharmaceutical tobacco ever required. Additionally, communities did not identify biotech as a solution in their planning process, giving rise to fears that the promotion of biotech will divert tobacco settlement funds to accommodate an agenda that not only fails to solve problems, but also will take a disproportionate amount of available resources away from the solutions farmers did identify. We think that the development of a biotechnology industry in the state is one such idea.

There is a relationship between county comprehensive plans and the development of a statewide plan. The Agricultural Development Board should honor the local planning process created by House Bill 611 if farmers are to be included in finding solutions to the problems that beset them. By analyzing county plans and recognizing common needs and creative solutions Kentucky has a chance to develop a comprehensive plan for the development of a new agriculture that speaks to the needs of and incorporates the creativity of local citizens.

Legislative Oversight Committee

House Bill 611 created a Legislative Oversight Committee, to meet monthly beginning in July of 2000 to check the power of the Agricultural Development Board. The Legislative Oversight Committee was still not in place as of July 2001. In the last week of July, the House

announced their appointments and the first legislative oversight committee met in August. The Senate has yet to act.

Appendix III

County Agricultural Development Council Planning Framework

House Bill 611 is an historic piece of legislation that allows farmers and tobacco dependent communities to create a new agricultural future. The crux of this legislation –what gives it special promise and a unique chance to succeed – is the local planning process. Local planning provides farmers with an opportunity to improve and diversify their own farming operations while working with others in their community to build a stronger agricultural economy.

Community Farm Alliance believes that before the state board authorizes even a dollar, local people must have the opportunity to come together as a community, to find strengths and successes, and to determine their needs. Only local people have the right and responsibility to determine their own future. House Bill 611 also gives them the power.

County agricultural development councils must follow a fair and open process so that communities invest themselves in meeting the challenges posed by current agricultural conditions. The planning process must be inclusive, ensure broad-based community participation and incorporate creative ideas. Farmers are experts in the problems facing them and offer a pragmatic view of proposed solutions. Yet, the planning process also needs to incorporate fresh approaches. Therefore, informed participation is a key ingredient of a successful process. The planning process must allow people to learn new concepts and explore success stories.

With the goal of developing a new agricultural economy that keeps Kentucky farm families farming, increases farm income and promotes diversification, county agricultural development councils must create processes that build on the common sense and the dreams of local people. It is in this spirit that CFA submits a suggested, simple seven-step process for consideration by county agricultural development councils. CFA believes planning, implementation and evaluation are a never-ending cycle, necessary to the achievement of long-term goals. CFA hopes that the state and local boards share this belief and do not look at any

planning process as finished until meeting the long-term goal of revitalizing Kentucky's farm economy.

PLANNING FRAMEWORK

Step 1: Information and Participation

Goal: To provide the community with information regarding the agricultural development council and to seek participation from community members to develop a comprehensive plan for revitalizing the agricultural economy.

Suggested Methods:

- Introduce the local Ag council to the community and explain their role.
- Invite the entire community's participation through media outlets (i.e. newspaper, radio ads, public service announcements, community TV, etc.).
- Call a series of informal, well publicized, community meetings with groups of people within the county. These are mostly informational meetings that explain the opportunities for involvement. The number of meetings should reflect the number of communities within the county.

Step 2: Visioning our Future Together

Goal: To provide the community with an opportunity to say what they want to preserve (i.e. tobacco culture, knowledge, land, people, etc.) and what they want to create anew.

Suggested Methods:

- Host a larger town meeting that brings together community members interested in helping to develop the comprehensive plan and ask: what do you love about your county, what would you like to change and when these things have changed what will our county will be like...?
- Create a vision statement that brings together the common principles, values and ideals from the above lists.

Step 3: Education – 2 Parts

Part 1 – Farming and the rural community

Goal: To educate the community about the role of farming in the local economy and to strengthen the relationship between community residents and area farmers.

Suggested methods:

- Discussion of how local economies work.
- Encourage dialogue about how farms fit into the local economy and how the local economy is reliant on farms. Include discussion of how farming benefits the local natural environment.
- Discuss advantages of buying local, regional and in-state products to the development of local regional and state economies.
- Distribute articles about farming and the local economy and the advantages of buying local in the newspapers, to interested organizations, local farmers markets etc.
- Inventory and evaluate what types of food and supplies the community imports.
- Discover ideas that work in other counties and states.

Part 2 – Sustainability and Diversification

Goal: To encourage learning and new thinking while evaluating what the county has to work with. (On going)

Suggested Methods:

- Facilitate discussions about sustainability and diversification, both economically and agriculturally.
 - Show a videotape of successful farmers talking about examples of alternatives that highlight sustainable economic development principles.
- Host field days that demonstrate successful, sustainable diversification efforts.
- Profile sustainable, diversified farmers in the newspaper.

Step 4: County Inventory

Goal: To identify what the county currently has (assets) to build upon.

Suggested Methods:

- *Present relevant data in the following 3 major areas:*
 - A. *Farm Community: Number of farms, complete list of all agricultural products and enterprises in the county, percentage of full-time farmers, percentage of farm income that part-time farmers produce in the county.*
 - B. *Food Related Businesses: A complete list of all the processing operations in the county (bakeries, slaughterhouses, value-added entrepreneurships); retail operations (supermarkets, anyone selling food via the internet and community supported agriculture enterprises); service operations (restaurants) and institutions (schools, hospitals, prisons, government).*
 - C. *Mapping the relationship between local farms and local businesses: A complete list of inputs for farm and food related businesses acquired locally and a corresponding list of imported inputs and the percentage of product they sell locally.*

**If applicable can be adapted to fuel, wood products and fiber.*

- *Conduct surveys regarding farming practices, consumer preferences and bulk purchaser needs*

(i.e. restaurants, hospitals, schools, etc.).

- *Bring people together to explore and discuss the assets that their county has (i.e. infrastructure, natural resources, traditions and knowledge) Discuss options for building on the county's assets.*

Step 5: Needs Assessment

Goal: To discover county needs.

Suggested Methods:

- Bring people together to review the assets and the relationship between them and the community vision.
- Discuss what is missing to complete the vision.

Step 6: Identifying opportunities

Goal: To identify opportunities to strengthen the county's agricultural economy.

Suggested Methods:

- Publicize the vision statement, community inventory and needs assessment in the local paper.
- Bring people together to prioritize the best assets, the biggest needs, and the most serious problems and begin discussing opportunities.

Step 7: Drafting the Plan

Goal: To put together a comprehensive plan for the county that leads to a new agricultural economy that keeps Kentucky farm families farming, increases farm income and encourages diversification.

Suggested Methods:

- Create a working draft from information gathered in steps 1-6 incorporating everyone's ideas. (*SEE SAMPLE COUNTY PLAN*)
- Publicize the plan in the local newspaper.
- Distribute the plan county-wide.
- Present the plan at a town meeting.
- Take public comment on the plan.
- Make needed adjustments to the plan.
- Submit plan to the state Agriculture Development Board.

Sample Plan

A Plan for Agricultural Investment in Prosperous County

Overview of Food and Agriculture

Agriculture in Prosperous County is the foundation of the rural economy. Prosperous is heavily dependent on the income from tobacco, as it ranks 4th in the state in Burley production. However, there is a diversity of farm types in the county and surrounding region.

Prosperous County is home to more than 1,300 farms containing more than 190,000 acres of land. Besides being 4th in the production of Burley, Prosperous also ranks 3rd in milk production and 16th in beef cattle. There are very few young farmers.

Vision/Goals

Residents in Prosperous County want to live in a community where agriculture is a valued part of community life. They want farming to remain a vital part of their rural economy. They want a diversified farm economy that is based on products that can be marketed locally. Residents want farmers to be proud of their occupation and stand together. They want young people to have the opportunity to farm and make money at it while using environmentally sound farming practices. Residents want farmers and consumers to be educated about farm policy and rural farm economies. They want a government that is responsive to the needs of farming communities. Residents want economic development that is planned and generates moderate growth, rather than rapid unplanned growth.

Strengths

Prosperous County produces a variety of farm products such as tobacco, hay, pastured poultry, beef, vegetables, and cheese. There are 13 farmers who direct market products from their farm. The county is not close to an urban center, but has an interstate with a rest area and a historical tourist attraction with a state park.

Opportunities for Developing a Local Farm Economy

The state park would purchase locally grown produce if county residents could process their vegetables. Consumers and local businesses in the county were very interested in supporting local farmers, but consumers cited convenient shopping as a high priority. Some local restaurants were interested in adjusting their menus seasonally to accommodate local farmers and some indicated a preference for buying local beef.

Needs

Tobacco farmers need local markets for new crops, access to credit and assistance in purchasing new investments such as drip-irrigation systems. Dairy farmers need assistance in purchasing cheese making equipment. Beef producers need a small processing plant so they can retain more value from their herds. There was consensus that finding new ways for small farms to be profitable will keep young people in farming.

Recommendations:

- Develop a small scale slaughter facility for beef
- Cost-share assistance for the purchase of diversification equipment
- Build community owned coolers, grading and packing facility for vegetables
- Hire a marketing specialist for the development of local and regional markets for all county grown products.

ADDENDUM

Purpose:

To share some of the thinking and discussion that went into the development of this planning process. Approximately twenty CFA members contributed to the development of this planning process. After four meetings, there was a wealth of discussion that does not appear in the document itself but that people wanted to share. The order of the steps is merely what 20 people thought collectively would work best. County councils may think differently and reorder the steps. Some of the steps build upon one another. Education may be a continuing process.

The success of county planning efforts will largely depend on community participation. One standard for measuring the success of community participation is whether or not at least 10% of the farming community participate in the development of the plan. For the top ten tobacco producing counties that means between 65 and 200 people should participate in public meetings. While not ideal, CFA members felt this was a realistic, achievable number that reflected real participation. We encourage local councils to use sign-up sheets at every public meeting so they can gauge community participation.

The informational meetings are the first invitation to the community for participation. The location of meetings is important, because it demonstrates the sincerity of the invitation. If only one informational meeting is held at the local extension office, then non-farmers may feel their opinions are not valued. A willingness on the part of the council to physically reach out to different parts of the county demonstrates a spirit of cooperation that sets the planning process on the right foot from the very beginning.

STEP 2: Developing a Vision

Some people felt that education should precede developing a vision. However, visions really draw on people's values. The values we want our community to reflect are deeply felt convictions about how we want to live together. Members felt that our values and dreams are the most important starting point for the development of county plans.

The process of developing a vision is mostly about listening and integrating the themes that people raise. It is a very simple process. Councils need to ask people what they value about their county now and how they would like it to be in future assuming that everything is possible for the purpose of the vision. Listing all responses demonstrates the importance of each person's viewpoint. The vision statement that emerges is a synthesis of the values that people are expressing. (See sample plan)

STEP 3: Education - Part 1

Many people may not fully understand their local farm economy. For example, people in town may not ever reflect that where they buy their food has an impact on the town in which they live. For that matter, many farmers are unaware of people in their own county who are making money selling non-traditional crops or products. If they are aware, they may or may not feel an obligation to support their neighbors. People may not see themselves as economically connected, even when they are.

Kentucky ranks 43rd in farm income generated from direct marketing. This means that 42 states are doing a better job. Why? Some of the economic development principles most routinely used include: finding ways to retain agricultural income; supporting and investing in existing local businesses; encouraging, promoting and investing in new local businesses; carefully and selectively recruiting businesses that offer more opportunity for existing farms and businesses; substituting local goods for imported products; and developing markets for local production. Farming communities cannot increase income for small farmers by continuing to compete with an industrial food system. Kentucky has to farm differently, offer new products and put local resources to innovative use; reducing our dependence on outside inputs. In order to retain agricultural income communities must first realize that current food markets are structured to take agricultural products away for processing and send them back into town for sale at stores. For example, Kentucky sends 90% of our beef cattle out of state to be processed. Then, out of state corporations send meat back to supermarkets for sale to consumers. Therefore, an out-of-state corporation collects the profit from the beef cattle. If farmers processed the beef locally and marketed it directly to the supermarket, the profit remains within the county and helps to support local businesses.

Education - Part 2

People today may be unaware of what others in their community are doing. Highlighting examples in the community that are successful that people don't already know about is essential to the success of a planning process. Every county has some diversified success stories but no

county has an integrated local food economy. It is imperative that the planning process incorporate fresh ideas and new approaches. Therefore, the planning process must facilitate the learning of new concepts and new methods.

Step 4: County Inventory

An inventory of county assets will uncover opportunities for building a strong agricultural economy. This process will reveal the extent to which food dollars are leaving or staying and multiplying in your county. The process for developing a county inventory is very straightforward. The Extension Agent can provide relevant data on the farm community. People already know what food related businesses exist in the county so a committee or the group can identify them by simply putting up a list. Similarly, by finding out what food products local restaurants and institutions are willing to buy from area growers gives local residents insight into what can be produced locally that substitutes for imported food products.

Extension Agents can share what is grown and raised, quantities, the length of the growing season, are there any local green houses, hydroponic growing facilities, what are current value added processing and direct marketing efforts, etc. Useful information from consumers include: where food is purchased, quantities purchased, consumer demand for convenience and value added food products organic produce, range fed animals and other specialty niches. As well as, consumer interest in healthy, environmentally friendly, locally grown food, and concern for loss of farm land.

Suggested ways to survey consumers include asking people a few questions on their way into the grocery store, at local farmers' markets or mailing a random survey. Surveying bakeries, supermarkets, restaurants, hospitals and schools to find out what they already purchase locally, what is imported and what guaranteed quantities they need, can be done through interviews or participation in meetings.

Once these lists are completed they form a picture or a map of what the current relationships are between farmers, consumers and local businesses. By drawing these connections, residents can also map the opportunities that exist within the community to create more local markets.

Step 5 Needs Assessment

Needs are requirements for economic activity, as in "We have to have a mobile processing unit in order to develop a market for pasture poultry." Or after completing a county inventory, people discover several farms grow fruits and berries. They then identified a need for a certified community kitchen to make jams and jellies to sell locally.

Step 6 Identifying Opportunities

After completing steps 1-5, the task now is to link the assets with the problems and needs previously identified. Residents review the county's assets, needs and problems and explore possible solutions. There should be some attempt to rank ideas in order of importance.

Step 7 Drafting the Plan Self explanatory.