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## Government Stimulus Helps Local Companies

LAST UPDATED SATURDAY, OCTOBER 10, 2009 10:21 PM CDT IN BUSINESS

By [Kim Souza](#)  
THE MORNING NEWS

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SPRINGDALE — Four food companies making their homes in Northwest Arkansas cashed more than \$162.8 million in payments from the federal government in the fiscal year ended Sept. 30.

The figure represents a 22 percent increase from the total contract revenue they received in 2008, according to a government Web site that tracks all federal spending.

Springdale-based Tyson Foods Inc. leads the pack with contracts to sell more than \$113 million of food products to the federal government, including a \$1.62 million contract related directly to stimulus spending. As the nation's largest meat processor, Tyson Foods does more business with the federal government than any other Arkansas company, according to [www.usaspending.gov](http://www.usaspending.gov).

The \$113 million government paycheck is a drop in the bucket of Tyson Foods' expected \$25.8 billion in sales revenue this year, according to Stephens Inc. That said, Tyson grew its government business by 4.25 percent last year and 325 percent in the last five years, according to government records.

Tyson's largest contracts were with the Defense Commissary Agency, totaling \$67.37 million this year. Another \$43.99 million of products were sold to the Agricultural Marketing Service arm of the U.S. Department of Agriculture, while the Federal Prison Bureau purchased \$85,192 in food products in the past year, according to the contract Web site.

Tyson Foods said it values the contractor relationship it has with the federal government, specifically providing Tyson products for school lunch and various government feeding programs.

"In fact, we have people on staff who working exclusively on our government contract business to ensure we're providing the service and quality expected," said Tyson spokesman Gary Mickelson.

He said Tyson sells a wide variety of products to the U.S. government, from precooked meats and prepared foods to uncooked cuts of chicken and beef.

Earlier this year, the USDA's Agricultural Marketing Service announced plans to buy frozen chickens for domestic nutrition assistance programs. Those purchases were made under the American Recovery and Reinvestment Act of 2009. Tyson was awarded two contracts to supply chicken to the agency, which reportedly used the products to support the Emergency Food Assistance Program, Mickelson said.

Tyson was also one of the companies that participated in last year's government's purchase of \$35 million of poultry sitting in cold storage.

Siloam Springs-based Allens Inc. ranked No. 4 on the state contractor list with \$31.21 million in contract business with the federal government in 2009. This compared to \$10.49 million in government contract sales the prior year.

Allens Foods did not respond to two phone requests for comments.

The family-owned fruit and vegetable business employs about 2,000 workers and posted \$419.3 million in sales last year, according to Hoover's Inc. Government contracts comprised about 3 percent of Allens total sales in 2008, and more than 7 percent of expected sales this year.

It's no surprise that companies are seeking out more government contracts as federal spending has ballooned in the last year, said Jeff Cooperstein, economist with the Center for Economic Research and Development at the University of Arkansas. Federal government contracts

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### Government Grocery Cart

2009 U.S. Government contracts to buy food from Tyson Foods, Allens Inc., Shaver Foods and Simmons Foods.

Meat/Poultry	\$103 million
Fruit/Vegetables	\$33.4 million
Other Perishables	\$16.3 million
Fats/Oils	\$5.5 million
Condiments	\$1.9 million
Bakery/Dairy	\$1.9 million

Source: [www.usaspending.gov](http://www.usaspending.gov)  
MICHELLE HEDEGARD THE MORNING NEWS



totaled more than \$310 trillion in fiscal 2009, about 31 percent of the government's budget.

Cooperstein said the steady income from federal contracts is keeping some smaller businesses afloat as nongovernmental contracts are harder to come by.

In local terms, he said companies no doubt value the extra income, which has some multiplier effect on the Northwest Arkansas economy.

"When our local companies earn more money that bodes well for job retention, essential to economic recovery," Cooperstein said.

Shaver Foods is a small Fayetteville-based food distributor that will do about \$12 million of business with the federal government this year.

"We supply food products to jails, prisons and some larger school districts across the United States," said spokeswoman Rebecca Wheeler.

The small private company employs about 35 workers and has been in business for 50 years, according to Wheeler.

Poultry processor Simmons Foods of Siloam Springs also got on the government payroll this year, earning about \$6.4 million in contracts with the Agriculture Department. Simmons did not sell product to the federal government prior to this year, according to federal Web site.

Simmons said the company sold its chicken product through the agency's Agricultural Marketing Services, which oversees a number of federal food programs.

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