



# 2025 Value-Added Producer Grant (VAPG)

CalFlowers Presentation - February 2025  
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# Disclaimer

- The 2025 VAPG application has made some key changes, including:
  - Narrowed scoring criteria
  - A new online submission portal
  - Changes in the scoring process
- The core of the VAPG has not changed and this presentation is built on best practices for a competitive application overall.



# Disclaimer - Federal Funding Concerns

- Nobody really knows
- Overall, I would move forward as normal
  - Agriculture is not the focus of most of the recent activity
  - The only people who can get the award are those that apply
  - I am a firm believer that no planning efforts are ever wasted.
- Lawyers for Good Government

# Today's Presentation Outline

- Why this funding is important
- Brief VAPG overview
- Budget and work plan brainstorm
- Stewards Unlimited overview
- Questions and answers



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Farmers provide a valuable social service





“Good farmers, who take seriously their duties as stewards of Creation and of their land’s inheritors, contribute to the welfare of society in more ways than society usually acknowledges, or even knows.”

– Wendell Berry



The VAPG is one of the best grants for  
scaling a successful operation



# The VAPG is for Farm Growth

- The VAPG is focused on **increasing producer revenue and customer base**
- Any size organization can apply, but up to 5 bonus points from a base of 80 are given to projects that increase opportunities for:
  - Small and mid-sized family farms
  - Beginning, veteran, and socially disadvantaged farmers and ranchers.





# Value-Added Definition

- The VAPG is focused on increasing producer revenue and customer base through commodities or products that:
  - Undergo a **change in physical state**,
  - Are produced, marketed, or segregated to **enhance value**, or
  - Are **aggregated and marketed** as a locally-produced food.
- Any method needs to show it adds value to the Agricultural Commodity per unit of production over a standard production method.



# Value-Added Definition - Inedible Flower Producers

- Change in physical state - must be irreversible
  - Using flower petals in a product - bath bomb, edible petals, etc
  - Dried or pressed flowers
  - Cut flowers / bouquets need to check with local Rural Development office
- Are produced or segregated to enhance value
  - Organic or regenerative (does not need to be certified if you receive a premium)
  - Genetically unique varieties grown and marketed separately



# Eligibility Requirements

- You must produce at least **51% of the commodity** needed for the project.
- Grant funding cannot be used to build or buy land, buildings, or fixed equipment.
- Grants must be for periods under 36 months.
- You must be one of the following:
  - **Individual independent agricultural producer**; Group of independent producers; Producer-controlled entity; Organization representing agricultural producers; Farmer or rancher cooperative
  - Harvesters (such as those who fish) are also eligible



# Opportunity Details

- Applications will have a due date **30-90 days from release**
  - As a professional service, it takes SU over a month to complete an application with 20 hours of client investment
- Normal **VAPG funding is a 1:1 match**
  - You provide \$50k of value, the grant provides \$50k
- Planning grants can be up to \$75k (\$150k total project budget)
- Working capital grants can be up to \$250k (\$500k total project budget)



# Three Matching-Fund Options

- **Cash matches** can come from money in your bank account, a line of credit, investment accounts, etc. You just have to have access to this money somehow, and are not required to actually use the money shown. This is the best way.
- **Owner labor contribution** can be up to half of your match (25% of total project costs) for the project. In order to use this, we will need to set you up with a reputable time-keeping system (timecards) - so many people avoid it if possible.
- **Raw commodity inputs** (the value of your commodity that is being processed) can be part of your match, but will make administration of the grant down the line more difficult. Part of understanding how much we can rely on this is to see how responsive your local Rural Development office is, and how much they are willing to work with you.



# VAPG wants to see revenue and customer growth

- **VAPG will support big upfront investments** as long as you can show how it will eventually pay off for the business.
- Make sure to compare how the following **compare at the beginning and end of the project**:
  - Revenue for the specific value-added product
  - Customer base for the specific value-added product
- **They should both grow** at least some if you increase the amount of product sold over the grant period.



# Grant Project Brainstorm

- Some successful projects to increase revenue include:
  - Hiring a local organization to **process your commodity**.
  - Working with a product development company to create new products like jerky
  - Processing milk into yogurt, ice-cream, or bottled milk.
- Some successful projects to increase customer base include:
  - **Contracting an advertising firm** to promote your meat cuts to new markets.
  - Offsetting costs associated with attending local farmers markets or trade shows.
  - Costs associated with selling in local stores.





Sound like a good fit?





# Grant Project Management Priorities

- Ensuring producer is registered on SAM.gov and has a Unique Entity Identity (UEI)
- Gathering all previous documents and farm records for review.
- Developing a big-picture view of the project scope of work and budget.
- Determining what third parties are engaged in the project and begin conversations with them to get letters of support for contracts, matching funds, etc.
- Researching relevant data and completing the narrative and business plan.
- Finalize paperwork and application toolkit.





Simple applications are competitive, you  
do not need to make a new product



# Example VAPG Grants

- **Find something you are already doing**, and develop an application which pays for expanding that rather than trying to start a new venture.
  - VAPG funds can pay for a beef producer to have their livestock processed.
  - Funds can pay for advertising of a current product you already produce and sell.
- Applications with several little expenses require lots of evaluation on the front end and administrative work on the back end
  - Tracking down little budget details for the application and managing a complex budget
  - Time-tracking and submitting weekly receipts



## Example VAPG Grants

- New ventures would either have a much smaller budget, or require more extensive planning to justify rapid growth.
- With new scoring criteria, **it gets harder to get multiple VAPGs**
- Do you:
  - Have natural growth without any marketing?
  - Already hit your production limits?
  - Have a profitable product which is ready to enter new markets?





The majority of your budget will come  
from five things



# Big spenders

- Before developing a VAPG application, do a financial analysis of your value-added product.
  - What are your **material inputs** and how much do they cost?
  - What are your **post-harvest labor inputs** and who is providing the labor?
  - Do you pay a third party for **processing, storage, distribution, or sales?**
  - Do you have any **fulfillment costs** like delivery, shipping fees, or shipping supplies?
  - How do you **advertise and market** your product?
- If you understand how much you spend on each of these things, you can frame out a project quickly.



# Material Input Examples

- Flowers / Plant starts / Seeds
- Cattle / Sheep / Pasture-raised pigs
- Swell Oysters
- Jars / Clamshells / Bags / Clips
- Labels / Stickers

You would want to understand the cost and requirements for each - how many jars per lb of harvested commodity.



## Post-Harvest Labor Examples

- No production or harvesting labor
- Transportation throughout processing
- Processing the commodity in-house or paying a third-party
- Logistics and fulfillment
- Sales, Marketing, and Customer Relations





# Processing Examples

- Third-party processing
- Paying for rent
  - To process in-house
  - To store product
  - Cooler space
  - Retail sales location



# Fulfillment Cost Examples

- Paying a fulfillment center
- Shipping materials - boxes, coolers, dry ice, liners, etc
- Shipping fees from UPS or FedEx
- Delivery fees from a third-party / maintenance on a company delivery vehicle
- Fulfillment coordinator salary



# Advertising and Marketing

- Website update or management fees
- Farmers Market Fees
- Paid advertising
- Hiring an advertising agency
- Marketing staff members
- Training programs
- Software subscriptions



## Ineligible Budget Item Examples

- Paying yourself or a family member (or their business) for time or services
- Anything related to production (buying feed, putting up fences, paying for labor to grow commodity)
- Building new structures or buying equipment (although you can lease)







Create your work plan based on estimated  
growth



## Look at 3 years of sales data

- Go back through records and aggregate details on three years of:
  - Sales volume
  - Sales revenue
  - Number of customers
  - Product pricing
- These numbers can be compared to show number and percent increases year by year.



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## Predict 5 years of growth

- Looking at your market, predict growth over the next five years.
  - Many people will work with a business planning organization to help make realistic projections.
  - It is never perfect, but you likely can make an educated guess.
  - As long as you can back up your estimates with experience and demonstrated reasoning, the VAPG can support ambitious growth.
- Predict how each of the 4 numbers will grow over five years.



## Use predicted growth to develop a budget for inputs

- If you predict sales and revenue growth, you can also estimate your input requirements.
- Although prices increase and the market is always subject to change, I have seen success with making “back of the napkin” projections which assume prices are consistent.
  - Make sure to add a disclaimer.
  - You must update predictions more frequently when doing this.





## Create averages to simplify the budgeting process

- Average steer from your ranch: 1400 lbs
- Average lbs of beef after harvest: 400 lbs
- Average revenue per lb: \$15
- Average revenue per steer: \$6,000
- Average cost of processing a 1400 lb steer: \$1,500
- Average shipment size: 10 lbs
- Average number of packages to ship a steer: 40



## Create a benchmark for easy calculations

- In the beef example, I will try to **frame all expenses in terms of per steer** to help scale up and down easily.
- If we assume 40 packages to ship a steer, that would mean that:
  - Packaging costs go from \$6/package to \$240/steer
  - Shipping fees go from \$23/package to \$920/steer
- This way, you can predict growth in what percentage of your total product will be subject to something like shipping **without getting lost in the weeds**.



## Create averages to simplify the budgeting process

- Average yield per acre: 1,000 lbs
- Average number of bouquets per acre (2 lbs per bouquet): 500
- Average revenue per bouquet: \$25
- Average cost of processing a bouquet (labor, materials, etc): \$15
- Average shipment size: 10 lbs (5 bouquets)
- Average shipment material cost: \$5



## See what you can spend in the 5 big categories

- Use the averages and projected growth to develop budget numbers over the next 5 years.
- Sum together the categories each year to see an approximate budget amount which is eligible for the grant.
- Depending on the amount which is eligible each year, you can usually ball-park how long the project should take to **maximize the grant request.**



# Planning out for future growth

- I generally try to maximize grants at \$500k in as short a time as possible.
  - The grant period can move up or down with approval.
  - After the VAPG is done, you can apply for another that emphasizes a different product or customer base.
  - No scoring disadvantages to asking for the maximum amount.
- I will opt to have a simple budget that lasts longer instead of something complex.
  - Justifying uncommon grant items can lead to confusion from the reviewers.
  - Managing a lot of little budget items can be tedious.





How to move forward



# Grant Project Management Priorities

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# Resources to apply

- There are a number of free resources
  - Your local Rural Development office will review an application if it is submitted 2 weeks before the due date.
  - Business planning resources through a local Small Business Development Center or SCORE mentors.
  - Some nonprofits such as the Kentucky Center for Agriculture and Rural Development (KCARD) provide good service to a specific geography.
- There are also a number of paid resources







Stewards Unlimited helps ag  
organizations grow with confidence



# Stewards Unlimited Services

- Stewards Unlimited has helped these small farmers to change their businesses forever by:
  - **Identifying and evaluating** new funding opportunities
  - **Designing** competitive projects which further the farm's goals
  - **Winning** funding through proposal development
- In addition to managing the process from beginning to end, we help our farmers connect with other professional services and provide the right help at the right time as a “one-stop-shop” resource.



# Stewards Unlimited Success Stories

- Stewards Unlimited has helped secure millions in USDA funds, including:
  - Ran-Lew Dairy in Snow Camp, North Carolina has won over \$600,000 for developing value-added dairy products through the Dairy Business Innovation Initiative programs.
  - Barreras Family Farm in Blair, Nebraska has won nearly \$500,000 for beef processing through two Value-Added Producer Grants.
  - In their second year of farming, Riverview Farms in Fillmore, New York won \$49,955 to develop new pork products through the Value-Added Producer Grant.



# Steward Unlimited Grant Alerts

- Stewards Unlimited works with clients **throughout the agricultural supply chain** across the United States and frequently come across new opportunities.
- We **share these opportunities for free** through our grant alert newsletter.
  - Reach out directly or follow this link to verify which opportunities are relevant: **Stewards Unlimited Grant Tag Verification**
  - We also post most of the opportunities and other helpful resources on our social media if you are interested in **connecting on Facebook, Instagram, and LinkedIn**.



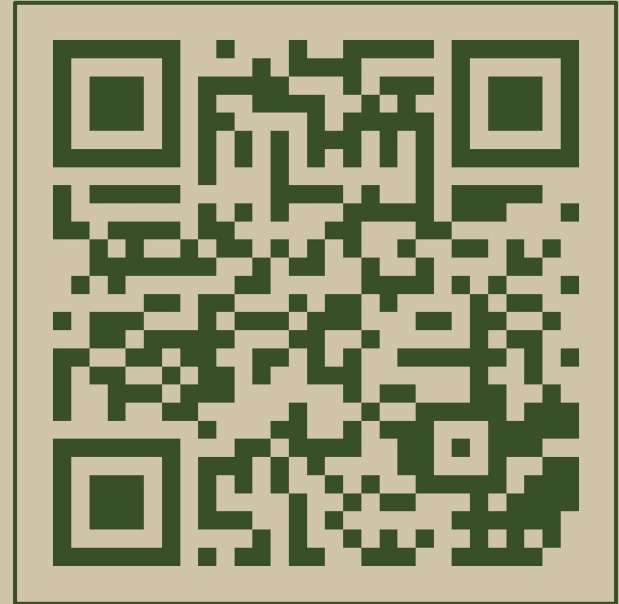


## *Growth Steps - Apply what you have just learned through doing the following:*

- Get started: seek new information
- Register on [sam.gov](https://sam.gov)
- Start thinking about your big eligible expenses
- Schedule a free one-on-one consultation
- Focus on your farm with support from people who take responsibility for your growth

# Thank you for your time!

- Please feel free to reach out with any questions, comments, concerns, or smart remarks to Stephen Ussery at:
- Email: [stephen@stewardsunlimited.com](mailto:stephen@stewardsunlimited.com)
- Call, text, or Whatsapp: (423) 284-8221
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