



**Committed to the future of
rural communities**



The Agricultural Value Chain: Creating Jobs and Economic Growth

**Dr. Glenda Humiston, State Director
USDA California Rural Development**



Committed to the future of rural communities



- **RD Provides Funding for:**
 - **Business & Cooperatives Development**
 - **Community Facilities & Rural Utilities**
 - **Water, Sewer & Solid Waste Systems**
 - **Single and Multi-Family Housing**
- **Loans, Guaranteed Loans, Grants**
- **Technical Assistance**

CA Portfolio: \$6.8 Billion

Global Demand Drivers

- **Global Population Increase**
- **Climate Change Impacts**
- **Growing Middle Class**
- **Rapid Urbanization**



- **Rising Food Prices**
- **Rising Global Trade of Food**
- **Policies to Reduce Carbon Footprint**
- **Demand for Protein, Fruits and Vegetables**



Domestic Demand Drivers

- **Obesity / Escalating Health Care Costs**
- **Dependence on Foreign Oil / Cost of Energy**
- **Climate Change / Reducing Carbon Footprint**
- **Support for Local Food / Energy / Businesses**



- **Health / Food Policy Intersect**
- **“Buy Local / Buy Fresh”**
- **Regional Food Systems**
- **Production of “Green” Energy**



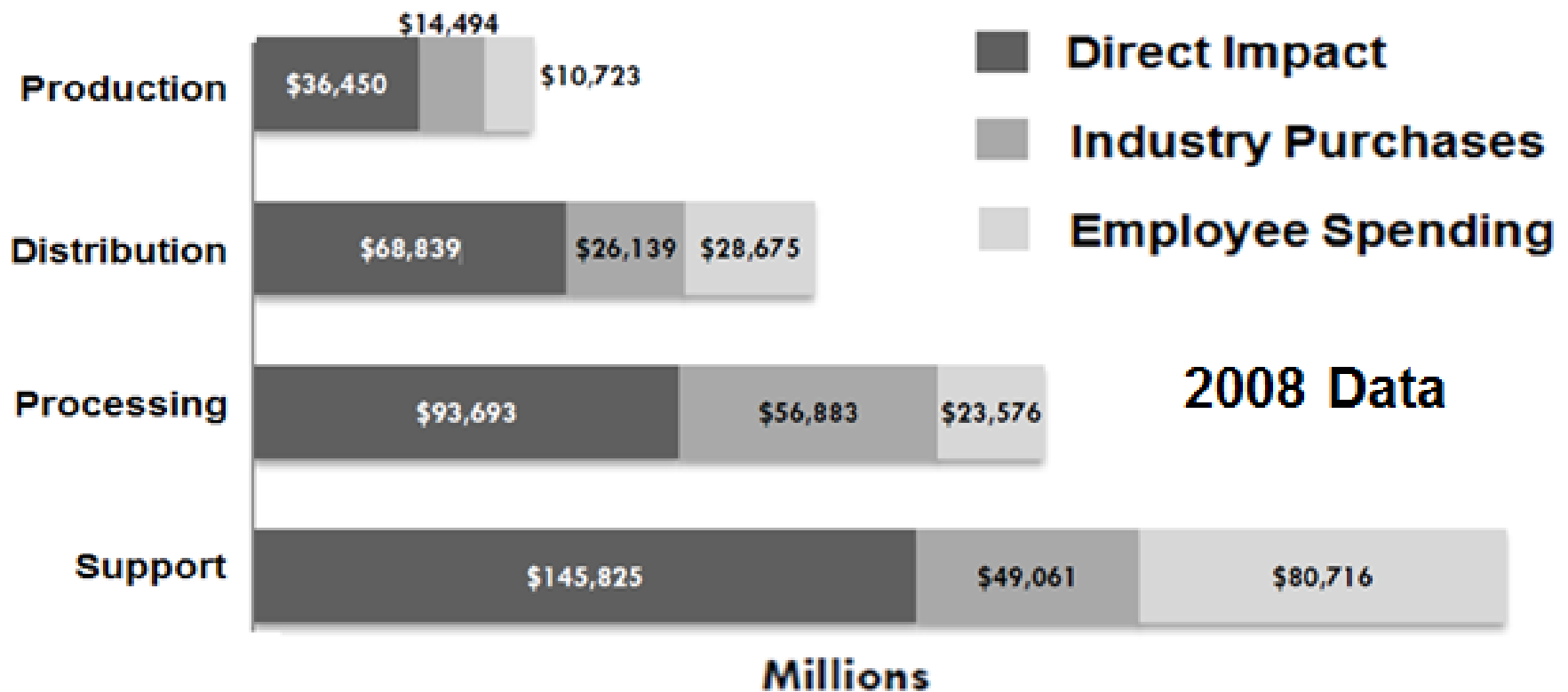
Industry clusters of opportunity:

similar, related, or complementary businesses linked by core products or services. These businesses are economically interdependent and may have common supply chains, labor needs, technologies, and markets.

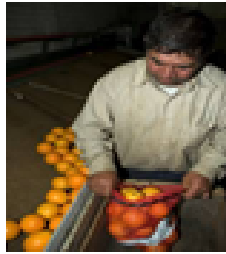
California Agriculture Value Chain

Direct Impact is over \$344 Billion

Multiplier Effect Takes it to \$635 Billion per Year



SOURCE: CA Center of Excellence, "Agriculture Value Chain Scan", June 2011

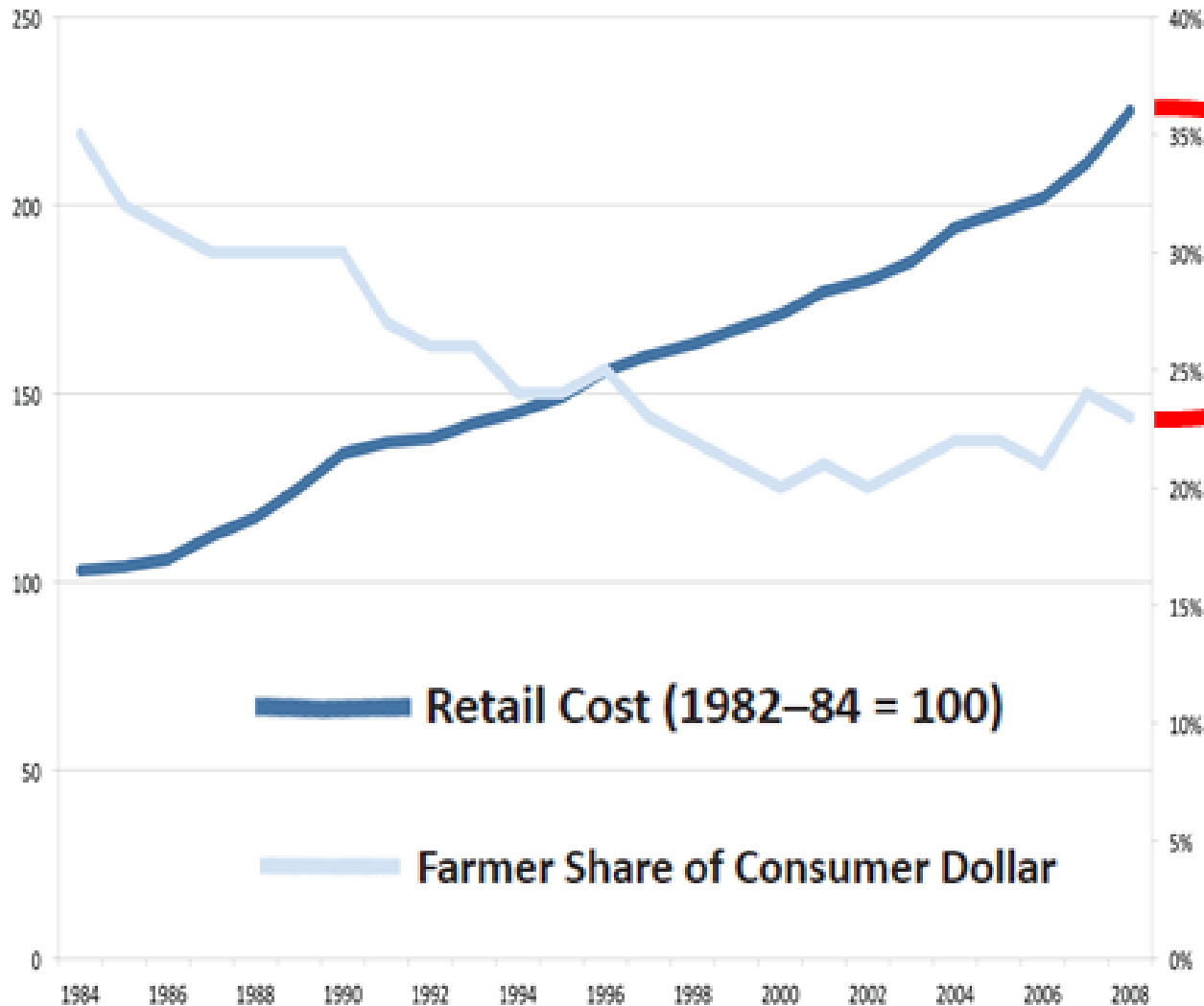


Projection: Agriculture Value Chain Occupation by Sector

SECTOR	2011 JOBS	5-YEAR NEW JOBS	AVG. HOURLY WAGE
Support	1,446,232	183,018	\$24.59
Production	206,303	-36,364	\$23.34
Processing	226,216	5,173	\$23.49
Distribution	585,014	29,913	\$24.04
TOTAL	2,463,765	181,740	\$23.87

SOURCE: CA Center of Excellence, "Agriculture Value Chain Scan", June 2011

Retail Cost vs. Farmer Share of Food Sales

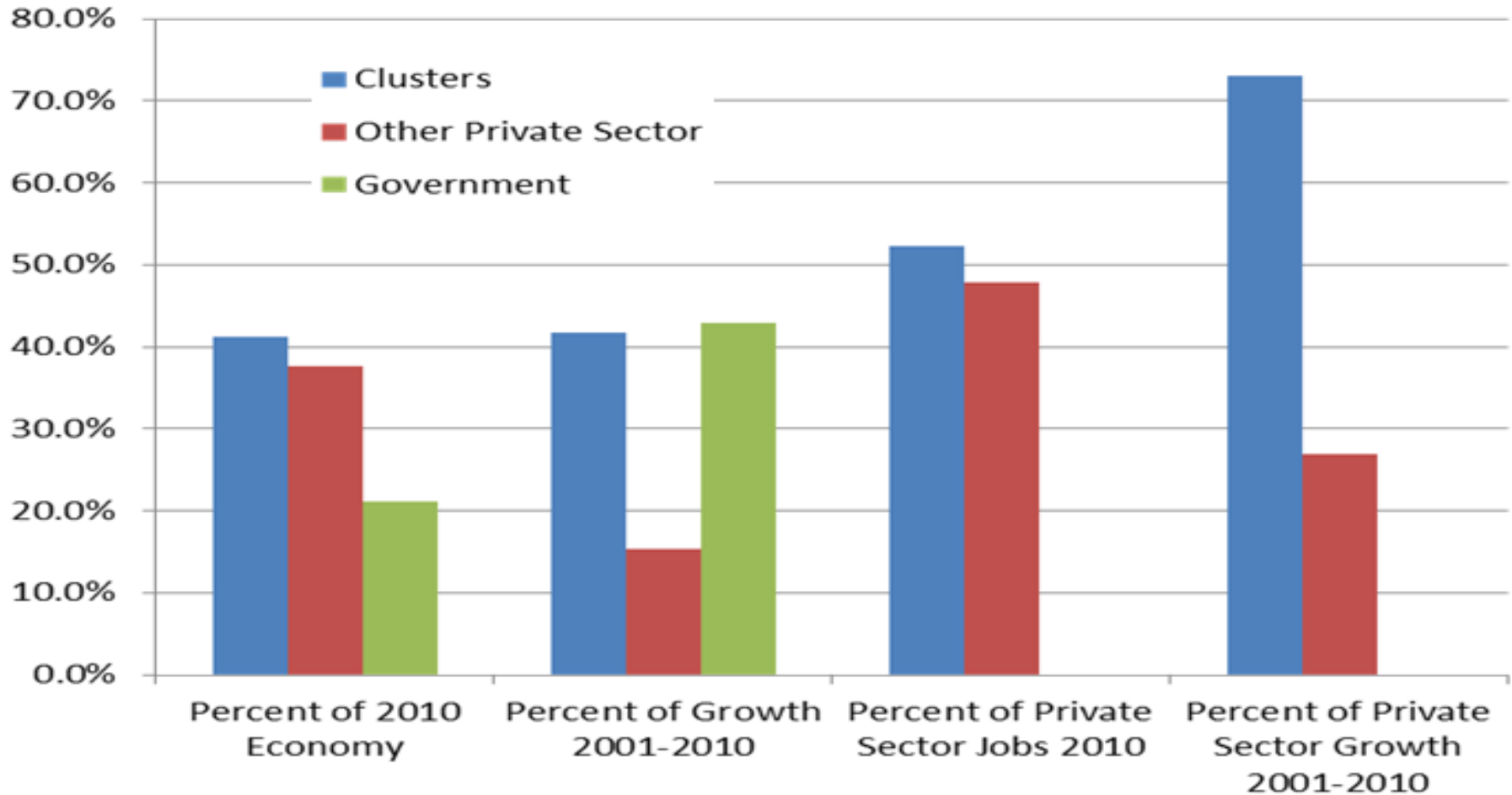


**Ag
Value
Chain
Profits**

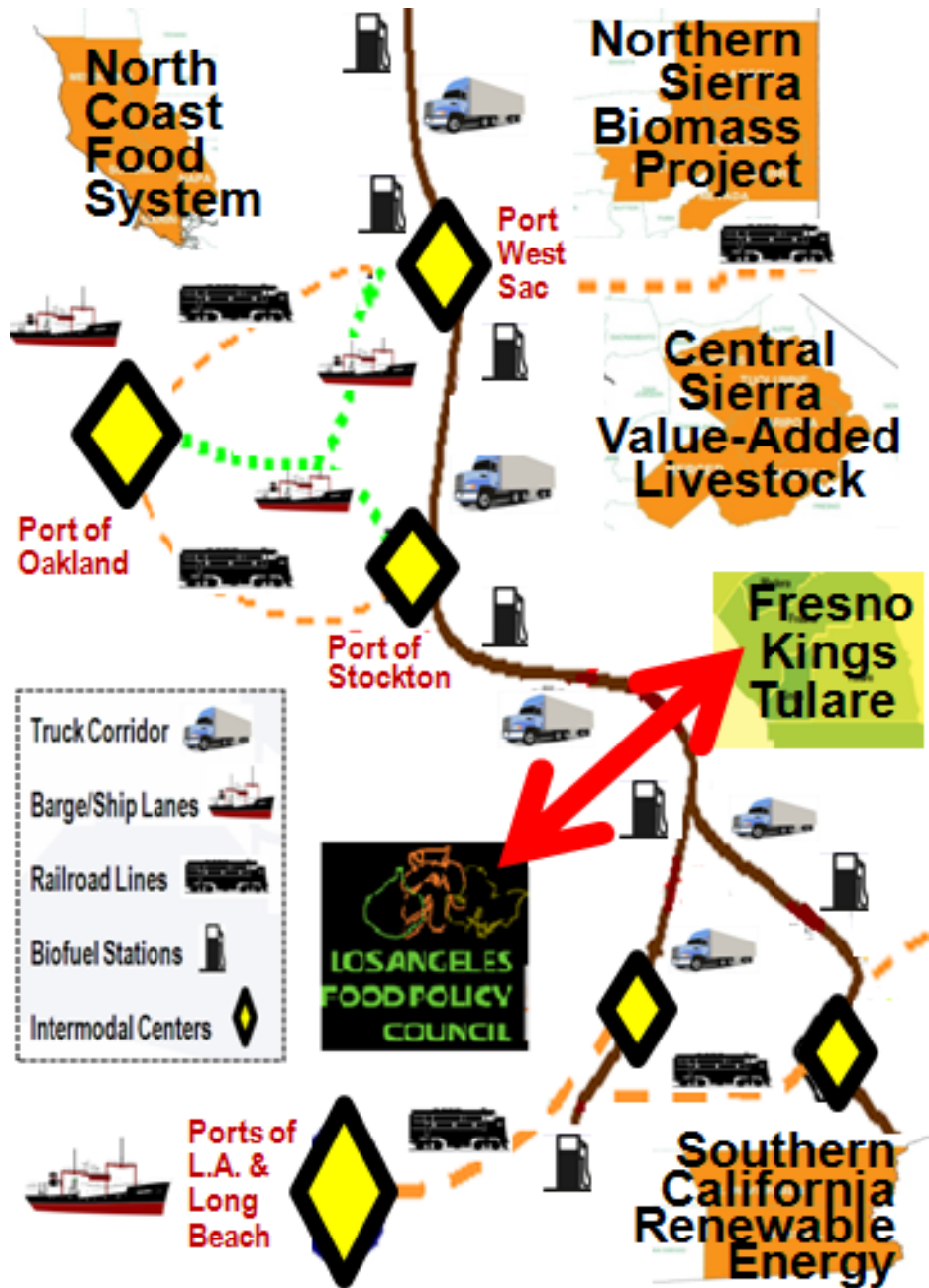
**Most of It
Leaving
Our Local
Communities!**

SOURCE: USDA National Agricultural Statistics Service

SJV Cluster vs. Non-Cluster Employment Growth, 2001-2010



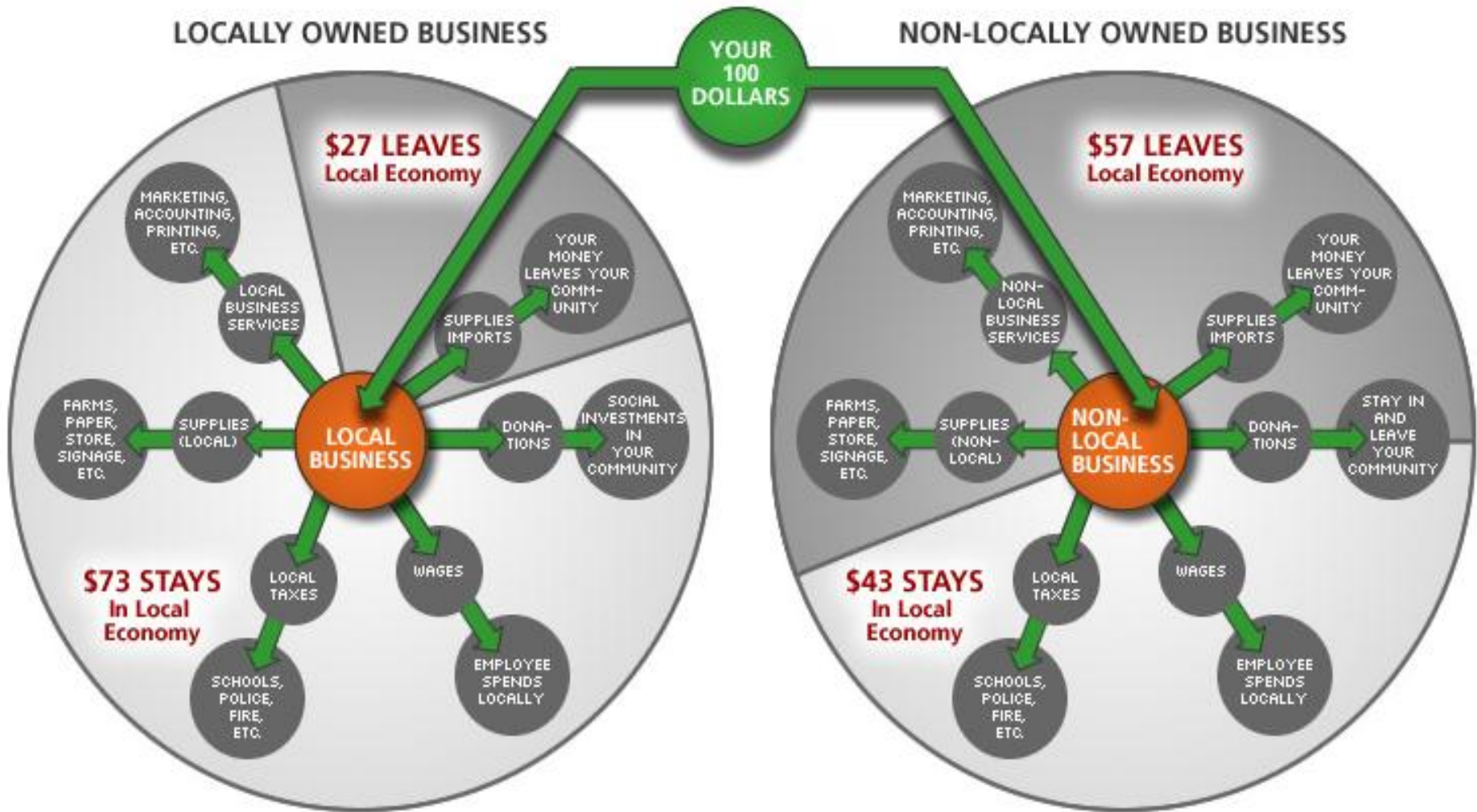
SOURCE: IMPLAN CEW, Applied Development Economics



Only 2% of annual state job gains are business relocations, most are from:

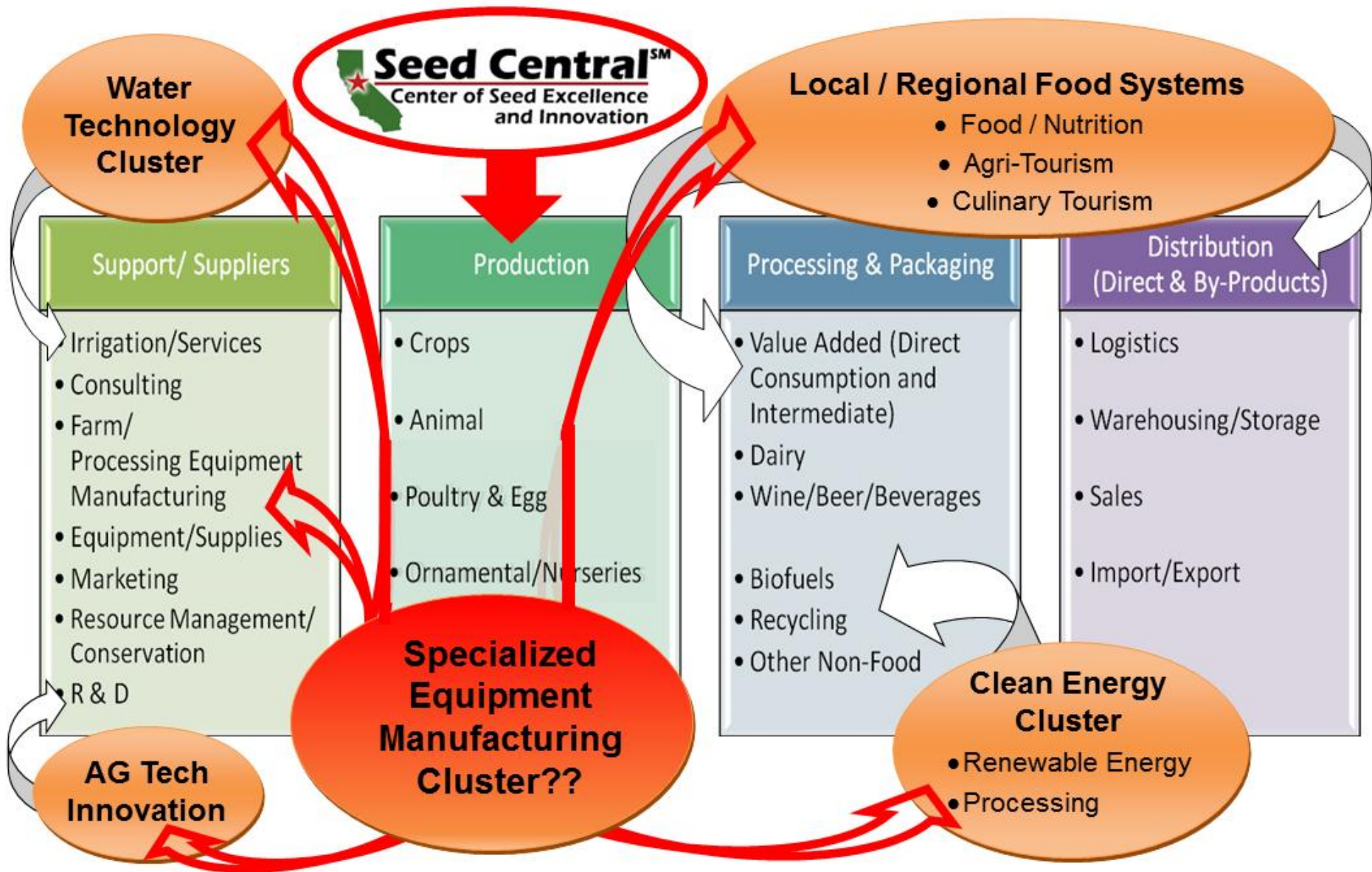
- expansion of existing businesses – 42%
- creation of new establishments – 56%

Capture the Multiplier Effect

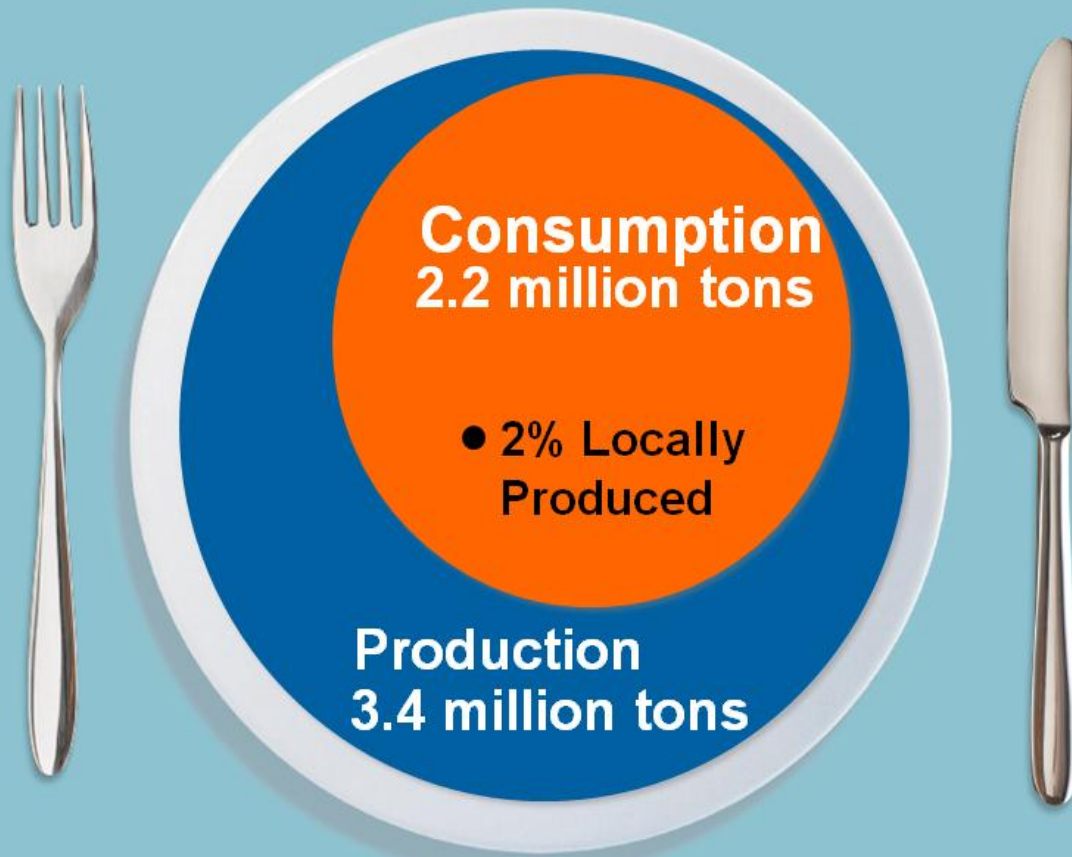


SOURCE: "Local Works: Examining the Impact of Local Business on the Economy" Case Studies from Arizona, Hawaii, Maine, New York, Michigan and Wisconsin

Clusters Within the Agriculture Value Chain



Production and Consumption



- **Farmgate Value:**
\$1.6 Billion
- **Agriculture Value-Added:**
\$3.3 Billion
- **21,000 Jobs**
- **Working for more jobs!**
 - Local markets
 - Export markets



Chico, California

- **Locally-Owned**
- **Local Manufacture**

GOURMET BIODIESEL
(AS GOOD AS THE FOOD YOU SERVE)



**OPPORTUNITY: biodiesel from livestock
offal to support specialty meat cluster.**



Founded in 2009 by undergraduate business majors from Haas School of Business at UC Berkeley.

- Daily collections of coffee ground waste.
- Utilized for gourmet pearl oyster mushrooms and “growit-at-home” mushroom kits.
- Substrate becomes premium soil amendment.



Sold in Home Depot, Peet's Coffee, Whole Food, etc.

**Over 3,000 Accounts in Two Years
Named to Forbes 30 Under 30**





Many California Firms Already Producing Bio-Based Products



Microbes That Make Our Planet Clean And Green

Click any image on the left for more details

Bio-Green Planet

ecospan

Injection molding
Calendaring
Thermoforming
Blow film

Bringing Bioplastics to the World

Bio-based products for your foodservice operation

We're your #1 source for products made from the earth that can be returned to the earth — like sturdy, compostable Bridge-Gate products made from wheatstraw.

[READ MORE](#)

Fuel Your Imagination

GREEN HEAT Chafing Fuel is a biodegradable, sustainable, and money saving alternative to traditional chafing fuels.

Public – Private Partnerships



Agricultural Technology Innovation Program



- Collaborate on Research and Development
- Quickly Move New Technology into Commercialization

Link Various Ag Technology Clusters



Energy Biosciences Institute
University of California, Berkeley

innovate north state

Seed CentralSM
Center of Seed Excellence and Innovation

PROJECT 17
AGRICULTURAL TECHNOLOGY CLUSTER

SC2 Agriculture Technology Cluster

BLUETECH VALLEY

CAL POLY
SAN LUIS OBISPO

BRAE
BioResource and Agricultural Engineering Department

UC RIVERSIDE
UNIVERSITY OF CALIFORNIA

Center for Environmental Research & Technology
BOURNS COLLEGE OF ENGINEERING

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NATIONAL EXPORT INITIATIVE

www.export.gov

“Every additional billion dollars of agricultural export sales helps to generate 8,400 jobs at home.”

Secretary Vilsack on the 2012 Farm Bill, October 24, 2012

Growing Awareness of Opportunities

AGRICULTURE INNOVATION



The GAMEchangers:
GROWCalifornia's 2011 Conference Series



Is “Ag Valley” the next Silicon Valley?

Moderator: Nicole Perloth,
Forbes Media

Dr. Spencer Maughan,
Venrock

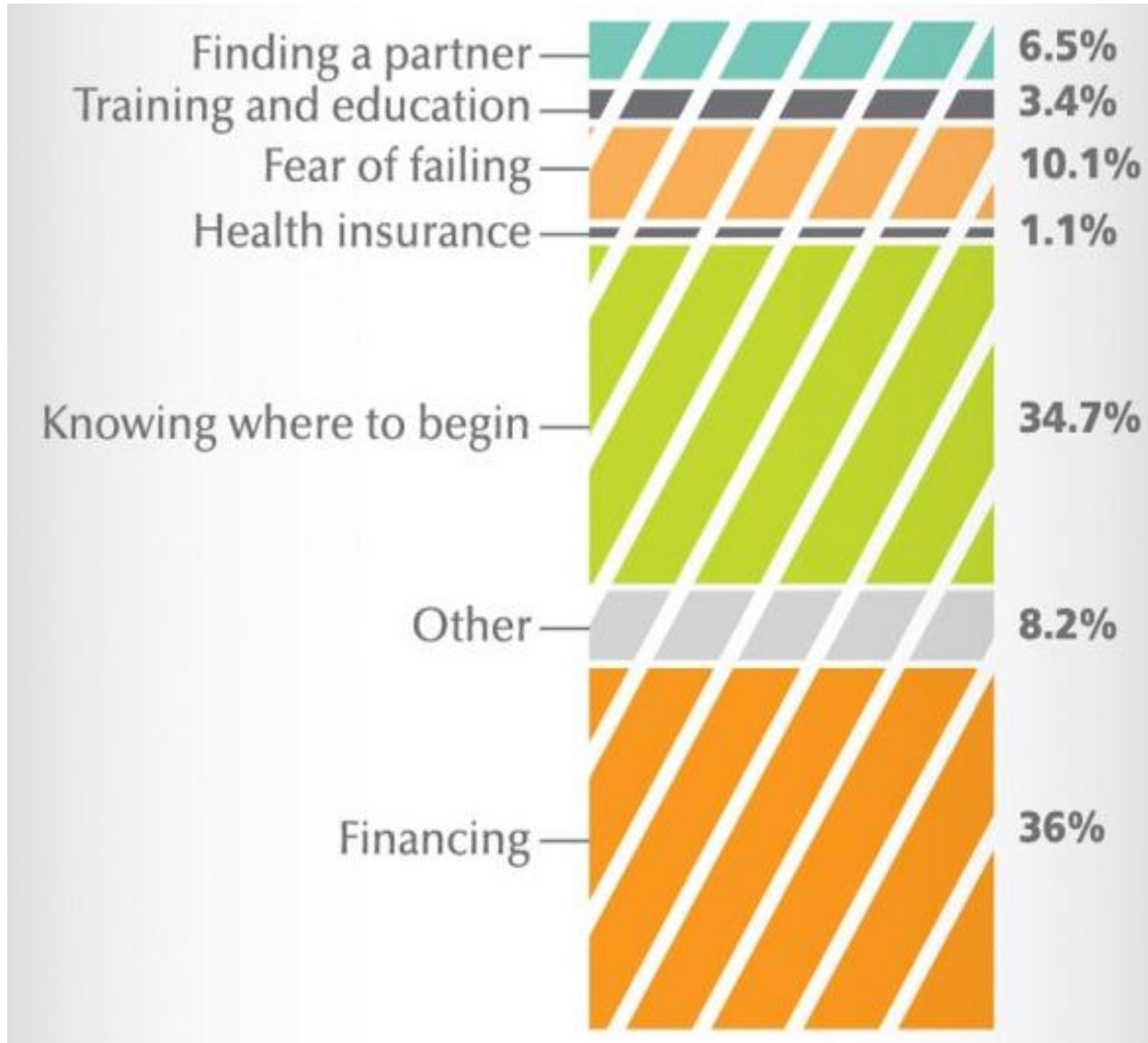
Stuart Rudick,
Mindful Investors

Dr. Ron Meeusen,
Cultivian Ventures

Joe Hudson,
One Earth Capital

Craig Fourchy,
Ultra Gro Plant Food

Biggest Obstacle To Starting A Company Is:



**Kauffman
FastTrac[®]
Survey**

June 27, 2012

Equity capital in rural areas is as successful as equity capital in tech-oriented metro regions.

A study of 18,000 investments found no statistical difference between rural and metro regions measuring key variables: jobs created, type of industry, length of investment, exit type, or performance.



Patricia Scruggs et al, "The Role of Equity Capital in Rural Communities," March 2010,

Inadequate Infrastructure to Support Private Equity Investing

Category	Sacramento Valley	San Joaquin Valley	Columbus, OH
Population	2.7M	3.8M	1.8M
Industries	Information, Govt. & Educational services, Construction	Manufacturing, Agriculture, Health care, Logistics	Finance & Insurance, Waste, Accommodation & Food Services
Universities	UC Davis, Sac State, Chico State	UOP, Fresno State, UC Merced	Ohio State & others
Publicly-traded firms (Non-bank)	13	4	48
Publicly-traded firms (Bank)	12	11	15
Professional Firms	Adequate	Evolving	Strong
Investment Bankers	Limited	Evolving	Moderate
Private Equity Firms	Evolving	None	Strong

SOURCE: José Blanco, Central Valley Fund



Committed to the future of rural communities



Access to Capital

- ✓ Growing Local Businesses
- ✓ Financing Entrepreneurs
- ✓ Building Strong Economies

Developed by the
California Financial Opportunities Roundtable
Representing finance, impact investing, philanthropy, business,
economic development, government and more.

August 2012



- **34 Ways to Access Capital**
- **Recommendations on Policy and Resources**
- **Over 130 top experts and activists representing financial institutions, private businesses, economic development organizations and government agencies pledged to implement!**

www.rurdev.usda.gov/Reports/CA-CalFOR.pdf

- **California Organized Investment Network**
- **State Assistance Fund for Enterprise – Business and Industrial Development Corporation (SAFE-BIDCO)**
- **Tax-Exempt Industrial Development Revenue Bonds**
- **Revolving Loan Funds**
- **Social Impact Bonds**
- **Crowdfunding**

...and even more!



Direct Public Offerings



Mendocino Brewing Company

\$3.6 million in six months for new brewery by word-of-mouth, cards placed in six-packs of ale.

Real Goods

Catalog of alternative energy products raised \$4.6 million from customers. Several hundred thousand dollars returned when target reached.



Zap Power Systems

A manufacturer of electric bikes and scooters, raised \$2.5 million from customers.

Employee Stock Ownership Plans

The U.S. has about 11,000 ESOP companies and about 11 million employee participants.

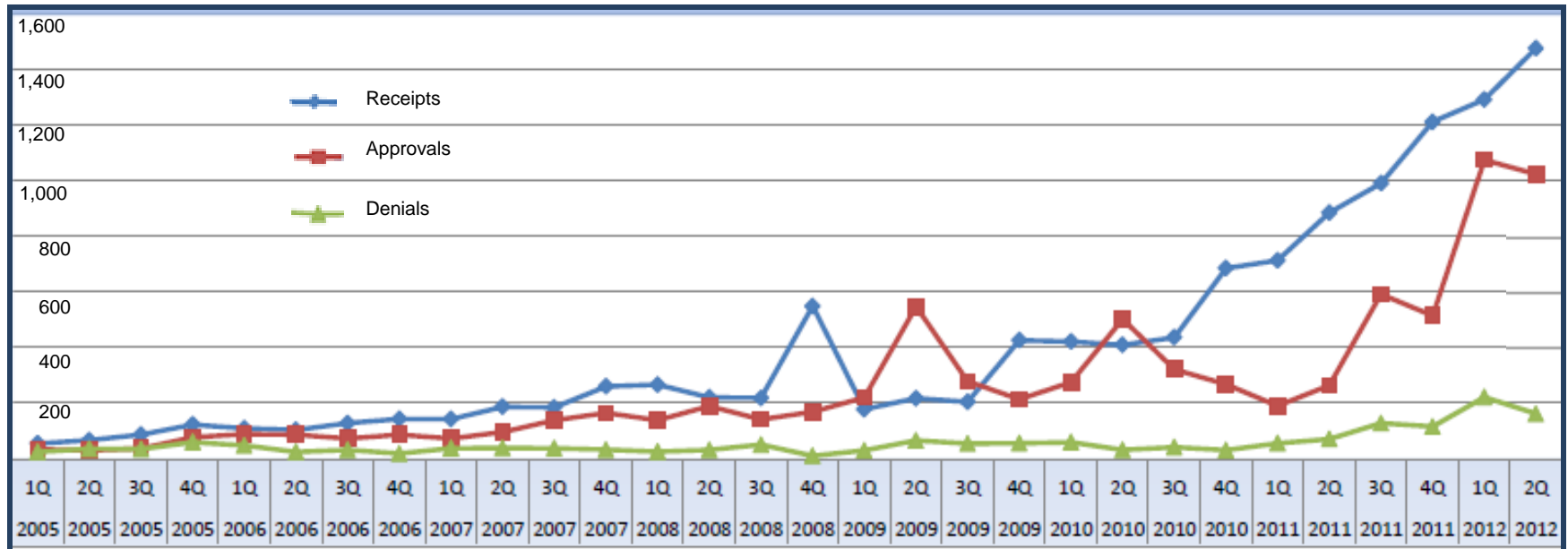
ESOP companies, as a whole and by industry, tend to outperform their non-ESOP counterparts.

Difference in Post-ESOP to Pre-ESOP Performance	
Annual sales growth	+2.4%
Annual employment growth	+2.3%
Annual growth in sales per employee	+2.3%

SOURCE: Pugh, W., Oswald, S. & Jahera, J., "The effect of ESOP adoptions on corporate performance: Are there really performance changes?" *Managerial and Decision Economics*, 21(5): 167, 2000

EB-5 Visa for Immigrant Investors

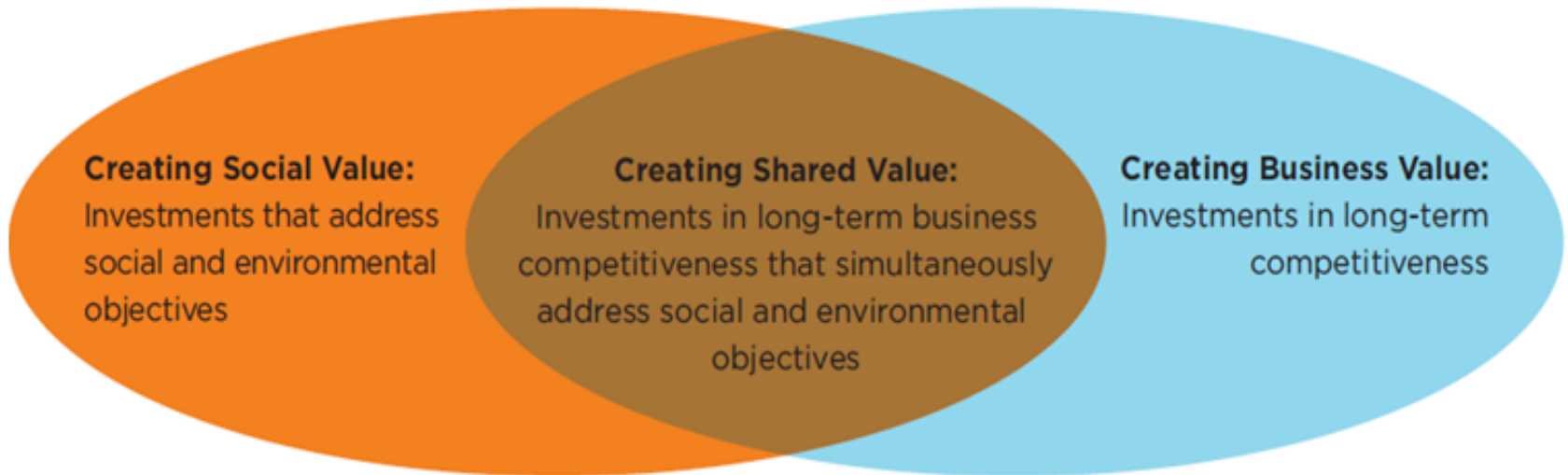
Immigrants who invest \$1 million in a business that creates or preserves 10 U.S. jobs over two years receive residency along with their family. This can be reduced to \$500,000 by investing in a regional center or establishing businesses in a Targeted Employment Area (i.e. Rural).



Corporate Investment in Shared Value



Alcoa spends \$3.5 million to support community recycling – adding 300,000 tons of material to the supply chain and reducing greenhouse gas emissions by 3.4 million tons annually (= 600,000 less cars).



Cisco invested \$350 million in 10,000 academies in 165 countries – half of U.S. community colleges host an academy. This helps communities AND creates customers Cisco needs to grow.

New Model for Financing Regions and/or Sectors



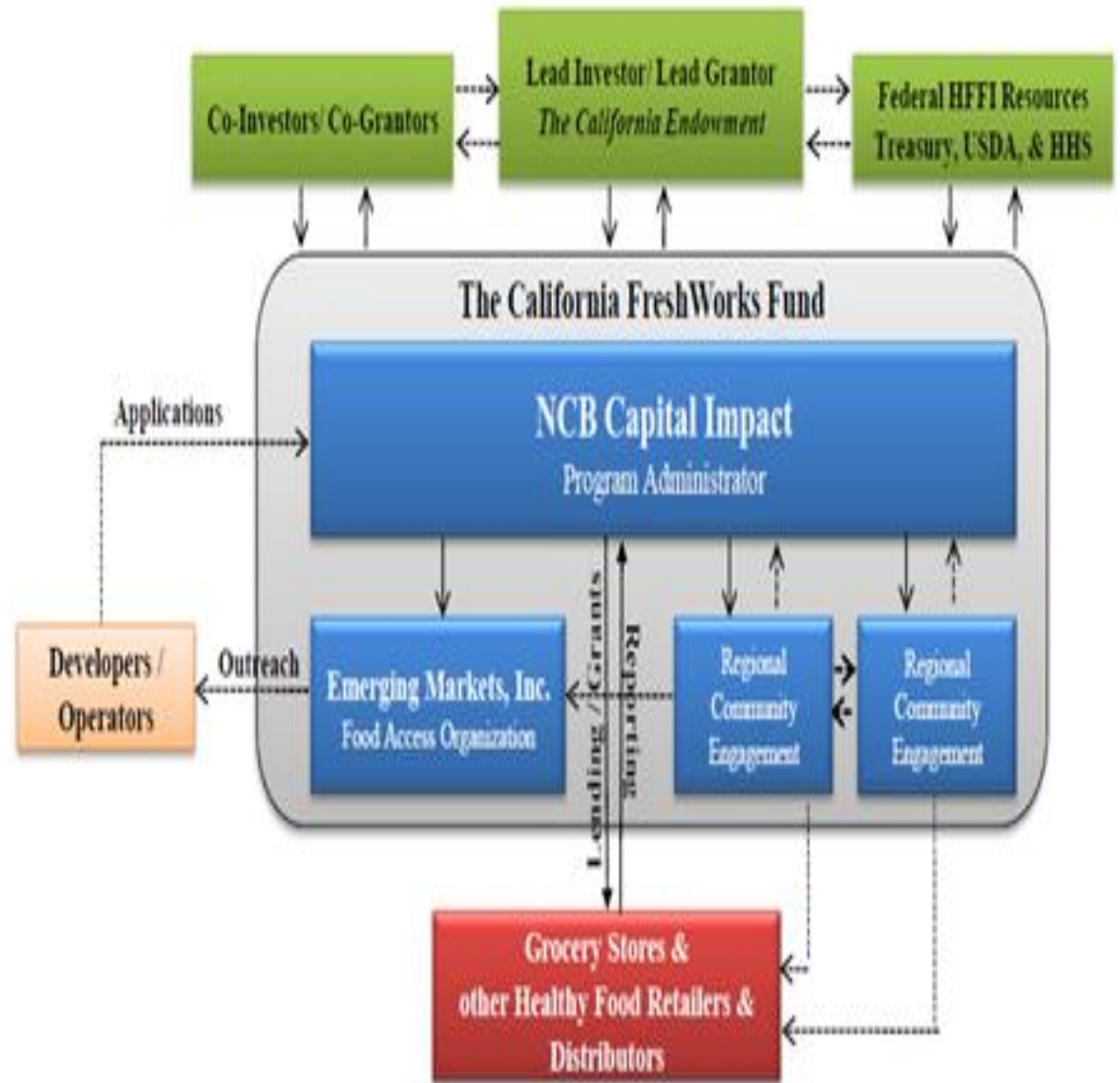
Healthy Food. Closer To Home.

Goal:

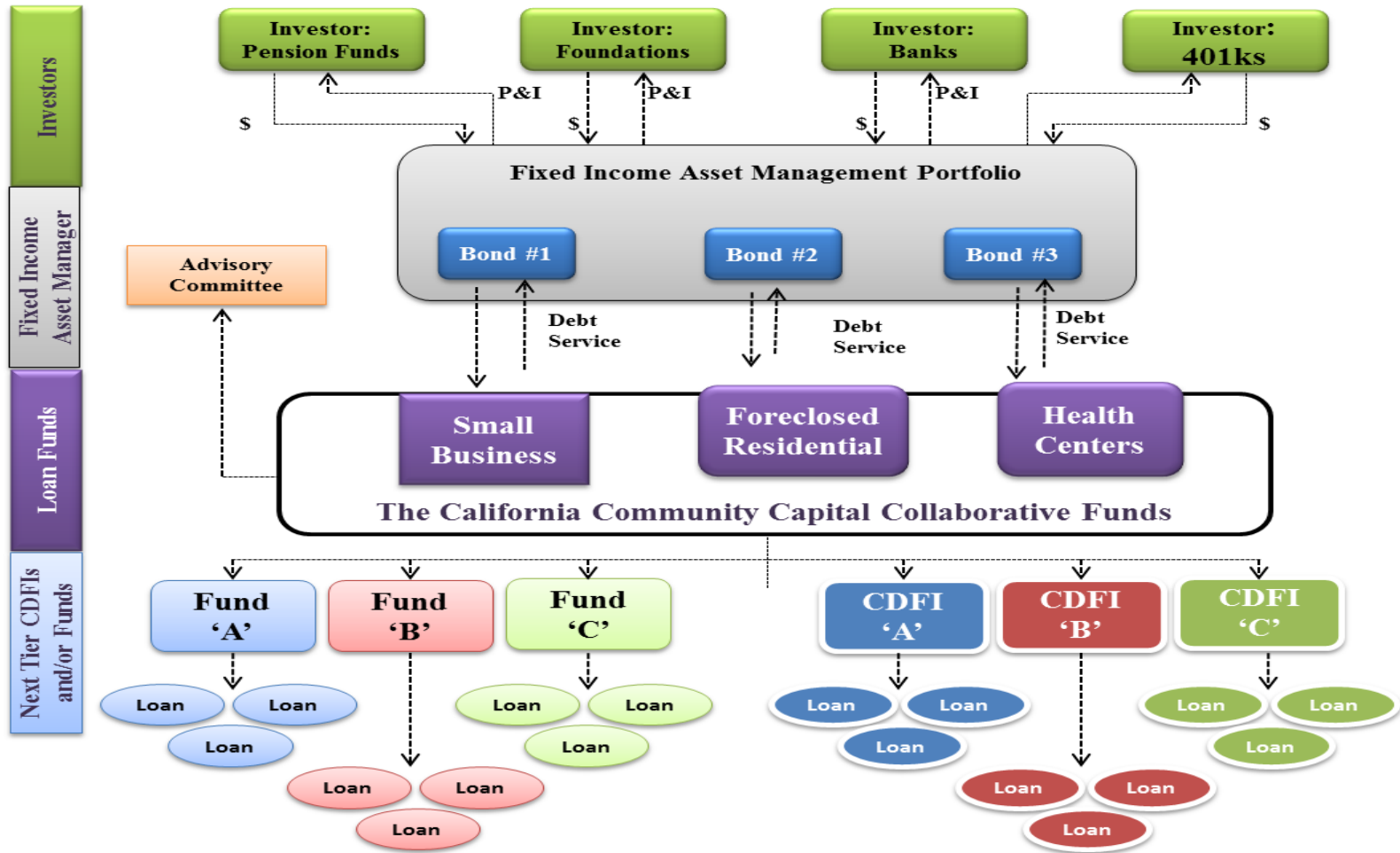
\$90 Million

**Funds Raised
to Date:**

\$270 Million



California Community Capital Collaborative



Start “Invest Local” Initiatives

California Citizens Hold \$859 Billion in Retirement Accounts

\$43 Billion
for Investment in
California if...

Residents
Brought **5%** of
Their Retirement
Accounts Home



SOURCE: Employee
Benefit Research
Institute, May 2010
Data from Averaging
National Statistics



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