

FINAL REPORT

Southern Ohio Agricultural and Community Development
Foundation

**Agricultural Diversification Grants Program
Impact Evaluation**

Through
Mailed Questionnaires

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Executive Summary
Southern Ohio Agricultural and Community Development Foundation
Agricultural Diversification Grants Program Impact Evaluation through Mailed
Questionnaires

Purpose: To review the process of funding Agricultural Diversification projects by the Southern Ohio Agricultural and Community Development Foundation (SOACDF) and to identify changes made, outcomes achieved, and future aspirations by the program participants.

Procedure: A mailed questionnaire was sent to the 397 recipients who received Agricultural Diversification Grants from 2005 through 2007. The questionnaire was reproduced in a front-back, legal size paper format and included questions relating to: Personal, Farm/ Business, and Community Results of the Agricultural Diversification Grants; Descriptions of crop and livestock farming enterprises in 2001 and 2007; Gross annual income changes as a result of the Agricultural Diversification Grants; Plans for the next five years; Application and Personal Demographics; and open-ended questions relating to additional comments about this grant program, as well as other needs that could be addressed by SOACDF.

Data Analysis: Quantitative data were entered into Excel and imported into the Statistical Package for Social Sciences (SPSS), where data were cleaned, variables named, and value levels labeled. T-tests and Chi-Square statistical tests were performed to detect statistical significant differences. Procedures were used to confirm that the findings could be generalized to the entire population of grant recipients 2005-2007.

Major Findings: The response rate was 47.2%; 52.7% of the respondents received more than 50% of their income from the farm; 67.6% of the respondents were 50 or older and 92.9% were male. 79.9% of the respondents' projects fell into the type of project labeled, "Revitalization of an existing agricultural enterprise", while 15.6% fell into the type of project called, "Diversification into a new agricultural enterprise".

The results of Agricultural Diversification Grant projects, with the type of result (*in italics parentheses*) and the percentage of respondents who selected each result included: (1) Improved equipment (*Farm/ Business*) – 84.9%; (2) Helped me reach goals faster (*Personal*) – 80.0%; (3) There has been a ripple effect of dollars spent in other businesses throughout the community (*Community*) – 79.5%; (4) Accelerated completing previously planned improvements/ expansion (*Farm/ Business*) – 73.5%; (5) Increased my pride in my own farming/ business operation (*Personal*) – 71.4%; (6) Improved my attitude (happier) about my farming/ business situation (*Personal*) – 69.7%; (7) Stimulated me to think about new ideas (*Personal*) – 63.8%; (8) Reduced my stress (*Personal*) – 63.8%; (9) Increased property value (*Farm/ Business*) – 62.2%; (10) Better facilities (*Farm/ Business*) – 60.5%; (11) Increased the likelihood that the next generation will continue in my farm/ business (*Personal*) – 60.0%; (12) Lessened labor requirements (*Farm/ Business*) – 59.5%.

All crop categories, except Tobacco, statistically increased in the number of acres from 2001 to 2007, and Tobacco acres statistically decreased in the same time. Likewise, the two livestock categories of Cattle and Goats statistically increased in the number of head from 2001 to 2007. Commodities that did not statistically change were Hogs, Sheep and Other Livestock. The average increase in income per year realized by the 180 people reporting was \$23,614, which translates into \$9.51 return for each grant dollar invested. Less than 2.0% of the respondents plan to quit or decrease operation over the next five years for their farm or business. 45.9% plan to maintain the current level, and a similar percentage (47.0%) planned to expand existing enterprises. 8.1% indicated that they planned to expand into new or different enterprises.

Other comments about the SOACDF Agricultural Diversification Grants Program included the categories of: It is a Good Program; Helps Farmers; Recommended Changes for the SOACDF

grants programs; Helps Increase Production; Helps Production Practices; Helps Local Businesses & Community; Helps Replace Tobacco Income; Helps Expand Farming Operation; Helps Keep Farm For The Next Generation; Helps Diversify Into New Ag Areas; and Examples of Abuses of the program.

Other needs of respondents that the SOACDF might address included the categories of: More Equipment; Facilities; Fertilizer; Fencing; Comments about Educational Assistance Program; Repair of Machinery; Buy Land; and More Livestock.

Conclusions:

- [1] The information from the responses summarized in this report is representative of all the Agricultural Diversification Grant Program recipients for the years 2005-2007.
- [2] Over 52% (52.7%) of Agricultural Diversification Grant recipients received more than 50% of their household income from farming; 92.9% were males; and 67.6% were 50 years or older.
- [3] Corn, Soybean, Wheat, Forage and Other Crop acres all increased from 2001 to 2007. Tobacco acres decreased over the same years. The number of head of Cattle and the number of head of Goats also increased over this six year period. Those commodities that did not statistically change were: Hog numbers; Sheep numbers; and Other Livestock numbers.
- [4] ALL (100%) of the Agricultural Diversification Grant recipients noted at least one result.
- [5] Specific results of the Agricultural Diversification Grants program, with the major area of the result and the percent of grant recipients realizing that benefit in parentheses were: Improved equipment (Farm/ Business, 84.9%); Helped me reach goals faster (Personal, 80.0%); There has been a ripple effect of dollars spent in other businesses throughout the community (Community 79.5%); Accelerated completing previously planned improvements/ expansion (Farm/ Business, 73.5%); Increased my pride in my own farming/ business operation (Personal, 71.4%); Improved my attitude (happier) about my farming/ business situation (Personal, 69.7%); Stimulated me to think about new ideas (Personal, 63.8%); Reduced my stress (Personal, 63.8%); Increased property value (Farm/ Business, 62.2%); Better facilities (Farm/ Business, 60.5%); Increased the likelihood that the next generation will continue in my farm/ business (Personal, 60.0%); and Lessened labor requirements (Farm/ Business; 59.5%).
- [6] The total increase in income over the last three years from Agricultural Diversification Grant recipient respondents was estimated at \$4,250,500, which calculated to average income per grant across the last three years \$70,842. In that same time the average Diversification Grant awarded was \$31,067. It can be calculated that the return per grant dollar awarded over that same time as \$2.28, and the dollar income per grant dollar invested over depreciated life of asset ranges up to \$19.00, with a weighted average over the assets purchased in the last three years of \$9.51 returned per grant dollar invested.
- [7] Almost 46% of those who received a Diversification Grant in the last three years indicated that they planned to maintain their current level of operation over the next five years, and 47% plan to expand their farm or business operation over the same time frame.
- [8] "Other Comments" categories that should be noted about the SOACDF Ag. Diversification Grants program: It is a good program; It helps farmers in a variety of ways – It helps increase production; Helps production practices; Helps local businesses & community; Helps replace tobacco income; Helps expand farming operation; Helps keep farm for the next generation; and Helps diversify into new agricultural areas. However, there are some abuses of the program, as well as a few recommended changes for the SOACDF grants programs.
- [9] "Other Needs" that might be addressed by SOACDF fall into the categories of more equipment, improved facilities, fertilizer cost-share programs, and more fencing. There are several other specific needs identified by the respondents. Also, there are several changes recommended by respondents in the SOACDF Agricultural Diversification Grants program.

Study Conducted by: Thomas M. Archer, Ph.D.; Ohio State University Extension; 7-22-2008

Purpose:

To review the process of funding agricultural diversification projects by the Southern Ohio Agricultural and Community Development Foundation (SOACDF) and to identify changes made, outcomes achieved, and future aspirations by the program participants.

Procedure:

Based on results from a series of three focus group interviews conducted with recipients of Agricultural Diversification Grants during February 2008, a written questionnaire was created. The questions included: Personal, farm/ business, and community results of the Agricultural Diversification Grants; Descriptions of crop and livestock farming enterprises in 2001 and 2007; Gross annual income changes as a result of the Agricultural Diversification Grants; Plans for the next five years; Application and Personal Demographics; and open-ended questions relating to additional comments about this grant program, as well as other needs that could be addressed by SOACDF. The questionnaire was reproduced on the front and back of legal size paper, and a cover letter developed. The SOACDF staff generated mailing address labels for all Agricultural Diversification Grant recipients from 2005 through 2007. The cover letter, questionnaire, and a return envelop with postage affixed was mailed March 14 to 397 potential respondents.

Data Analysis:

The questionnaires were returned to the SOACDF office in Hillsboro, and quantitative data entered from March 16 through April 2 into an Excel spreadsheet created by Dr. Archer. On April 2 the spreadsheet was transferred to Dr. Archer. The Excel spreadsheet was imported into the Statistical Package for Social Sciences (SPSS), where data were cleaned, variables named, and value levels labeled. It should be noted that in the Findings section below, the totals do not include missing data. That is, not all respondents responded to every question.

The qualitative data (Q15 & Q16) were keyed into a separate Excel document, and each response individually analyzed and sorted into categories developed as responses were reviewed. Counts were made for each of the categories, and representative statements were included in this report.

Limitations:

[1] Compared to the number of grants awarded in the years 2005-2007, it appears that the respondents were more likely to be from 2005 than 2007. Slightly over 25% of the respondents received their Agricultural Diversification grant in 2007, but 33% of the grants (2005-2007) were awarded in 2007. (See Table A-2, Appendix A.) Therefore, these results may be more indicative of people who received grants 2-3 years ago than those receiving grants in the most recent year.

[2] A follow-up mailing was made to 100 randomly selected people who did not respond to the first mailing as one of the procedures used to explain non-response error. Results from this second mailing were identified as Non-Respondent data and compared to the data of the first mailing. Of all the study variables, only one variable produced a statistically significant difference. Non-Respondents were more likely to NOT choose as one of the personal results “Reduced my stress”. Therefore, the results of that variable may be over-represented in this final report.

Findings:

Response Rate:

A total of 185 usable questionnaires were returned through April 2. There were also 5 questionnaires returned as undeliverable from the 397 originally mailed. Therefore, the response rate was 47.2%

Characteristics of Respondents:

Table 1: Respondents by County	
<i>County</i>	<i>Respondents</i>
Adams	43
Brown	74
Clermont	11
Clinton	1
Gallia	27
Highland	14
Jackson	3
Lawrence	4
Meigs	0
Monroe	0
Noble	0
Pike	1
Ross	0
Scioto	6
No County Selected	1
Total	185

Please note in Table 2 that the Agricultural Diversification Grant questionnaire was mailed to only the list of grant recipients from the last three years (2005-2007). Also note that some respondents received an Agricultural Diversification Grant in more than one year.

Table 2: Number of Grants Received by Respondents Each Year 2005-2007			
<i>Year</i>	<i>Respondents Who Received Grant</i>	<i>Number of Grants Awarded</i>	<i>Response by Number of Grants</i>
2005	79	107	73.8%
2006	72	159	45.3%
2007	52	132	39.4%
Total	203	398	51.0%

Table 3 defines the percentage of income derived from farming by the respondents. There were 52.7% of the respondents who received more than 50% of their income from the farm.

Table 3: Number of Respondents by Percentage of Total Income Derived from Farm		
<i>Percent of Total Income from Farm</i>	<i>Number of Respondents</i>	<i>Percent</i>
0-25%	49	26.9%
26-50%	37	20.3%
51-75%	39	21.4%
76-99%	33	18.1%
100%	24	13.2%
Total	182	

About two-thirds of the respondents were 50 or older, and almost 93% were male, as shown in Tables 4 and 5.

Table 4: Age Categories of Respondents		
<i>Category</i>	<i>Number of Respondents</i>	<i>Percent</i>
Less than 20	0	0%
20-29	3	1.6%
30-39	12	6.5%
40-49	45	24.3%
50-59	61	33.0%
60-69	36	19.5%
70 and over	28	15.1%
Totals	185	

<i>Gender</i>	<i>Number of Respondents</i>	<i>Percent of Total</i>
Male	171	92.9%
Female	13	7.1%
Total	184	

About 80% of the respondents' projects fell into the type of project labeled, "Revitalization of an existing agricultural enterprise", while 15.6% fell into the type of project called, "Diversification into a new agricultural enterprise" (Table 6).

<i>Type of Project</i>	<i>Number of Respondents</i>	<i>Percent</i>
Revitalization of an existing agricultural enterprise	143	79.9%
Commercial agribusiness	6	3.4%
Diversification into a new agricultural enterprise	28	15.6%
Marketing/Processing of value added agriculture	2	1.1%
Total	179	100.0%

Results of Grants

Every respondent reported at least one "Personal Result" of having received an SOACDF Agricultural Diversification Grant. The "Personal Result" category chosen by the most respondents was, "Helped me reach goals faster" (80.0%). The next four highest percentages were: {2} "Increased my pride in my own farming/ business operation" (71.4%); {3} "Improved my attitude (happier) about my farming/ business situation" (69.7); {4 - tie} "Stimulated me to think about new ideas" and "Reduced my stress" (63.8%). This is illustrated in Table 7.

<i>Personal Result</i>	<i>Number of Respondents</i>	<i>%</i>
Helped me reach goals faster	148	80.0%
Increased my pride in my own farming/ business operation	132	71.4%
Improved my attitude (happier) about my farming/ business situation	129	69.7%
Stimulated me to think about new ideas	118	63.8%

Reduced my stress	118	63.8%
Increased the likelihood that the next generation will continue in my farm/ business	111	60.0%
Made me more willing try something new because my financial risk was less	108	58.8%
Improved my business management skills	81	43.8%
Increased my confidence in making management decisions	67	36.2%
Other	4	2.2%

Every respondent reported at least one “Farm/ Business Result” of having received an SOACDF Agricultural Diversification Grant. The “Farm/ Business Result” category selected by the largest number of respondents was, “Improved equipment” (84.9%). The next four highest respondent selections were: {2} “Accelerated completing previously planned improvements/ expansion” (73.5%); {3} “Increased property value” (62.2%); {4} “Better facilities” (60.5%); and {5} “Lessened labor requirements” (59.5%). This is shown in Table 8.

Table 8. Number and Percentage of Respondents Who Reported Specific Farm/ Business Results of the SOACDF Agricultural Diversification Grant Received		
<i>Farm Business Result</i>	<i>Number of Respondents</i>	<i>%</i>
Improved equipment	157	84.9%
Accelerated completing previously planned improvements/ expansion	136	73.5%
Increased property value	115	62.2%
Better facilities	112	60.5%
Lessened labor requirements	110	59.5%
Increased production of livestock/ livestock products	106	57.3%
Improved safety	102	55.1%
Lessened dependence on others for custom work	90	48.6%
Purchased higher quality livestock	83	44.9%
Increased production per acre of crops	66	35.7%
Improved fertility of the land	55	29.7%
Lessened liability	51	27.6%
Initiated a completely new enterprise	30	16.2%
Other	2	1.1%

Ninety-two percent (92.4%) reported at least one “Community Result” of having received an SOACDF Agricultural Diversification Grant. The “Community Result” selected by the most respondents was, “There has been a ripple effect of dollars spent in other businesses throughout the community” (79.5%). The only other Community Result

selected by more than half of the respondents was “Local farms/ businesses are more competitive with those in other areas” (53.0%). Please see Table 9.

<i>Community Result</i>	<i>Number of Respondents</i>	<i>%</i>
There has been a ripple effect of dollars spent in other businesses throughout the community	147	79.5%
Local farms/ businesses are more competitive with those in other areas	98	53.0%
Created jobs	87	47.0%
Lenders are more willing to make loans	79	42.7%
People have more pride in our community	75	40.5%
Lowered the average age of people involved with agriculture	50	27.0%
Improved the local water quality and other natural resources	48	25.9%
No Benefit	14	7.6%
Other	6	3.2%

The percentages of responses across all three levels of results (i.e., Personal, Farm/ Business, and Community) were analyzed, and the rank order, number of respondents, and percentage of the total are reported in Table 10. It is interesting to note that the top three rankings include results from each of the three types: Personal; Farm/ Business; and Community. Also note that five of the top 10 results fell into “Personal”.

<i>Rank</i>	<i>All Results</i>	<i>Number of Respondents</i>	<i>%</i>
1	Improved equipment (<i>Farm/ Business</i>)	157	84.9%
2	Helped me reach goals faster (<i>Personal</i>)	148	80.0%
3	There has been a ripple effect of dollars spent in other businesses throughout the community (<i>Community</i>)	147	79.5%
4	Accelerated completing previously planned improvements/ expansion (<i>Farm/ Business</i>)	136	73.5%
5	Increased my pride in my own farming/ business operation (<i>Personal</i>)	132	71.4%
6	Improved my attitude (happier) about my farming/ business situation (<i>Personal</i>)	129	69.7%

7	Stimulated me to think about new ideas (<i>Personal</i>)	118	63.8%
7	Reduced my stress (<i>Personal</i>)	118	63.8%
9	Increased property value (<i>Farm/ Business</i>)	115	62.2%
10	Better facilities (<i>Farm/ Business</i>)	112	60.5%
11	Increased the likelihood that the next generation will continue in my farm/ business (<i>Personal</i>)	111	60.0%
12	Lessened labor requirements (<i>Farm/ Business</i>)	110	59.5%
13	Made me more willing try something new because my financial risk was less (<i>Personal</i>)	108	58.8%
14	Increased production of livestock/ livestock products (<i>Farm/ Business</i>)	106	57.3%
15	Improved safety (<i>Farm/ Business</i>)	102	55.1%
16	Local farms/ businesses are more competitive with those in other areas (<i>Community</i>)	98	53.0%

Changes – Crops and Livestock

All crop categories, except Tobacco, statistically increased in the number of acres from 2001 to 2007, and Tobacco acres statistically decreased in the same time. Likewise, the two livestock categories of Cattle and Goats statistically increased in the number of head from 2001 to 2007. Commodities that were not statistically different were Hogs, Sheep and Other Livestock.

TABLE 11: Statistically Significant Changes in Crop and Livestock Production by Respondents between 2001 and 2007

<i>Commodity</i>	<i>2001 Mean</i>	<i>2007 Mean</i>	<i>Change</i>
Corn Acres	56.8	82.6	+25.8
Soybean Acres	116.8	148.2	+31.4
Wheat Acres	13.6	23.1	+9.5
Tobacco Acres	7.2	3.8	-3.4
Forage Acres	90.7	122.0	+31.3
Other Crop Acres	34.0	39.6	+5.6
# Cattle	48.6	74.5	+25.9
# Goats	.2	5.7	+5.5

Changes – Income

Respondents were asked to estimate, by selecting dollar ranges of \$1000 up to \$10,000, the annual dollar amount of their farm/ business enterprise gross income increase that each respondent could attribute to the agricultural diversification grant(s). If the amount was over \$10,000, the respondent was asked to write-in an estimate. Table 12 displays the results of that question.

The mid-point of each category was used as a multiplier, except where a dollar amount was provided by the respondent when the dollar amount was over \$10,000. Since only those who received grants in 2005, 2006, and 2007 were surveyed, the estimates for those years were calculated. Average increase in income per year realized by the 180 respondents was \$23,614, which is \$70,842 over the three years for grant recipients. Since the average amount of agricultural diversification grant award over these same three years was \$31,067, in this three year period, there was a \$2.28 increase in income for each dollar of grant awarded.

Table 12: Number of Grants per Year by Estimated Increase in Income – 2005-2007; Grand Total Increase in Income; Average Increase per Year in Income per Grant – 2005 thru 2007
(Annual Increase in Income estimated by multiplying the mid-point of each income category by the number of respondents who chose that category, except for the “Over \$10,000” where \$10,000 was used as the multiplier for those who did not provide an estimate, which was added to the estimates that were provided.)

Income Increase Category	2007		2006		2005	
	N	Estimated Annual Increase	N	Estimated Annual Increase	N	Estimated Annual Increase
\$1 to \$1000	0	\$0	0	\$0	1	\$500
\$1001 to \$2000	0	\$0	2	\$3,000	2	\$3,000
\$2001 to \$3000	2	\$5,000	8	\$20,000	3	\$7,500
\$3001 to \$4000	5	\$17,500	8	\$28,000	7	\$24,500
\$4001 to \$5000	7	\$31,500	8	\$36,000	11	\$49,500
\$5001 to \$6000	7	\$38,500	7	\$38,500	9	\$49,500
\$6001 to \$7000	0	\$0	4	\$26,000	7	\$45,500
\$7001 to \$8000	4	\$30,000	3	\$22,500	4	\$30,000
\$8001 to \$9000	6	\$51,000	3	\$25,500	3	\$25,500
\$9001 to \$10,000	7	\$66,500	8	\$76,000	6	\$57,000
Over \$10,000	2	\$20,000	3	\$30,000	3	\$30,000
Estimates Over \$10,000	8	\$307,500	8	\$2,425,000	14	\$630,000
Totals	48	\$567,500	62	\$2,730,500	70	\$952,500
Grand Total Across Three Years:				\$4,250,500		
Grand Total # of Grants Across Three Years:				180		
Average Increase Per Year In Income Per Grant:				\$23,614		
Average Income Per Grant Across Last Three Years				\$70,842		
Average Grant Award Over the Last Three Years*				\$31,067		
Return Over Three Years per \$1 of Grant Funds				\$2.28		
*Total Amount of 398 Diversification Grants awarded 2005-2007 = \$12,364,532						

Table 13 is an estimate of the return per grant dollar invested over the life of the asset in which the grant dollars were invested. The dollar income per grant dollar invested over depreciated life of asset ranges up to \$19, with a weighted average over the assets purchased in the last three years of \$9.51 returned per grant dollar invested.

TABLE 13. Return per Grant Dollar Invested Over Depreciated Life of Asset Purchased through SOACDF Agricultural Diversification Grant Program <i>(Return Over Three Years per \$1 of Grant Funds = \$2.28, which means \$.76 per year returned for each grant dollar awarded.)</i>			
ASSETS	Alternative Depreciation Schedule (ADS)* Years of Life	Dollar Income per Grant Dollar Invested Over Depreciated Life of Asset	Approximate Percentage of Diversification Projects Funded 2005-2007 in Asset Category
Agricultural Structures <i>(Single Purpose)</i>	15	\$11.40	0.3%
Cattle <i>(Dairy or Breeding)</i>	7	\$5.32	21.2%
Farm Buildings	25	\$19.00	21.4%
Farm Machinery & Equipment	10	\$7.60	51.6%
Fences <i>(Agricultural)</i>	10	\$7.60	0.5%
Goats & Sheep <i>(Breeding)</i>	5	\$3.80	0.8%
Grain Bin	10	\$7.60	2.0%
Hogs <i>(Breeding)</i>	3	\$2.28	0.3%
Horticulture Structures <i>(Single Purpose)</i>	15	\$11.40	0.3%
All Other Property	7	\$5.32	1.8%
Weighted Average Return Dollars per Grant Dollar Invested		\$9.51	

*Source: Internal Revenue Service, Publication 534 - Depreciation and Publication 225 - Farmer's Tax Guide; Retrieved from <http://www.cals.ncsu.edu/agexed/aec522/deprec.htm> 6-30-2008

Plans for the Next Five Years

Respondents were asked their plans for their farm or business in the next five years, and to select the best response from these categories: Quit operation; Decrease operation; Maintain current level of operation; Expand existing enterprises; Expand into new/ different enterprises; and Other – Describe.

Table 14 shows that a little over 2.0% of the respondents plan to quit or decrease operation over the next five years for their farm or business. Almost half (45.9%) plan to maintain the current level, and a similar percentage (47.0%) planned to expand existing enterprises. Also, 8.1% indicated they planned to expand into new or different enterprises. Individual comments in the “Other” category included: “*Depend on economy & other important factors*”; “*Not sure because of age*”; “*Retiring*”; and “*Try to be able to help my sons farm*”.

Table 14: Number of Respondents by Plans for the Next Five Years for their Farm or Business		
<i>Plans</i>	<i>Number of Respondents</i>	<i>Percent of 185</i>
Quit operation	1	0.5%
Decrease operation	3	1.6%
Maintain current level of operation	85	45.9%
Expand existing enterprises	87	47.0%
Expand into new/ different enterprises	15	8.1%
Other	4	2.2%
Total	195*	
* The total is more than 185 because some respondent chose to select more than one response.		

Other Comments about the SOACDF Agricultural Diversification Grants Program

One hundred five (105) respondents wrote 128 different comments in response to the open-ended question, “Please write any other comments that you have about the SOACDF Agricultural Diversification Grants program”. Each response was read, and assigned in up to three different categories. Categories were developed as the comments were read. Table 15 identifies the categories and the number of respondents who made a response in each category. All of the comments in the “Recommended Changes” category are included in Appendix C.

Table 15: Categories of Other Comments about the SOACDF Agricultural Diversification Grants Program and the Number of Comments in each Category

<i>Number of Comments</i>	<i>Category</i>
45	It is a Good Program; Helps Farmers
16	Recommended Changes for the SOACDF grants programs
14	Helps Increase Production; Helps Production Practices
12	Helps Local Businesses & Community
9	Helps Replace Tobacco Income
9	Helps Expand Farming Operation
9	Other Comments
7	Helps Keep Farm For The Next Generation
4	Helps Diversify Into New Ag Areas
3	Examples of Abuses of the program

REPRESENTATIVE COMMENTS OF CATEGORIES IN TABLE 15:

It is a Good Program; Helps Farmers

“We think this is a good program for small farms, helps us keep a way of life that’s good for all in the small farm community. Thank you very much.”

Recommended Changes for the SOACDF grants programs

“Smaller farmers cannot qualify due to not having enough points. The same farmers qualify all the time. My son has raised tobacco since age 15 on shares. He can't never get enough points. There should be money available for these people also.”

Helps Increase Production; Helps Production Practices

“SOACDF Grants have helped me purchase more equipment for the farm. Improve my cow herd genetics. Increased my number of cattle. Lease more land & built a new barn.”

Helps Local Businesses & Community

“The amount of money that is on these projects creates a huge ripple effect in the community. It makes any economic stimulus package from congress look foolish.”

Helps Replace Tobacco Income

“It has helped keep the farm working and keeping the farm a family success. It has also helped since we know longer have the tobacco income.”

Helps Expand Farming Operation

“The diversification grants enabled me to increase my farming operation at greatly reduced costs.”

Other Comments

“I think the Ohio SOACDF Program is the best in all the states that received money from the buyout. Keep up the good work.”

“I was surprised that this grant money was subject to social security taxes.”

Helps Keep Farm For The Next Generation

“These grants have helped me in every phase of farming from improving my land, my equipment, & increasing my income. All this will make it more possible to keep the farm & pass it on to my sons.”

Helps Diversify Into New Ag Areas

“I think it is a great opportunity to help farmers diversify into other areas of agriculture.”

Examples of Abuses of the program

“I see a lot of abuses, i.e. right up the road from me is a \$40,000 building to store hay & equipment, 2 trucks & a corvette! No equipment or hay! Another party on (road name) sold all of his cows and hay. Now he is buying back under this program.”

Other Needs That Might Be Addressed By SOACDF

The last question on the questionnaire solicited other needs of the respondents that might be addressed by the SOACDF. There were 71 different comments by 58 respondents to this question. The results of the analysis and categorization of these comments are in Table 16. All of the comments in the “Changes Needed” category are reported in Appendix C.

Table 16: Categories of Other Needs that Might be Addressed by SOACDF and Number of Comments by Category

<i>Number of Comments</i>	<i>Category</i>
14	More Equipment
11	Facilities
7	Changes Needed in the Program
6	Fertilizer
5	Fencing
3	Comments about Educational Assistance Program
3	Repair of Machinery
2	Buy Land
2	More Livestock
16	Other Needs That Did Not Fit into Another Category

REPRESENTATIVE COMMENTS OF CATEGORIES IN TABLE 16:

More Equipment

“Some more hay equipment & cattle feeding storage & pads.”

Facilities

“We started building an updated grain handling facility and will continue working in this direction. Thank you.”

Changes needed in the program

“Make every program fit to benefit the average farmer, not just an elite group of hand-picked people who happen to be friends or family members of Board members.”

Fertilizer

“The cost of maintaining hay and pasture has increased so dramatically this year most farmers feel a need for help buying fuel and fertilizer just to maintain the current levels of productivity.”

Fencing

“Continue providing programs that will help like the fencing program.”

Comments about Educational Assistance Program

“College tuition! Young tobacco producing families have children in elementary & high school. Educating these kids serves the purpose of the grant program. Send one generation to college and then all the next generations will have opportunity as well.”

Repair of Machinery

“Machinery repair costs!”

Buy land

“I would like to use grant money to buy land, or for land development rights.”

More livestock

“To further expand my numbers in my cow calf operation”

Other Needs that did not fit into another category

“How about a program that would teach computer programs that apply to today's farm operations?”

“I think that we must strive to keep these types of projects funded so rural southern Ohio farmers can develop non-tobacco portfolios and be sound profitable businesses for years to come.”

Conclusions:

- [1] The information from the responses summarized in this report is representative of all the Agricultural Diversification Grant Program recipients for the years 2005-2007.
- [2] Over 52% (52.7%) of Agricultural Diversification Grant recipients received more than 50% of their household income from farming; 92.9% were males; and 67.6% were 50 years old or older
- [3] Corn, Soybean, Wheat, Forage and Other Crop acres all increased from 2001 to 2007. Tobacco acres decreased over the same years. The number of head of Cattle and the number of head of Goats also increased over this six-year period. Those commodities that did not statistically change were: Hog numbers; Sheep numbers; and Other Livestock numbers.
- [4] ALL of the Agricultural Diversification Grant recipients have noted at least one result from the program.
- [5] Specific results of the Agricultural Diversification Grants program, with the major area of the result and the percent of grant recipients realizing that benefit in

parentheses were: Improved equipment (Farm/ Business, 84.9%); Helped me reach goals faster (Personal, 80.0%); There has been a ripple effect of dollars spent in other businesses throughout the community (Community 79.5%); Accelerated completing previously planned improvements/ expansion (Farm/ Business, 73.5%); Increased my pride in my own farming/ business operation (Personal, 71.4%); Improved my attitude (happier) about my farming/ business situation (Personal, 69.7%); Stimulated me to think about new ideas (Personal, 63.8%); Reduced my stress (Personal, 63.8%); Increased property value (Farm/ Business, 62.2%); Better facilities (Farm/ Business, 60.5%); Increased the likelihood that the next generation will continue in my farm/ business (Personal, 60.0%); and Lessened labor requirements (Farm/ Business; 59.5%).

- [6] The total increase in income over the last three years from Agricultural Diversification Grant recipient respondents was estimated at \$4,250,500, which calculated to average income per grant across the last three years \$70,842. In that same time the average Diversification Grant awarded was \$31,067. Therefore, it can be calculated that the return per grant dollar awarded over that same time is \$2.28 (\$.76 per year). Depending on the purchased asset, the dollar income per grant dollar invested over depreciated life ranges up to \$19, with a weighted average over the assets purchased in the last three years of \$9.51 returned per grant dollar invested.
- [7] Almost 46% of those who received a Diversification Grant in the last three years indicated that they planned to maintain their current level of operation over the next five years, and 47% plan to expand their farm or business operation over the same time frame.
- [8] There are several other comments that should be noted about the SOACDF Agricultural Diversification Grants program. These comments fall into the categories of: It is a good program; It helps farmers in a variety of ways – It helps increase production; Helps production practices; Helps local businesses & community; Helps replace tobacco income; Helps expand farming operation; Helps keep farm for the next generation; and Helps Diversify Into New Ag Areas. However, there are some abuses of the program, as well as a few recommended changes for the SOACDF grants programs as identified by respondents.
- [9] Other needs that might be addressed by SOACDF fall into the categories of more equipment, improved facilities, fertilizer cost-share programs, and more fencing. There are several other specifics needed by the respondents. Also, there are several changes recommended in the SOACDF Agricultural Diversification Grants program that should be considered.

APPENDIX A

Ability to Generalize to All Agricultural Diversification Grant Recipients:

The findings of this study would be more powerful if they can be extrapolated to the entire population of three years of SOACDF Agricultural Diversification grantees surveyed, rather than just to those who responded. The challenge of doing this extrapolation is summarized by the phrase, “non-response error”. That is, are the results generated by only the respondents different from those that would be produced by the people who did not respond? There are several ways to address “non-response error” (Miller and Smith, 1983). Four of these methods include: [1] Getting as many responses as possible, i.e. a high response rate; [2] Compare respondents to the population; [3] Compare early to late respondents; and [4] Compare respondents to non-respondents.

High Response Rate: The response rate of this survey was 47.2%. This response rate is good, and is better than most one-contact, mailed surveys, but not good enough to allow the results to be generalized to all Agricultural Diversification grant recipients.

Compare Respondents To The Population: Two factors already known about the population of all 2005-2007 grant recipients were *county of residence* and *year grant awarded*. The number of respondents was compared to the number of grants awarded in the ten largest participating counties. The ten largest participating counties were used because the overwhelming majority of the projects funded were from these ten counties. The number of respondents was compared to the number of grants awarded in the years 2005 through 2007. The results are shown in Tables A-1. The rank order of the “Respondents” is exactly the same as the rank order of the “Grants Awarded 2005-2007”, with very similar percentages. The respondents are very similar to the population on this dimension.

Table A-1: Percentage of Respondents Compared to Percentage of Agricultural Diversification Grants Awarded in the Ten Largest Participating Counties					
RESPONDENTS			GRANTS AWARDED 2005-2007		
County	Number	%	County	Number	%
Brown	74	40.2%	Brown	143	36.1%
Adams	43	23.4%	Adams	119	30.1%
Gallia	27	14.7%	Gallia	51	12.9%
Highland	14	7.6%	Highland	23	5.8%
Clermont	11	6.0%	Clermont	24	6.1%
Scioto	6	3.2%	Scioto	14	3.5%
Lawrence	4	2.2%	Lawrence	10	2.5%
Jackson	3	1.6%	Jackson	7	1.8%
Pike	1	.5%	Pike	4	1.0%
Clinton	1	.5%	Clinton	1	0.3%
Total	184	100.0%	Total	396	100.0%

In Table A-2 it appears that the respondents were more likely to be those who received grants in 2005 rather than 2007. This can also be observed by the data in Table 2 of the main report.

Table A-2: Number and Percentage of Respondents Compared to Number and Percentage of Diversification Grants Actually Awarded 2005-2007

RESPONDENTS			GRANTS AWARDED		
Year	Number	%	Year	Number	%
2005	79	38.9%	2005	107	26.9%
2006	72	35.5%	2006	159	39.9%
2007	52	25.6%	2007	132	33.2%
Total	203	100.0%	Total	398	100.0%

Compare Early To Late Respondents: Respondents were tracked by the date of response. The first 50 respondents were compared to the last 50 respondents on all variables through April 2. T-tests were employed on the scale variables, and chi-square test on all nominal variables. There were no statistically significant differences on any of these variables between early and late respondents at the .05 level.

Compare Respondents To Non-Respondents: In an attempt to investigate the non-respondents, 100 addresses of Agricultural Diversification grant recipients were randomly selected from the non-respondents as of April 14, and a second mailing with modified cover letter, questionnaire, and pre-addressed return envelope with postage affixed was mailed to them. Through May 2, 2008, 26 were returned. The response from this group was considered to be an indication of the larger group of non-respondents. T-tests were employed on the scale variables, and chi-square tests on all nominal variables. There was a statistically significant difference on one of these variables between respondents and non-respondents at the .05 level: Non-respondents were more likely to NOT choose as one of the personal results “Reduced my stress”.

Reference:

Miller, L. E., & Smith, K. L. (1983). Handling non-response issues. *Journal of Extension* [Online], 21(5). Available at: <http://www.joe.org/joe/1983september/83-5-a7.pdf> (pdf)

APPENDIX B

Questionnaire Content:



**Agricultural Diversification Grants
Questionnaire
Southern Ohio Agricultural Community Development
Foundation (SOACDF)**

RESULTS OF AGRICULTURAL DIVERSIFICATION GRANTS:

1. What have been the **PERSONAL RESULTS** of your receiving a SOACDF Agricultural Diversification Grant? *(Please check all that apply.)*
 - Stimulated me to think about new ideas
 - Made me more willing try something new because my financial risk was less
 - Helped me reach goals faster
 - Improved my business management skills
 - Increased my confidence in making management decisions
 - Improved my attitude (happier) about my farming/ business situation
 - Reduced my stress
 - Increased my pride in my own farming/ business operation
 - Increased the likelihood that the next generation will continue in my farm/ business
 - Other, please specify _____

2. What have been the **FARM/ BUSINESS RESULTS** of your receiving a SOACDF Agricultural Diversification Grant? *(Please check all that apply.)*
 - Accelerated completing previously planned improvements/ expansion
 - Initiated a completely new enterprise
 - Purchased higher quality livestock
 - Increased production of livestock/ livestock products
 - Improved equipment
 - Better facilities
 - Improved fertility of the land
 - Increased production per acre of crops
 - Lessened labor requirements
 - Lessened dependence on others for custom work
 - Improved safety
 - Lessened liability
 - Increased property value
 - Other, please specify _____

3. What have been the **COMMUNITY RESULTS** of the SOACDF Agricultural Diversification Grants program? *(Please check all that apply.)*
 - There has been a ripple effect of dollars spent in other businesses throughout the community
 - Lenders are more willing to make loans
 - People have more pride in our community

- Created jobs
- Improved the local water quality and other natural resources
- Lowered the average age of people involved with agriculture
- Local farms/ businesses are more competitive with those in other areas
- Other, please specify _____

CHANGES IN YOUR FARMING/ BUSINESS OPERATION:

Note: If your business operation is non-farm, please skip to question # 6 on back.

4. Description of your CURRENT FARMING ENTERPRISE in **2007**: (Please insert numbers.)

- | | |
|--------------------------------|---|
| <i>Crops:</i> Corn Acres _____ | <i>Livestock:</i> Cattle – number of head _____ |
| Soybean Acres _____ | Hogs – number of head _____ |
| Wheat Acres _____ | Sheep – number of head _____ |
| Tobacco Acres _____ | Goats – number of head _____ |
| Forage (hay & pasture) _____ | Other – number of head _____ |
| All other Acres _____ | |

5. Description of your FARMING ENTERPRISE in **2001**: (Please insert numbers.)

- | | |
|--------------------------------|---|
| <i>Crops:</i> Corn Acres _____ | <i>Livestock:</i> Cattle – number of head _____ |
| Soybean Acres _____ | Hogs – number of head _____ |
| Wheat Acres _____ | Sheep – number of head _____ |
| Tobacco Acres _____ | Goats – number of head _____ |
| Forage (hay & pasture) _____ | Other – number of head _____ |
| All other Acres _____ | |

6. Did the Agricultural Diversification Grant(s) IMPROVE your GROSS INCOME?

- YES NO (If NO, skip to question # 8.)

7. If you responded YES to the previous question, please estimate the ANNUAL dollar amount of your farm/ business enterprise GROSS INCOME INCREASE THAT YOU CAN ATTRIBUTE TO THE AGRICULTURAL DIVERSIFICATION GRANT(S):

(Please check only one.)

- | | | | |
|---|---|---|---|
| <input type="checkbox"/> \$1 to \$1000 | <input type="checkbox"/> \$3001 to \$4000 | <input type="checkbox"/> \$6001 to \$7000 | <input type="checkbox"/> \$9001 to \$10,000 |
| <input type="checkbox"/> \$1001 to \$2000 | <input type="checkbox"/> \$4001 to \$5000 | <input type="checkbox"/> \$7001 to \$8000 | <input type="checkbox"/> If Over \$10,000, |
| <input type="checkbox"/> \$2001 to \$3000 | <input type="checkbox"/> \$5001 to \$6000 | <input type="checkbox"/> \$8001 to \$9000 | Please estimate \$ _____ |

8. What plans do you have for your farm or business in the next five years? (Please check the best response.)

- | | |
|--|---|
| <input type="checkbox"/> Quit operation | <input type="checkbox"/> Expand existing enterprises |
| <input type="checkbox"/> Decrease operation | <input type="checkbox"/> Expand into new/ different enterprises |
| <input type="checkbox"/> Maintain current level of operation | <input type="checkbox"/> Other – Describe: _____ |

INFORMATION ABOUT YOU AND YOUR GRANT PROJECT:

9. For which type of project did you receive your Agricultural Diversification Grant?

(Please check the one that applies to your most recent grant.)

- Revitalization of an existing agricultural enterprise Commercial agribusiness
 Diversification into a new agricultural enterprise Marketing/Processing of value added agriculture

10. Year(s) in which you received a SOACDF Agricultural Diversification Grant(s):

(Please circle all that apply.)

2002 2003 2004 2005 2006 2007

11. County where your base farming/ business operation is located: *(Please circle one.)*

- Adams Clermont Gallia Jackson Meigs Noble Ross Warren
Brown Clinton Highland Lawrence Monroe Pike Scioto

12. Your Age Range: *(Please check only one.)*

- Less than 20 30-39 years 50-59 years 70 & Over
 20-29 years 40-49 years 60-69 years

13. What is the approximate percentage of your household income derived from farming?

(Please check only one.)

- 0-25% 26-50% 51-75% 76-99% 100%

14. Are you? *(Circle.)* Male Female

15. Please write any other comments that you have about the SOACDF Agricultural Diversification Grants program:

16. What other needs do you have that might be addressed by the SOACDF?



THANK YOU!!
Please Return to: SOACDF
PO Box 47
Hillsboro, OH 45133

Code # _____

APPENDIX C

Changes Needed in the Program – From Analysis of Q15:

Question asked to Respondents:

15. Please write any other comments that you have about the SOACDF Agricultural Diversification Grants program:

All responses to this question that fell into the category defined as “Changes needed in the program”:

1 Please continue to provide Diversification grants. I feel SOACDF should reconsider the method of distribution of grant money so the same people do not continue getting the grants every three years. It is unfair to the people who may not be good at writing business plans versus the people that hire professionals to do their business plan for them.

2 I have heard that if tobacco was sold in spouse's name & the spouse dies, the program would transfer to the other spouse. This needs to be done in the case of divorce also. I am in the process of a divorce. The tobacco was sold in my husband's name for the most part. I am keeping the farm in the divorce, I hope that I can transfer the program to my name. We bought the farm after we were married. If my husband hoed 10 rows of tobacco, I hoed 10 rows of tobacco. I was an active in acquiring the farm & working & raising the tobacco, the tobacco was just sold in his name for some reason and not mine & his as it should have been. I paid 1/2 or more of all the bills and payments. Thank you in advance,

3 Most people getting these grants would be just fine without you help.

4 Smaller farmers cannot qualify due to not having enough points. The same farmer qualify all the time. My son has raised tobacco since age 15 on shares. He can't never get enough points. There should be money available for these people also.

5 1. Keep the program. 2. Allow people to enter for the 3rd time. This program has greatly increased my farming operation and has allowed me to grow.

6 Although I received a grant, I'm aware of several other farms that did not and could have benefited. It would be nice if \$ were available in future years for these other projects.

7 The SOACDF Diversification grants are a good way to help farmers stop growing tobacco. However, this process may take several years, especially for the "full-time" farmers, as tobacco income has been a tremendous help for many years. It has made farm payments, helped kids with college bills, replaced equipment, etc. The "approximate percentage of your household income derived from farming" should be a major factor in grant distribution. So many "part time" farmers make it hard to diversify to another area. If the price looks good in one field, here comes the "part timers" (many with two off farm incomes) and soon the market is flooded and the good price is gone.

8 I think the Div. Grants should be only for those that are actually engage in Agr.

9 Need new board members. New ideas to benefit the average farmer. Only the biggest farms have benefited. The Board members & their families have received more than their fair share. Why can't this program be operated fairly?

- 10 Need to give top priority to full-time farmers.
- 11 it is not fair for the ones that can afford to have their program done by a professional to be judged with the ones that were done solely by a farmer. A farmer should have equal guidance in preparing their program.
- 12 Anyone who wasn't growing tobacco shouldn't get a grant over a grower!!
- 13 Either increase the amount of the project covered by the grant (ex. From 50% to 75%-100%) or put diversification money into bigger general ag grants. (ex. Put all money into general grants, divide it equally among all who apply for general grant). If the diversification grant continues, next year it should only be available to applicants who have never received it before. Extra points should be given to applicants who transitioned out of tobacco.
- 14 I believe people who are quota owners & growers should have first consideration for the grants. I think the grants should be given to those that are actually engaged in farming & actually own a farm. Those who have received the grant twice already should take a back seat allowing other farmers to be eligible. I also feel the committee who allows the grants should go to the receivers to take a more personal look at what the money was allocated for and if it was spent accordingly.
- 15 Everybody should get it at least once before anybody gets it 3 times. Its not right for a select few to get all the money.
- 16 As money get tighter, reduce the total money so more people can receive grants.

Changes Needed in the Program – From Analysis of Q16:

Question asked to Respondents:

16. What other needs do you have that might be addressed by the SOACDF?

All responses to this question that fell into the category defined as “Changes needed in the program”:

- 1 More programs for grain farmers. (It seems as if livestock producers have a big advantage.)
- 2 I don't think they should cut the ag money. Almost anything cost more than \$3000.
- 3 Additional smaller grants for further advancement.
- 4 To know what the actual scores on each section of business plan. Just knowing you received a 7.5 means actually nothing. Also receiving a 7.5 one year and then a similar grant at 4.5 does not make sense if everything is about the same.
- 5 College money for children who were tobacco farmers, less complicated applications, more money to actual tobacco farmers not quota holders.
- 6 Make every program fit to benefit the average farmer, not just an elite group of hand picked people who happen to be friends or family members of Board members.
- 7 Some seeding grants.