



## *Financing Kentucky's Meat Processing Demand*

The Kentucky Agricultural Finance Corporation (KAFC), working in tandem with the Kentucky Agricultural Development Board (KADB), has invested over \$13 million in Kentucky's meat processing industry over the past 20 years. A big portion of this investment has come in the past three years as the staff at the Kentucky Office of Agricultural Policy, which administers the KAFC loan programs, has expanded efforts to address processing capacity issues in the supply chain that came to light during the coronavirus pandemic.



A new processing facility that has grown out of these investments is Farmstead Butcher Block located in Central City, Kentucky. Farmstead Butcher Block owners, Clifford and Carol Welch, decided to open the USDA certified processing plant in Central City during the pandemic when it was almost impossible to get their livestock in queue to be processed.

"Most processors were backed up 15-18 months, so it was obvious there was a need in this area," said Clifford. "We didn't have a background in processing, but we surrounded ourselves with people that are the best of the best, developed a business plan, and here we are today."

The Welchs were initially awarded \$250,000 as a Meat Processing Incentives Program forgivable loan from the KADB toward the construction of Farmstead Butcher Block.

"We had the forgivable loan and a one million dollar loan from our local bank, but we realized we would need more funds to finish the project. That is when we turned to KAFC, and working with our local lender we applied for a Kentucky Agricultural Finance Corporation loan."

In November 2021, the Welchs were approved for a \$250,000 Agricultural Processing participation loan. These additional funds allowed the Welchs to complete the state-of-the-art USDA processing facility. A facility that included an original kill box design that Clifford created with the guidance of Temple Grandin, an animal behavior expert. Clifford explained that an acquaintance shared his design for their kill box with Grandin and she reached out to them to offer suggestions.

"I spent over 20 minutes speaking with her going over the design and taking her recommendations for making improvements, like covering the concrete floor," explained Clifford, smiling. "She was 100% right about it being too slick without a pad. She also took time to give me suggestions for the control valve in the head lock." Clifford said that the result has been a process where the cattle remain calm through the entire process. They have also developed a divider to go in the box that allows it to be used for hogs and sheep with the same stress free results.

"We are excited about what we have been able to do so far with the help of the grants and loans, and we plan to keep working to grow and improve our facility to meet the needs of the farmers and consumers in our area," stated Clifford.

The KAFC is the lending arm of the KADB, both boards are administered by the Kentucky Office of Agricultural Policy and funded by the Kentucky Agricultural Development Fund (KADF). The KADF was created in 2000 by the Kentucky General Assembly to invest 50% of the Tobacco Master Settlement Agreement funds to help diversify Kentucky agriculture. To learn more about the investments made by the Kentucky Agricultural Finance Corporation and the Kentucky Agricultural Development Fund visit, [www.kyagr.com/agpolicy](http://www.kyagr.com/agpolicy).