

A publication of  
**Growing New Farmers**

**A northeast service providers consortium**  
GNF Professional Development Series #216



Program

**Program:** Wayne County Agribusiness Micro-Enterprise

**Organization:** Wayne County, New York

**Dates:** March 2002 – ongoing

**Targeted to:** Explorers, Planners, Startups, Re-strategizers, Establishers

**Need Addressed**

There was an economic crisis in Wayne County's apple industry, a major agricultural sector. Micro-enterprise loan programs seemed an appropriate method to address that. They are an established economic development tool for small businesses. The program is based on the concept that the viability of business enterprise improves with a business plan and possibly a small loan.

Micro-enterprise loan programs are also attractive to young and beginning farmers.

**Summary**

Wayne County received a \$600,000 New York State Governor's Office for Small Cities Community Development Block Grant (CDBG) to start a Wayne County Agribusiness Micro-Enterprise Program. Funds are used to:

- Provide technical assistance and business planning and enhancement seminars.
- Establish an agribusiness development center.
- Begin a \$500,000 revolving loan program for farm, agribusiness and agriservice owners.

Agriculture is a major industry in Wayne County, with 840 farms contributing \$107 million in gross farm income in 1997, according to the Census of Agriculture. Farmers who face a globalized marketplace and recent weather pressures are looking beyond traditional crop and livestock operations to new opportunities.

The Agribusiness Micro-Enterprise Program provides a structure for Wayne County farm owners to analyze opportunities for diversifying their businesses. Expanding

an agricultural operation or switching from a production to a marketing focus or to a value-added operation can require a dramatic change and detailed planning.

Many farmers want to try something new but need assistance in determining the proper way to proceed. With Wayne County's program, small farmers and agribusiness owners have the opportunity to develop business plans that include new enterprises and to use the micro-enterprise loan program.

### **Description**

A micro-enterprise business employs five or fewer workers, including the owner. The CDBG funds for the Wayne County Agribusiness Micro-Enterprise Program come through the Governor's Office for Small Cities and the U.S. Department of Housing and Urban Development. The goals of these two agencies include creation and retention of jobs for low- and moderate-income persons.

Micro-enterprise loan applicants are required to have a business plan and to complete a confidential form identifying their family income. For example, CDBG guidelines consider a Wayne County family of four as low to moderate income (LMI) if the family income is less than \$42,300. Individuals or families who are above the LMI limits may also apply for loans if they employ people who qualify as LMI. For those who do not have a business plan, the program provides technical assistance.

The benefits of the Wayne County Micro-Enterprise program extend to the farmers and agribusiness owners, who increase or diversify their incomes; to employees who retain jobs; to new employees who gain jobs created through business expansion or diversification; and to the community that gains successful new enterprises using farm products.

### **Funding**

Funding for this program came in the form of a \$600,000 Community Development Block Grant from the New York State Governor's Office for Small Cities. A grant of \$100,000 provides for the technical assistance (business planning) aspect. Cornell Cooperative Extension of Wayne County provides four business-planning seminars over two years.

The program pays for materials for eligible participants and for business consultants from New York FarmNet and Farm Credit of Western New York for up to 20 hours of business planning assistance.

Approved loans have below-market interest rates (two points below prime) and a \$40,000 cap. Loans may be used for equipment, business start-up costs, leasehold improvements and working capital.

### **Partners**

Wayne County's Agribusiness Micro-Enterprise Program partners include:

- Wayne County Planning
- Wayne County Industrial Development Agency (IDA)
- Cornell Cooperative Extension of Wayne County
- New York FarmNet

- Farm Credit of Western New York.

The dynamic combination of partnering organizations, each with its own area of expertise, serves the farmers of Wayne County well:

- The Wayne County IDA operates a successful revolving loan program established with a CDBG grant in 1983. It administers the agribusiness micro-enterprise loan program. While agribusinesses have been eligible to apply to the IDA's earlier program, the Agribusiness Micro-Enterprise Program recognizes the special pressures faced by the farming industry and addresses the need for an agricultural focused program. The IDA's current loan review committee was expanded to add agricultural industry representatives.
- Cornell Cooperative Extension of Wayne County provides business plan development workshops for farm and agribusiness owners. An agribusiness development center is located at the Cornell Cooperative Extension building and contains a library devoted to developing agribusiness, a computer with internet access, and software to assist with the development of business plans.
- New York FarmNet and Farm Credit of Western New York provide one-on-one technical business plan development for farmers who qualify for low- and middle-income assistance.

### **Outreach**

This effort has consisted of news releases to agricultural and local press, letters to lending institutions and announcements in local Extension and USDA newsletters. The most responses and inquiries came from announcements regarding the classroom business training programs. Successful projects will be highlighted in press releases.

The program currently works with agricultural lenders to raise their awareness of the program benefits for farmers and lenders. The program can help lenders spread their risk by partnering on loans. Often lenders understand the benefits of business plans but are hesitant to encourage their customers to develop them due to the cost of the process. This program can help reduce that cost for qualified businesses.

### **Analysis**

**SUCCESES:** A major success is the five-way partnership to bring this program to the county agricultural industry. The program demonstrates ways in which existing IDAs can work with agricultural service providers to support farms.

As of Dec. 31, 2002, 27 farms or people have applied for technical assistance. Seven of them are planning new farms or agribusinesses and eight are farms considering some form of inter-generational transfer.

**CHALLENGES:** To date, the biggest challenge has been developing the need for the loan program. The farm economy has been down, the program started in March and after April, most farmers were busy. Some farms wanted fast loans, but did not have the required business plan.

Being a new program, farmers and lenders don't necessarily have it on their radar screens.

## Next Steps

At approximately the halfway point, the next steps will include increased outreach to agricultural lenders to explain the program benefits. We expect as farmers and lenders become more familiar with the program, interest will increase.

In an effort to raise awareness with farmers, we are developing press releases to highlight successes. These will be distributed to the local press and the agricultural press.

## Additional Resources

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- Elizabeth Claypoole  
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- Kevin Ellis  
Farm Credit of Western New York  
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- Cathy Sheils  
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February 2004