

Andre: Hello, and thank you for joining the assistance for small meat processors. Before we begin, please ensure you have opened the WebEx participant and chat panels by using the associated icons located at the bottom of your screen. If you require technical assistance, please send a chat to the event producer. Please note that all audio connections are muted at this time. You may ask a question at any time by selecting all panelists from the dropdown menu in the chat panel. Enter your question in a message box and send. Alternatively, you may ask a question by pressing pound two on your telephone keypad to ask a verbal question. Questions will be addressed towards the end. As a reminder, this conference will be recorded, with that I'll turn the conference over to Shayla Bailey. Please go ahead.

Shayla Bailey: Thank you Andre. Good afternoon and thank you all for joining us today to discuss USDA assistance for small meat processors. My name is Shayla Bailey and I will be moderating today's webinar with help from our event producer Andre. We have a pretty full agenda today and a lot to cover including opening remarks and an overview of the grant of inspection process, as well as learning about funding options for small scale processing. Once we have heard from our presenters, we will use the rest of our time to take questions from our audience. There will be two ways as Andre mentioned to ask questions, you can submit them by typing them into the chat window and sending them to all panelists. Then you will also be given instructions later again for how to put yourself into the question queue to ask your question verbally during the question and answer session towards the end of our event. Now I'd like to introduce Dr. Mindy Brashears who will get us started with some opening remarks, Dr. Brashears.

Dr. Mindy Brashears: Thank you, Shayla. Good afternoon, everyone. I'm Mindy Brashears and I'm the Under Secretary for Food Safety at the U.S. Department of Agriculture. The Office of Food Safety oversees the Food Safety and Inspection Service or what you've probably know as the FSIS. Our mission is to ensure that meat, poultry, and processed egg products are safe, wholesome, and accurately labeled. I'm pleased to be here today with our colleagues from USDA Rural Development, to share information that we hope you will find useful and helpful for your small businesses. The COVID-19 pandemic has cast a new light on how many Americans think about their access to food, both the government and the public have recognized that a safe and abundant food supply is a matter of national and personal security.

The public health crisis has also highlighted the important role that small producers and processors play in our nation's food supply, more than 90% or about 5,200 of the slaughter and processing establishments regulated by FSIS are considered small or very small. Our relationship with these businesses is very important, and we prioritize outreach to these establishments to communicate policies and regulations, provide necessary

tools and resources and improve compliance. Outreach takes several forms, including round table discussions, personalized outreach from FSIS staff and technical support through agency tools, such as the small plant help desk, askFSIS, and compliance guidelines. FSIS also supports state meat and poultry inspection programs as the state needs to enforce “at least equal to” federal laws and methods. Additionally, the agency supports the Cooperative Interstate Shipment program under which state inspected establishments adhere to the “same as” standards as FSIS.

FSIS leadership will share a few more details about these opportunities and programs a little later in the webinar. I’m joined today by our FSIS Administrator Paul Kiecker, as well as our Assistant Administrator of the Office of Field Operations Phil Bronstein, and acting Assistant Administrator of the Office of Investigation Enforcement and Audit Carlyne Cockrum. At USDA we know that our food producers and processors are the backbone of America, and we are here to support you. I grew up on a farm in West Texas, where we raised primarily cotton and cattle, and I’ve seen firsthand that businesses in rural America might not always have access to the capital necessary to grow their businesses. Today we are coming together with our colleagues from USDA Rural Development to provide information and resources on the services and assistance that USDA can provide you. FSIS will be sharing information on state and federal inspection programs for individuals who might be interested in starting or growing their business, as well as the process of applying for a federal grant of inspection. Our colleagues from Rural Development will provide information on several of the existing grants and loan assistance programs available to small businesses. We also have plenty of time for you to ask questions to both FSIS and Rural Development about these processes and programs. Next, I would like to introduce USDA Deputy Under Secretary for Rural Development, Bette Brand. Bette, I’ll turn it over to you to make a few opening remarks.

Bette Brand:

Thank you so much, Mindy, and it truly is a pleasure to collaborate with our sister mission area here at USDA and to talk to you today about the resources for small scale meat processors. The lenders on this call probably already know Rural Development, but you may not have worked with us and the food production and processing space. The producers and processors on this call may not have heard about us at all. I want to give you a big picture view of who we are, what we do and how we can work together. The mission of Rural Development programs is to improve the economy and the quality of life in rural America. This is through financial support and investment and business and economic development in community facilities such as hospitals, healthcare facilities, fire halls, rescue equipment, and then housing, providing resources for affordable single-family housing and multi-family housing.

Of course, the needed infrastructure such as high-speed internet, water, and wastewater facilities, electricity providers, all of these, we help support

through financial support and investment. You can think of it really as foundational support for a thriving community. Delivering on this mission is made possible through local partnerships and local action. That's where most of our employees here at Rural Development are located in the state and field offices. If you're a lender and if a small meat producer or processor comes to you for help, we want you to do business with them. I would love it if Rural Development, the Rural Development state office is your very first phone call. You can find all of the contact information for our state offices on our website at rd.usda.gov. It's my pleasure today to be joined by Martin Brodziski our Rural Business and Cooperative Service Deputy Administrator and Andy Jermolowicz, our Assistant Deputy Administrator of the Business Development Division. I'm going to let my colleagues talk more about the nuts and bolts of our specific programs, including the available funding eligibility, and how to apply later in the webinar. Before I turn the call over to FSIS Administrator Paul Kiecker, I want to thank you all for all you do to help our rural communities because when rural America thrives, all America thrives. Now I'll turn it over to Paul. Thank you.

Paul Kiecker:

All right, thank you Bette. Good afternoon, everyone. Thank you for taking time out of your busy day to be with us on this webinar today. I hope that you find this information to be useful. I'm Paul Kiecker, the FSIS Administrator, and I would like to introduce two of our senior leaders at FSIS who will provide an overview of the grant process for getting a federal grant of inspection. Phil Bronstein is our Assistant Administrator of the Office of Field Operations. Carlynne Cockrum is our acting Assistant Administrator of the Office of Investigation Enforcement and Audit. I'll turn it over to Phil to get us started, Phil.

Dr. Phil Bronstein:

Thanks a lot, Paul. I'm here to talk about the FSIS process for grants of inspection. FSIS has a very robust process in place to certify that every establishment has all the necessary infrastructure, processes, procedures, and documents in place to produce safe and wholesome meat, poultry, and egg products prior to that establishment being able to make the product and ship it into commerce. Next slide.

This slide has a couple of very useful links on it and they're centered around the grant of inspection process. In order for an establishment to be certified to slaughter and or process meat, poultry, and egg products for interstate commerce, including export, it must have a federal grant of inspection. The first step in this process is to submit an application, which can be found at the link at the bottom of this slide. Fill out the application and then send it to the appropriate district office, which is the top link on the slide. We have 10 district offices throughout the country and on this graphic, you can see which states they're responsible for. Next slide.

For the federal grant of inspection, the establishment has to develop written sanitation standard operating procedures and actually conduct a

hazard analysis and develop and validate their HACCP plan. FSIS centers around hazard analysis and critical control point plans, which means that the establishment needs to look at their own processes. In conjunction with FSIS and other third party third entities that can help with this, you identify the hazards and then develop critical control points to mitigate these hazards. All of this must be done before FSIS will issue the grant of inspection. After the owner or designee believes that they have the necessary plan to start operation, FSIS inspection personnel will conduct an onsite review at the establishment and of the documents to make sure that they're all in order. Next slide.

If all of the items meet the regulatory requirements, then a conditional grant of inspection is issued. This allows the establishment to operate for 90 days so that they can validate their HACCP plan to make sure that their food safety plan is addressing all of the hazards that are reasonably likely to occur have been identified. This validation involves ensuring that the plan is adequate and controlling the food safety hazards, and in verifying that that plan is being effectively implemented in practice. As I said before, during this time product can be produced for distribution into commerce. In addition to any deficiencies that may be in the HACCP plan. They FSIS administrator may refuse to grant federal inspection because the applicant has not met humane handling, sanitation, or any other inspection requirements. Next slide.

Once an establishment is operating under a federal grant of inspection, FSIS has an ongoing process in place to continually verify that every establishment maintains its infrastructure, processes, procedures, and documents in a manner to continue to produce safe and wholesome food products. If any establishment does not meet these standards as required by U.S. laws and FSIS regulations, then FSIS has mechanisms in place to withdraw the federal grant of inspection. FSIS may also withdrawal the federal grant of inspection, if any other criminal activity occurs at the establishment. If FSIS withdraws a federal grant of inspection, then that establishment will no longer be able to slaughter or process meat, poultry, or egg products for interstate commerce or export. Next slide.

At FSIS, we have about 6,500 regulated establishments throughout the United States and territories. As you can see on the slide, about 5,200 of those, or about 90% of all federally inspected establishments, are either small or very small. We have developed a variety of processes to offer support for small businesses. To help support these establishments, FSIS prioritizes outreach to communicate policies and regulations. As you see on the slide here, I have 147 enforcement investigations and analysis officers who have in depth training about HACCP plans and implementation of HACCP plans and food safety to enforce and do investigations, but also to provide outreach for small businesses, looking to apply for a federal grant of inspection. We also have coordinators in every district office who are available to help you through the application process. Next slide.

You can access guidelines, educational materials, training resources on topics, such as how to develop a recall, a product recall plan, how to develop a HACCP plan, a robust systematic approach to humane handling or other topics, on the FSIS website. We also have folks that can be available to talk you through the development of any of these materials. For small businesses that are already operating under a federal grant of inspection. Our goal is to provide the necessary tools and resources to improve compliance, and ultimately ensure the safety of our food supply. As I said previously, FSIS has begun an outreach initiative targeted toward small and very small establishments in 2018, where our enforcement investigations and analysis officers dedicate up to 25% of their time to perform outreach. If you are a federally inspected establishment or you're interested in it, please contact your district office and they can schedule a time when an EIAO, an Enforcement Investigation and Analysis Officer, can visit your establishment or can contact you and answer any questions you may have. FSIS also offers technical support through agency tools, such as the Small Plant Help Desk, askFSIS, and also our compliance guidelines. The help desk and askFSIS are there to help answer questions that may be unique to small and very small plants.

At this time, I'll turn it over to my colleague, Carlyne Cockrum, to talk about the state meat and poultry inspection programs.

Carlyne Cockrum:

Thank you Phil. The Federal Meat Inspection Act and the Poultry Products Inspection Act authorized FSIS to cooperate with state agencies in developing and administering meat and poultry inspection programs. Under cooperative agreements with FSIS, states may operate their own meat and poultry inspection programs that oversee the slaughter and processing of meat and poultry products for distribution and intrastate commerce. This means commerce within that particular state. Each state needs to enforce "at least equal to" federal laws and methods imposed under the FMIA and the PPIA. Federal law prohibits products under this program from being shipped interstate, unless the state has an additional Cooperative Interstate Shipment program, which Phil Bronstein will discuss later. Currently there are 27 states operating their own meat and poultry inspection programs as shown on this slide. FSIS provides up to 50% of the state's operating funds, as well as training and other assistance. FSIS provides approximately \$58 million annually to support the 27 meat and poultry inspection programs currently operating. Next slide.

Once a state has established its program, FSIS conducts annual comprehensive paper audits of state meat and poultry inspection programs and their requirements, including enforcement of those requirements with respect to slaughter, preparation, processing, storage, handling, and distribution of livestock carcasses and parts, meat, and meat food products, and poultry products. In addition to that, FSIS conducts onsite in-person audits at least once every three years. FSIS assumes direct responsibility, which is called designating a state under federal inspection, of those state

plants when a state fails to develop or effectively enforce inspection requirements that are “at least equal to” the federal requirements. FSIS determines whether each state meat and poultry inspection program is “at least equal to” the federal inspection program and includes an evaluation of the following nine components: statutory authority and food safety regulations, inspection, sampling programs, staffing, training and supervision, humane handling, laboratory methods and quality assurance program, compliance, civil rights, and financial accountability. I will now hand it back over to Phil to discuss the Cooperative Interstate Shipment or CIS program.

Dr. Phil Bronstein:

Thanks, Carlynne. State inspected meat and poultry products are limited to intrastate commerce unless both the state MPI program and the producing state inspected establishment participate in the Cooperative Interstate Shipment program -- our CIS program. To participate in the CIS program, the state and FSIS have to enter into a supplemental cooperative agreement in addition to that one in place for the MPI program. Under this agreement, the state would need to maintain a program that is “same as” for those facilities that would like to be part of the CIS program. That means that the state would need to have trained inspectors, use the same computer systems, and have laboratory services that are the same as FSIS. State inspected establishments that participate in the CIS program would then be permitted to ship and sell their meat and poultry products in interstate commerce.

There are seven states that participate in the CIS program: Iowa, Indiana, Maine, Missouri, North Dakota, Ohio, and Wisconsin. It is important to note that not all establishments within the states actually participate in the CIS program. In order to participate in this program certain requirements must be met by the firm. Those include that the firm has fewer than 25 employees, has a proper food safety system, and it meets all of the FSIS facility requirements. In order to be selected – a firm must meet all FSIS requirements as the “same as” a federally inspected establishment. Then in these establishments FSIS conducts regular reviews. Shayla?

Shayla Bailey:

Yes. Thank you, Phil and Carlynne for that overview of FSIS programs. Now we'll move on to our next agenda item, which is a presentation by Rural Development on funding for small scale processors. It's my pleasure to turn over today's call to the OneRD Guarantee initiative, executive leadership starting with Deputy Administrator of Rural Business Cooperative Service, Mark Brodziski

Mark Brodziski:

Thank you and we're glad to connect today. It looks like we have a pretty large audience and it's still picking up a little bit, but we're glad to connect and share some information regarding our Rural Development, Rural Business, and Cooperative Service programs. My name is Mark Brodziski. I'm the Deputy Administrator here with the Rural Business Cooperative

Service. I'm joined by my colleague, Andrew Jermolowicz. Next slide, please.

Andy is the Assistant Deputy Administrator here with our agency, leading our division focusing on business development. Together we are going to give you some highlights on a listing of programs. Next slide.

We're not going to get through all this list today. We will give you the introduction to the programs that can assist in providing financial assistance to small scale meat processors or to start with some of our guaranteed programs. The guaranteed programs mainly focus on the larger scale loans and not those with minimal loans.

We are going to also touch base on some of our specialty programs, some of the energy, energy efficiency and value-added programs that also can provide some assistance, but are a little more focused in their financial assistance for projects. We're going to just touch on very quickly a couple of programs that work through an intermediary. These are intermediary lenders that then work with small businesses and micro businesses in providing financial assistance. Finally, we will wrap up with a little bit of technical assistance that we provide through cooperative development and some of the community development, technical assistance. All that within 10 minutes or less. The next slide, please.

Starting off with our business and industry guaranteed loan program, this is the largest business program that we operate here within Rural Business Cooperative Service, both in dollar amounts and in reach in a sense of types of projects.

This is a guaranteed loan program where we guarantee loans made by commercial lenders to rural businesses. This can be any size or scale of a business in a rural community. These are community banks, local banks, regional banks, national banks, credit unions, farm credit system. Those are all eligible lenders within the program. Obviously, they make a loan to the business and we would guarantee that. The advantage of this program is that by the USDA guaranteeing loans, many lenders will offer a lower interest rate and longer repayment terms for financing that they're providing. The types of borrowers or businesses eligible under this program are any business in a rural community, including for profit businesses, nonprofits and cooperatives, are eligible for the program. Next slide, please.

A more recent program is our B&I CARES Act guarantees loan program. This program is set up on the foundation of the program I just talked about. A lot of the program requirements, the types of lenders, types of borrowers, are all the same as the B&I guarantee program, but the CARES Act guarantee program focuses on guaranteeing loans to businesses in rural communities but for working capital purposes to help recover from the coronavirus pandemic. Loans can be from any amount up to \$25 million.

Again, these are working capital loans to cover operating costs and could be an amount up to a full year of operating expenses for a business, and could include principal and interest payments. As I mentioned, it's really modeled after the B&I program, but it expands its eligibility and could include egg producers for egg production.

If you are vertically integrated and you have operations of egg production and processing and need some operating cash, or this may be a program to take a look at. Again, local banks, farm credit, credit unions are all lenders on this program, and they would apply to us for the guarantee in the program. The B&I program, the standard program, is open and available throughout every year and going forward. This program is limited as it is authorized to run up through next fiscal year, up through September 2021, or as long as funds last within this program. We have a billion dollars available in this program. With that we're going to shift gears a little bit and I'm going to turn it over to Andy Jermolowicz. If we can flip to the next slide, and talk about a couple other programs, Andy.

Andy Jermolowicz:

Okay. Thank you, Mark and good afternoon, everyone. I'm very happy to be here today to talk about some of the good programs we have at RD. As you'll see, we don't offer any program that is just exclusive to small scale meat processors. It is just our portfolio of programs that have applicability. We have worked in this space over many years, and we've seen an uptick in some of the interest in demand for our programs over the last 10 plus years as people, consumers and producers have both become a lot more interested and engaged in the local and regional food systems. As Mark just discussed, the B&I is our big program for financing. I think you can all see the applicability to meat processing.

You could use that program for the construction, expansion, and modernization, retrofitting of a facility, a great program. As Mark mentioned it does have its benefits by having USDA and offering to guarantee. Now I'm going to switch gears a little bit, probably one that you probably don't think about when you're thinking small scale meat processing and thinking about rural energy, but renewable energy. We do offer our Rural Energy for America Program or referred to as REAP. This promotes the use and incorporation of renewable energy systems and energy efficiency improvements into agricultural operations. Eligible applicants for this program are Ag producers and rural small businesses. The program is split, it both offers a guaranteed loan portion and the grant portion, and it does focus on some of the actual incorporation of renewable energy systems.

As you see on the slide here, we are talking wind, solar, anaerobic digesters, biomass. The program can be used to put in a system or to retrofit an existing system and incorporate that in. The purpose there to reduce the reliance on electricity from the utility and have it generated there - cutting the cost of operation, improving margins, making a stronger business. On

the other side, when we're talking energy efficiency and energy improvements, they're looking at making improvements in some of the physical structures at a facility, whether it be lighting, heating, or a cooling fan. You could see the application, particularly in meat processing, again, of conversion of incandescent or fluorescent lighting, to LED, upgrading a HVAC system or cooling system fans. There is a lot of refrigeration in meat processing.

This could be the program that can be used to upgrade or purchase new, more high energy efficient cooling systems and insulation, making a facility more energy efficient. Again, this is a grant. We run this program and the open window is in October and March – twice a year. You can see some of the details there on the grant amounts and notice that's under grants. It can cover up to 25% of the project. That is for both the energy systems and for energy improvements.

Now we go over to the guaranteed loan portion. Again, it's a loan (instead of a grant), so it's much bigger. You can see the particulars there, how much we have. These are farm bill programs. We do have money, and it's a very popular program. There is a lot of applicability for people working in the meat processing space.

I'm going to shift gears now to a very popular program we administer called the Value-Added Producer Grant Program. As you see in the title, this program is really focused more on the producers of agricultural products.

The program is designed to take an ag producer from being just a commodity supplier to actually being a business owner or a business participant and retaining some of that value that's moved through the supply chain back on the farm, back to the producer. Again, as I mentioned, this is designated for producers, but it can be with some of the producer businesses. The eligible applicants are the independent producers, ag producer group, a farmer rancher cooperative, and a majority control producer-based business. The program is split into two types of grants. You have a planning grant that has a maximum of 75,000 and a working capital grant that is up to 250,000. There is a match requirement here and it is one to one, but it is not necessary that it has to be a full cash match. There is a limited opportunity for in-kind participation as well as some of the value of the product that's being used in the project. There are ways to address the match requirement.

I'm going to go back to value added a little bit again here real quick for the planning grant and in terms we've seen a lot of interest in this program being used by a variety of the livestock poultry producers on the planning side. If you were a steering committee or a co-op or another form of groups, you could use this program to do an independent third-party feasibility study business plan for a meat processing facility. We've, seen this used in the past. There's an opportunity there on the working capital

side. This is to create new or expand new marketing options for the producer and the program can be used to market new products. For example, if you had something, such as new packaging for a certain cut of beef or pork or beef jerky, or some type of consumer ready or institutional ready products.

This program can be used for the working capital to help in the market development. Last thing, we're going to go quickly, as Mark mentioned, we have our intermediary relending programs, overall, what this is that USDA Rural Development provides funding to an intermediary at zero or very low interest. The intermediary in return looks to do lending, most likely micro-lending, smaller lending for projects in a particular area or in a particular sector. For example, we have the rural economic development loan and grant program and that one works directly with rural utility co-ops. USDA will provide a zero-interest award to the rural utility, who will in turn work with the ultimate recipients, to finance the low interest loan available to a project in the utilities' operation area.

We've seen this program be used, just for example, to help producers purchase a mobile slaughter unit. We have multiple programs here. As Mark mentioned, we have a couple of technical assistance rural business development grants which, while being able to finance or support a relending fund, it has also been a very good program for the provision of technical assistance. We've mentioned co-op a couple of times while we have some capacity here in D.C. to support some of the co-op development. We also administer a rural cooperative development grant program that supports typically up to 30 centers, 30 cooperative development centers across the country who are available to provide technical assistance in the organization and development of a co-op. We provide on our website, a wide variety of publications that focus on co-op development, how to start some of the accounting and finance taxation resources that would be needed. Again, as our Deputy Under Secretary said, we encourage your first contact to be through our state office. Even if you haven't heard or we haven't covered a particular project you want, reach out to us and talk. If you bring a project to us, we usually are pretty good about finding what program we have in our portfolio to help. Mark, I'm going to quickly turn back to you to cover everything else I missed.

Mark Brodziski:

Thank you, Andy. I think I'll just reiterate what we're referring to when we say to contact our state office. What we mean is our USDA Rural Development office. As I was working here, I just Googled or you can use your favorite search engine and find my local USDA, Rural Development and it will pop up. This middle website here, the contact us state offices also has a mapping program to it, just click on your state, and then it will pop up with a listing of local offices or other offices in contact information. Basically, nearly all the programs that we're talking about are delivered through our field office structure. We are here at the headquarters really to support our field office staff. That's why we're suggesting that you work

with them. We are always glad to follow up with any assistance or questions or guidance or to find a program you're interested in. I'll give them (the designees) the applications but ultimately these programs are submitted through our field office structure. With that, I think we're going to kind of wrap up our opening comments and try to save some time for you for some Q and A. I'll turn it back.

Shayla Bailey: Yes. Thank you, Mark and Andy for that overview and for highlighting some key RD programs and the points of contact that folks need. We are going to open it up for questions. Just a reminder that you can submit your questions to the panel via the chat feature in the WebEx screen. Or you can place yourself into the question queue to ask a verbal question and I'll let Andre explain how to do that.

Andre: Thank you. To ask a question, press pound two on your telephone keypad. You will hear a notification when your line is unmuted. At that time, please state your question. Alternatively, you may submit your question in the message box provided. We do have a hand raised, please go ahead, and state your name.

Female Speaker: Hi I'm not able to access the slides or the chat that you're referring to. Can you tell me how to do that?

Male Speaker: Thanks for the question. In the chat on the WebEx and the bottom right hand corner of your screen, you will see a chevron symbol that says chat. If you click on that chat box, it should open, and you'll be able to type your message in the message box below.

Shayla Bailey: While folks are getting into the queue, we do have some questions that have been submitted via the chat.

Several folks have asked about the availability of the presentation and the slides after the webinar and yes, we will be making this available on both the RD and the FSIS websites. You'll have a recording of the presentation as well as a copy of the slide deck. You will be able to access those links then and revisit the information that you need to at any point. We'll send out an email to let folks know when that information is available, when you can find those resources and where.

We also had another couple of questions submitted into the chat. One from Emily Buckman, who asks how are inspectors paid? What are the inspected facilities responsible for? I think that would probably be best answered by FSIS.

Dr. Phil Bronstein: This is Phil Bronstein. Our federal inspectors in our establishments are paid by the federal government. Every establishment is entitled to eight hours of inspection. If there is an additional volume where the establishment can

routinely produce on two shifts, which is very rare for very small establishments, but that can happen. Then we can provide two eight-hour shifts of inspection. For anything over that, there are overtime costs that are incurred by the establishment and we will still provide the inspection, but they will be charged at an hourly rate, which is determined every year.

Shayla Bailey: Thank you, Phil. Our next question that was submitted via the chat feature comes from Bob Dale. He asks in order to use programs like the VAPG, would a meat processor need to be part of the federal inspection program or how would they qualify just having state inspection? I think this question is better answered by Mark or Andy.

Andy Jermolowicz: I think for value added in terms of the processor, I think the part about value added you will need to have some producer ownership there, but I don't think we're going to have a problem. We have not differentiated between the state and federal inspection with that program. If you were under state inspection, you could still qualify for VAPG.

Shayla Bailey: Go ahead.

Andy Jermolowicz: I just said I'm not sure if I'm answering the question, but I thought what I heard if there was, if it had to be a federal inspection and we recognize the state inspection with VAPG.

Shayla Bailey: I think that is what they were asking if it had to be federal inspection. Thank you for clearing that up. Our next question, we have a question about whether or not we could highlight the partnership between RD and the Small Business Administration to increase investment in rural America. Do we have any information that we could provide?

Andy Jermolowicz: It's Andy, again, and Mark can jump in. That's a very good point as for people who may not be aware, there is a memorandum of understanding between USDA Rural Development and the Small Business Administration. What we're looking to do is partner, collaborate, and find ways where we can work better together. SBA now has a rural affairs office that is looking to see how they can work with their programs better in some of the rural communities. We probably don't have all that much to report yet now, but it is something that's ongoing. We have commitment on both the RD and the SBA piece. We're just looking for these opportunities where we can partner, where we can leverage the different programs. Again, this is another example. If you've got a program, or if you got an idea out there, a project, reach out to RD, and we can walk through this. If it's something that we can't maybe accomplish through one of our programs, we do have that ability to help you engage better with SBA.

Shayla Bailey: Thank you for that. Another question we have is more about the application deadline for the Rural Energy for America. According to the person asking

the question online, it says that it's closed currently, and it closed as of April 15, 2020. They're asking if it's been extended.

Mark Brodziski: That references the current fiscal year program and that is closed. But the day after that closes, the next cycle opens also, as mentioned earlier. The next application deadline, especially for smaller scale grants of \$20,000 or less, the next application deadline is October 31. For all larger grants and again for smaller scale grants, March 31 will be the final deadline for FY 2021. We are always accepting applications. When one window closes the next opens and we can continue processing requests under the REAP program. Guarantee loan programs operate a little bit different under the REAP in that it operates as an ongoing basis. We don't have deadlines. We have a pool of funds available to guarantee loans for vendors under the REAP program, as we mentioned.

Shayla Bailey: Great. Thank you. Our next question submitted in the chat asked, so are only the seven CIS states that can process for export and interstate. I'll ask Phil to clarify that one for us.

Dr. Phil Bronstein: Correct. You can either have a federal grant of inspection by FSIS, which will allow you to do interstate shipping and export to other countries. Or you can be a member of a state MPI program and also fall under a CIS agreement. Then you can do interstate commerce.

Shayla Bailey: Great. Thank you. Then our next question via the chat asks would new businesses be eligible for the Rural Energy for America grant or only existing businesses that are updating?

Mark Brodziski: This is Mark. The problem with the REAP program, the Rural Energy for America program, is that a new business could apply for the renewable energy component. If you're putting in solar, maybe solar hot water or solar PV, geothermal or other renewable energy system, a new business can apply. But for the energy efficiency, the energy efficiency component needs to show that they're saving energy by upgrading equipment. If it's a new facility, it would be hard to show that. If it's a new business but an existing facility, where we have the records of energy consumption over history, then it might be possible, but the energy efficiency, again, the baseline is the historic use. Then the grant is used to upgrade equipment to more efficient or replacing equipment and systems with more efficient equipment assistance.

Shayla Bailey: Thank you. Our next question from the chat says what is the typical turnaround time for obtaining federal inspection from application to grant of inspection? Then also what is the FSIS capability to take on new facilities for inspection? Phil, do you want to tackle that one for us?

Dr. Phil Bronstein: The average time to get a federal grant of inspection. I think the principle driver on that is the state of the facilities. You have to have the sanitation, have the actual structure, the footprint of the establishment and the bio defenses that are needed around there to make sure that pathogens and other animals can't get into the establishment. It can be quick. There used to be also a longer lag time for development of food safety plans, but since we've implemented HACCP in the 1990s, we really have flourishing of resources out there to help establishments develop food safety plans. That's usually not the biggest driver anymore. It can be in the period of a couple of months to, if there's a significant capital improvement that needs to be made, it can be several months or a year or more to get those grants. But we really do offer a lot of outreach, offer a lot of information. If you are interested, contact your district office, talk to them about your situation, and they can walk you through the likely pitfalls of getting that grant of inspection.

Shayla Bailey: In terms of our capacity to take on new facilities.

Dr. Phil Bronstein: I'm sorry about that. Yes, we always have the ability to provide inspection. If you can get the grant up and going, we can find a way to find an inspector for you. We do have other programs in the other states, there are programs where we have state inspectors in some way that do some of the smaller establishments, which are still federal inspected inspections, but they're performed by state inspectors. There are only a few of those states out there, but we always find a way to provide inspection if you can get a grant of inspection.

Shayla Bailey: Great and then sort of a nice segue there, I have someone who has asked what the cost for federal inspection application is, maybe if there's a cost involved in the application process.

Dr. Phil Bronstein: There's no cost in that as I said before. You're your chief driver, or you're going to need somebody, a third party, to help you develop a food safety plan and that can sometimes be a cost. Then any capital improvements that you need to do to bring the establishment up to the standards required by the grant of inspection are the chief drivers of cost, which can vary widely.

Shayla Bailey: Great. Thank you, Phil. Now I think this is another question probably for Mark and Andy, but someone asked via chat: as a small meat processor in North Carolina, what grants are available to help upgrade equipment?

Andy Jermolowicz: Upgrade equipment? Again, we'd probably need a little bit more specifics, but I think as Mark just walked through, you would have that possibility of looking at the REAP program for some of energy improvements. We did mention the intermediary being a relending program, there could be opportunities there. Again, I know it's not a grant, but the purpose of those programs is to provide much better financing and much better terms so that the business may be able to get a really good deal through the

intermediary. There are options and, again, if you come to RD with a proposal for us, we'll gladly have that conversation and how we can find the program that's best.

Shayla Bailey:

I think that's great. It gives them a starting point for that. I have another attendee who asked via the chat, whether shellfish, including mollusks and oysters and other marine species, whether processing for those would be considered under these programs as well.

Dr. Phil Bronstein:

For FSIS, we only regulate meat, poultry, and processed egg products. The one exception to kind of the broad definition of that is that Congress defined Siluriformes catfish as being a meat product. We provide regulation on that. The rest of it would be through other agencies.

Andy Jermolowicz:

Andy at Rural Development, our door is open to everybody. We worked with multiple fish, seafood, shellfish projects over the years through the B&I, clearly something in our value-added producer grant, our co-op development. I think we've been remiss when we talked about what other programs are available through Rural Development. Again, our space is rural and the Rural Business Cooperative Service. We have the broadest definition of what a rural area is, that's just in general. These are talents of 50,000 or less. You do have other USDA agencies in particular, something like our Agricultural Marketing Service that also has programs available out there that could be very much applicable to something here with some of their local food promotion, farmer's market promotion. Both grant programs could fit into that space.

Shayla Bailey:

Okay. Thank you. Another question we have via chat and I think this segues nicely, they ask: are the value-added planning grants available for general planning of rural business and farms? What are the steps to make that application?

Mark Brodziski:

Value added again. Yes, they could be available if it's again, if you make the qualification as being a producer, having something that you are a producer, and you're going to look to, you're proposing to establish a value added business. Again, we need a little bit more specifics, but it would be something we could consider. For value added, the current cycle of funds is just about ready to be announced. We're hoping to announce the awards in the next several weeks. The program will be run again in fiscal year 2021. I would just be kind of paying attention that it is a nationally competitive program. We do run that program once a year. Our target will be to get a notice out as early as possible in the new fiscal year that starts October 1.

We provide a host of information on the program website. We do provide, it's not mandatory, but we do provide an application guide that again, we can help applicants walk in and a couple of our partner and stakeholder groups also offer some. It's a very popular program. Even though the program may not be open now, if you are interested, I always encourage

people to go take a look at it and get to know what it is. It's grant funding, but the application can be, like all federal programs, can be a little bit challenging. I would encourage you to at least become familiar with the program. Again, reach out to the state office. They'll be happy to provide you some background on the program and how to go about accessing it.

Shayla Bailey: Great. I want to check in with Andre to see if we have any folks in the question queue at this time.

Andre: Yes, we do have- looks to be seven questions on the phone line, going back to the first individual. Go ahead. All right not hearing anything moving on to the next caller, please go ahead.

Male Speaker: Okay I do have a question. We are USDA approved plant. 5800 is our establishment number since the early 1980s. We want to participate in the Farmers to Families Food Box. Do I have to apply a new application to that?

Dr. Phil Bronstein: I don't see any reason for you to have to apply for a new grant of inspection for that. If there's a reason for you to apply for something else, because it's a AMS requirement or something like that, that might be, but as far as FSIS, there's not a reason for you to apply for a different grant of inspection. You can produce any products that fall underneath FSIS regulation with the grant of inspection that you have.

Male Speaker: The AMS is different from USDA?

Dr. Phil Bronstein: Well, AMS is different than FSIS and is part of USDA, just like FSIS is, Rural Development and many others.

Male Speaker: My grant of inspection for USDA, won't cover AMS?

Dr. Phil Bronstein: I'm not saying that. I don't know what the requirements are to do what you're referring to as the box, the product. What I'm saying is, if you have a federal grant of inspection, and what you're talking about is producing a meat, poultry, or processed egg product, then your grant of inspection is adequate for that. If there are some additional requirements that are required by AMS, you would have to reach out to them and see what those are, because I'm not familiar with what the AMS requirements are.

Male Speaker: All right thank you so much.

Andre: And moving to the next caller, please go ahead. I'm sorry, please go ahead.

Alex: Hello?

Andre: Yes, please go ahead, loud and clear.

- Alex:** Yes, my name is Alex, here in the Bristol Bay area. We're starting a small processing plant in our community and a part with that is some of us, our community, has some small tenders, could some of the funds be used to upgrade our tenders. Hello?
- Andy Jermolowicz:** Can you repeat the question I didn't hear quite what you're asking.
- Alex:** Okay yes. We're a small plant, we're building a small processing plant in our village, in the Bristol Bay area. My question is our tribe had purchased a small barge tender. Would we be able to utilize these funds to upgrade our tender? To be able to purchase fish in the fishery and bring it up to the processing plant.
- Andy Jermolowicz:** I think some application of that, I don't know if there's grant dollars available for that, but that's certainly something we would consider, infrastructure that could easily fall, be eligible under the business and industry guaranteed program.
- Alex:** Okay. Thank you. Then one more question.
- Andy Jermolowicz:** Sure.
- Alex:** We're also filling out a Department of Energy grant for some high energy profiles for solar powering some of our freezing-set-doors. Would we be able to combine DOE grant with this grant?
- Mark Brodziski:** With the Rural Energy for America program, the grant there cannot be matched by other federal grants. Now, we can provide up to a 75% grant. Well, with our guaranteed loan. Our grant is if the DOE grant does not hit the maximum, then yes it can be paired, but we cannot use another federal support to match funds, and the match still needs to come from the client on a reprogram.
- Alex:** Okay, thank you.
- Mark Brodziski:** In general, different federal programs, or even USDA programs can be laddered or can be leveraged, but what you have to be very observant about is that you can't use, two different programs to essentially do the same thing. You have to be so very clear in separation that if you're using this program to do this portion of a project, the other grant would have to be doing something completely different. You need to avoid that you're receiving duplicative funding.
- Alex:** Yes. Understood, I've just written that down thank you.
- Andre:** To the next caller. Please go ahead. Not hearing anything moving to the next caller, please go ahead. Yes. Hello?

Female Speaker: Yes. We are a small USDA processing plant here in northeast Alabama. We would just like to know how to apply and what grants to apply for in order to add on and add more equipment.

Mark Brodziski: Well, I'll start with, from the USDA Rural Development side. Again, our grant programs that we have available are very specific for either for a producer in a vertically integrated, in doing a value-added project for either working capital or planning, not for equipment. Under the other programs, our grants are made more for nonprofits and other economic development entities to then assist small businesses. While we may make a grant to an intermediary, they use those funds to assist small businesses, either through a loan program or to technical assistance. In many cases, those loans are very low interest. That's why we're really suggesting that you contact our local USDA, Rural Development office, and they can provide you a listing of the intermediaries and other vendors that utilize our program and work with small businesses. The business and industry programs that guaranteed loan, not a grant program and again, could be available depending on the size of loan that you need or type of activities that you need.

Female Speaker: Okay. Thank you.

Andre: Next caller, please go ahead.

Female Speaker: Yes, sir. My question is about the grant for the planning, the \$75,000, you were saying that you could use other means of a test match. Would that be like your cattle and things like that?

Andy Jermolowicz: Yes, absolutely. I mean, that's a reasonable, fair market value of what you would be bringing into, and we've got ways to assist people to show how to document, but well, you obviously have market prices that could show what the value of the raw product is, the cattle. Then again, also, there's a limited amount of time and expertise and you can value that as we have formulas to help you value that.

Female Speaker: A second part to that question is if you were talking about using some of that grant to get feasibility studies and things like that completed, do you guys offer any type of support to help get the ball rolling on those types of things to begin the process, so to speak?

Andy Jermolowicz: You're asking about getting, just applying to the program or- again, I think, or locating somebody who can assist you with the feasibility study or business plan.

Female Speaker: Do you guys offer selections or people that help you find those resources in your area? Do you guys offer those types of things through your website or your agency?

Andy Jermolowicz: We would. I would probably say again, if you were starting to work at your local level than the people at state office will probably have (the resources). We do not necessarily refer anybody in particular so that we aren't showing any bias toward any particular ones, but again, most cases your land grant university could be a good place to start. They have economic development planners there, and I would start looking around. We probably could offer a list. We have a wealth of stakeholders, and I imagine there's a number of people on the call here today who would be great resources to assist with helping you out with a business plan or feasibility study.

Female Speaker: Okay. Thank you.

Andre: To the next caller, please go ahead. Not hearing response, going to the next caller, please go ahead and moving to the next caller.

Male Speaker: I was hoping that you could comment on some of these FSIS, and speak kind of, on cooperative agreements as well as the CIS agreements, kind of especially how they would apply to tribal nations that are looking to create their own processing plants.

Dr. Phil Bronstein: We have one federally regulated establishment on tribal lands. I personally have taken part in conversations with other tribes that are looking to put slaughter and processing facilities onto the tribal lands, and we're completely open to those conversations. As far as it goes from state to state, that would be a conversation you would have to have if that state already has an MPI program and a CIS program. You would have to have that conversation with the state where you were located, otherwise FSIS is also an avenue that you can look for if you want to be federally inspected and be able to participate in interstate commerce, but there aren't any special restrictions that we would have for anyone doing anything under tribal lands.

Male Speaker: Okay, great and do you know if Montana happens to be one of those states?

Dr. Phil Bronstein: Montana does not operate under the CIS program. In order for you to ship product out of the state, you would have to have a federal grant of inspection.

Male Speaker: Okay, great. Thank you very much.

Shayla Bailey: That would be a good segue. If you can pause just a second, Andre, we had a question come in via the chat where they wanted to understand the advantage or the differences between being federally inspected and being under a state MPI or CIS program. Could you briefly highlight that Phil?

Dr. Phil Bronstein: As we outlined throughout the presentation, being federally inspected means that you can do interstate commerce and export to international trade partners with FSIS being there and having a grant of inspection. Sometimes there are smaller establishments or local establishments who don't necessarily want to invest in interstate commerce. In those cases, the state MPI programs oftentimes offer the best option for those establishments out there. Once again, the difference being that you have to have a "same as" standard for FSIS, either in interstate commerce with the CIS program, or "at least as" FSIS standard with the MPI program. A lot of times people point out the advantages of a state meat and poultry inspection program as being, you have local folks there that understand a bit better and can offer a little bit better support to those smaller establishments that are in there. As we laid out the MPI programs, that is only for intrastate inspection and intrastate commerce and if you do want to go out of state, are there special requirements for you to be under CIS and you have to have the "same as" an FSIS regulated establishment.

Shayla Bailey: Okay thank you, Phil. We have several more questions that have been submitted via the chat, and I think we have a few more folks on the phone, but we are over time at this point. I wanted to give us a chance to close out the event. Those who have submitted their questions via chat we will get you responses or connect you with the right folks to get the answers that you need. Anyone who didn't get a chance to ask their question on the phone they can certainly email either agency or contact either agency. I'm sure we'd be happy to, to answer those questions. For our closing, I'm going to turn it over to Paul Kiecker to just say a few words.

Paul Kiecker: All right, thanks, Shayla. I think one thing that's very clear here is that if you are interested in what's available as far as FSIS or Rural Development, the place to start is to reach out to the district office that covers the state that you're in for FSIS or to the state director or the state office for Rural Development. Those are the places to start and get headed in the right direction.

I want to say thanks to everyone for participating either in the webinar or on the phone today, and a special thanks to everyone that presented and to our panelists. I hope that small processors found the information that we've provided today to be helpful. To make you aware that both FSIS and RD, which are both USDA agencies, are here to assist you. Don't hesitate to reach out with additional questions using the links or the phone numbers that were provided earlier in the presentations. We need to hear from you in order to know what it is that your needs are and what it is that you're looking for. Thank you very much for your time today. Enjoy the rest of your day. Thank you for being here with us today. Thank you.

Andre: That concludes our conference. Thank you for using AT&T event conferencing enhanced. You may now disconnect.