



# The Role of Local Food Systems in U.S. Farm Policy

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## Summary

Sales of locally produced foods comprise a small but growing part of U.S. agricultural sales. USDA estimates that farm-level value of local food sales totaled about \$4.8 billion in 2008, or about 1.6% of the U.S. market for agricultural products. An estimated total of 107,000 farms are engaged in local food systems, or about 5% of all U.S. farms.

There is no established definition of what constitutes a “local food.” Local and regional food systems generally refer to agricultural production and marketing that occurs within a certain geographic proximity (between farmer and consumer) or that involves certain social or supply chain characteristics in producing food (such as small family farms, urban gardens, or farms using sustainable agriculture practices). Some perceive locally sourced foods as fresher and higher in quality compared to some other readily available foods, and also believe that purchasing local foods helps support local farm economies and/or farmers that use certain production practices that are perceived to be more environmentally sustainable.

A wide range of farm businesses may be considered to be engaged in local foods. These include direct-to-consumer marketing, farmers’ markets, farm-to-school programs, community-supported agriculture, community gardens, school gardens, food hubs and market aggregators, and kitchen incubators and mobile slaughter units. Other types of operations include on-farm sales/stores, internet marketing, food cooperatives and buying clubs, pick-your-own or “U-Pick” operations, roadside farm stands, urban farms (and rooftop farms and gardens), community kitchens, small-scale food processing and decentralized root cellars, and some agritourism or other types of on-farm recreational activities.

The 2008 farm bill (P.L. 110-246, Food, Conservation, and Energy Act of 2008) contained a few program provisions that directly support local and regional food systems. However, many farm bill-related programs benefiting agricultural producers may provide support and assistance for such food systems. These include federal farm support and grant programs administered by the U.S. Department of Agriculture (USDA), which may be grouped into several broad program categories: marketing and promotion; business assistance; rural and community development; nutrition and education; agricultural research and cooperative extension; and farmland conservation. Examples include USDA’s farmers’ market programs, rural cooperative grants, and selected child nutrition programs, among myriad other grant and loan programs, as well as USDA’s research and cooperative extension service.

Although the farm bill currently contains few specific programs that directly support local and regional food systems, many community and farm advocacy groups have been arguing that such food systems should play a larger policy role within the next farm bill, and that laws should be modified to reflect broader, more equitable policies across a range of production systems, including local food systems. The 112<sup>th</sup> Congress will likely consider reauthorization of the 2008 farm bill, and may debate options for providing additional support for local and regional producers. To date, a number of bills have been introduced, including comprehensive marker bills, that would expand the benefits for local and regional food systems.

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## Introduction

Sales of locally produced foods comprise a small, but growing, part of U.S. agricultural sales. The U.S. Department of Agriculture (USDA) estimates that farm-level value of local food sales totaled about \$4.8 billion in 2008, about 1.6% of the U.S. market for agricultural products. An estimated total of 107,000 farms were engaged in local food systems, about 5% of all U.S. farms. Examples of the types of farming businesses that are engaged in local foods are direct-to-consumer marketing, farmers' markets, farm-to-school programs, community-supported agriculture, community gardens, school gardens, food hubs and market aggregators, and kitchen incubators and mobile slaughter units, among myriad other types of operations.

The 2008 farm bill (P.L. 110-246, Food, Conservation, and Energy Act of 2008) contained a few provisions that directly support local and regional food systems.<sup>1</sup> However, the farm bill contains several programs benefiting all agricultural producers that may provide indirect support and assistance for such food systems. These include USDA farm support and grant programs that may be grouped into the following broad program categories: marketing and promotion; business assistance; rural and community development; nutrition and education; agricultural research and cooperative extension; and farmland conservation. The 112<sup>th</sup> Congress likely will consider reauthorization of the 2008 farm bill, and may debate options for providing additional support for local and regional producers. To date, a number of bills have been introduced, including comprehensive marker bills, that would expand the benefits for local and regional food systems.

Many community and farm advocacy groups have argued that such food systems should play a larger policy role within the farm bill, and that the laws should be reformed to reflect broader, more equitable policies across a range of production systems, including local and regional food systems. Supporters of local foods cite the increasing popularity of local foods, given perceived higher product quality and freshness, and a general belief that purchasing local foods helps support local farm economies and/or farmers that use certain production practices that may be more environmentally sustainable. They also contend that subsidizing the more traditional agriculture producers creates a competitive disadvantage to other producers who do not receive such support. Those opposed to extending farm bill benefits to local food systems cite concerns about limited financial resources to support U.S. agriculture and the perceived need to support the most efficient and productive farms. Other criticisms highlight the perception that USDA's support of local foods is mostly targeted to affluent consumers in urban areas, rather than farmers.

This report is organized into three parts. First, it provides background on local and regional food systems, focusing on available data on direct-to-consumer sales, farmers' markets, farm-to-school programs, community-supported agriculture (CSA),<sup>2</sup> and community gardens. Second, it highlights available resources within existing federal programs administered by USDA and other

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<sup>1</sup> For the purposes of this report, "local and regional food systems" refers to systems in which foods are marketed directly to the consumer, or in which the identity of the farm where the food is produced is preserved in some way (often referred to "farm identity-preserved marketing"). USDA definitions of "direct-to-consumer" sales and "direct" sales to consumers are not strictly equivalent: direct-to-consumer sales are defined as the value of agricultural products sold directly to individuals for human consumption (e.g., from roadside stands, farmers' markets, and U-pick sites), but exclude agricultural products sold through their own processing and marketing operations (e.g., catalog or internet sales) and nonedible products, which may be included as part of "direct" sales.

<sup>2</sup> As is discussed later in this report, a CSA provides a way for consumers to buy local, seasonal food directly from a farm by pledging to support that farm's costs and risks at the beginning of each year in return for a share of that farm's annual production.

agencies that may be applied to support local food systems. It also describes some of the Obama Administration's initiatives that leverage existing USDA programs to support local food systems. (A more comprehensive table and description of existing programs is included in the **Appendix**). Finally, it discusses some of the legislative options and proposals in the 112<sup>th</sup> Congress intended to broaden support for local and regional food systems, as part of the next farm bill debate.

## Local Food Markets

### Estimated Market Size

In recent years, growing demand for “local” foods has raised the importance of direct farm sales and the marketing of locally grown foods within the U.S. agricultural sector. Although local food sales still comprise a small share of overall sales, demand continues to grow. USDA estimated that the farm-level value of local food sales totaled about \$4.8 billion in 2008, from both direct-to-consumer sales and intermediated sales (**Figure 1**). Of this total, direct-to-consumer sales accounted for \$0.9 billion, and intermediated sales (through local grocers, restaurants, and regional distributors) accounted for \$2.7 billion in local food sales.<sup>3</sup> Farms using both direct and intermediated marketing channels accounted for another \$1.2 billion in sales. Compared to a total farm-level value of all U.S. agricultural production estimated at about \$300 billion, the local foods segment of the market accounted for about 1.6% of the U.S. market for agricultural products.<sup>4</sup> An estimated total of 107,000 farms were engaged in local food systems, about 5% of all U.S. farms.<sup>5</sup>

The popularity of and demand for local foods continues to grow. Survey results reported by the National Restaurant Association indicate that locally sourced meats and seafood and locally grown produce are among the top menu trends for 2012, followed by healthful kids' meals and locally sourced foods and ingredients.<sup>6</sup> Locally grown and organic foods are also expected to be among the trends with the greatest growth potential in the produce industry.<sup>7</sup> Some major food retailers, such as Walmart, also have stated their intentions to increase their purchases of locally sourced produce and food from small and medium farmers, along with other steps intended to increase the availability of fresh fruits and vegetables to consumers.<sup>8</sup>

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<sup>3</sup> S. Low and S. Vogel, *Direct and Intermediated Marketing of Local Foods in the United States*, ERR-128, USDA Economic Research Service (ERS), November 2011, <http://www.ers.usda.gov/publications/err128/>; and “Local Foods Marketing Channels Encompass a Wide Range of Producers,” *Amber Waves*, December 2011.

<sup>4</sup> USDA, *Census of Agriculture*, 2007, Table 2. Data are for 2007.

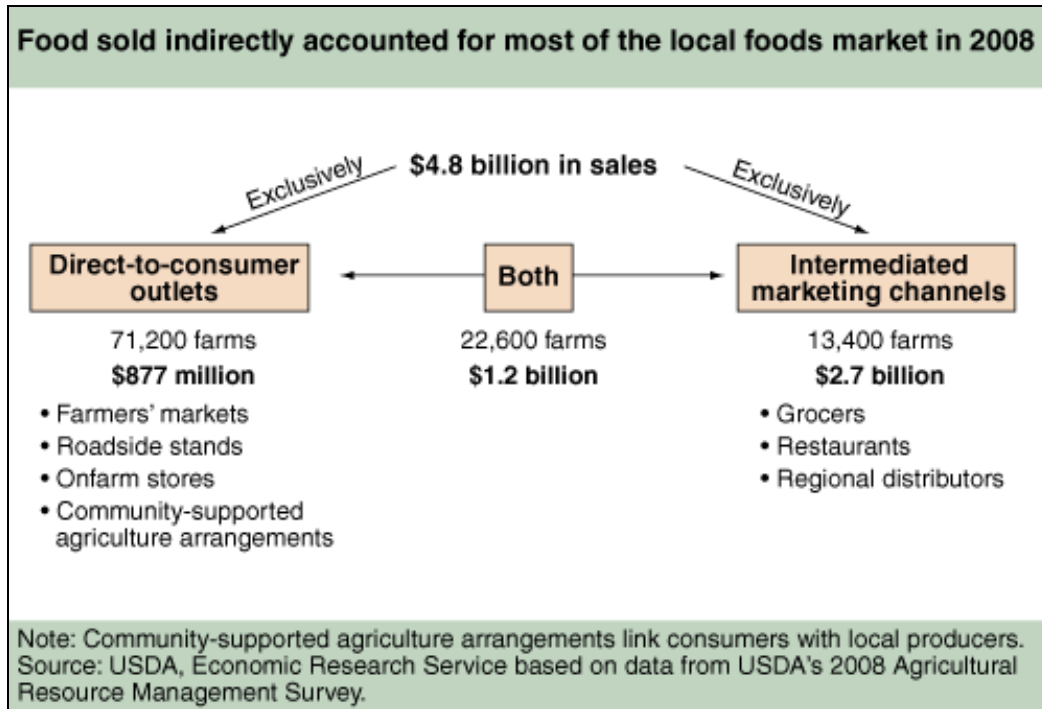
<sup>5</sup> *Ibid.* There were an estimated total of 2.2 million U.S. farms in 2007.

<sup>6</sup> “Children’s Nutrition, Local Foods to Top Menu Trends,” *Food Business News*, December 8, 2011. Based on a survey of 1,800 professional chefs who are members of the American Culinary Federation. Also, “Locally Sourced Meats among Top Menu Trends for 2011,” *Meatingplace*, November 2, 2010.

<sup>7</sup> Informal feedback to Fresh Produce Industry discussion group, November 14, 2011.

<sup>8</sup> “Walmart Unveils Global Sustainable Agriculture Goals,” October 14, 2010, press release, <http://walmartstores.com/pressroom/news/10376.aspx>; “Walmart ramping up fresh food marketing push next year” *Agri-Pulse*, December 2011.

**Figure I. USDA Estimates of Local Food Sales**  
(farm value, 2008)



**Source:** S. Low and S. Vogel, "Local Foods Marketing Channels Encompass a Wide Range of Producers," *Amber Waves*, December 2011.

## Definitions of Local Foods

The focus on locally sourced foods and efforts to convince consumers to "buy local" are not new concepts. "State grown" or "locally grown" programs were introduced in the 1930s, and such programs now exist in most U.S. states.<sup>9</sup> In the late 1990s, the USDA-appointed National Commission on Small Farms, among other recommendations, emphasized the need to strengthen the "local farm economy" through policy changes within the department's federal programs as a way to better meet the needs of small farmers and ranchers.<sup>10</sup> Although consumer interest in local foods has some of its roots in the late 1960s and concerns about the environment, growth in mainstream consumer demand has increased sharply in the past decade, along with consumer willingness to pay more for such products.

Despite the growing popularity of the local foods market, there is no established definition of what constitutes a "local food."<sup>11</sup> There is also no consensus about what primary factors would need to be considered if one were to construct a definition of what constitutes a "local food."

<sup>9</sup> Wuyang Hu, et al., "What Is Local and For What Foods Does It Matter," paper presented at the Southern Agricultural Economics Association annual Meeting in Orlando Florida, February 6-9, 2010.

<sup>10</sup> USDA, "A Time to Act," National Commission on Small Farms report and recommendations, July 2009, [http://www.csrees.usda.gov/nea/ag\\_systems/in\\_focus/smallfarms\\_if\\_time.html](http://www.csrees.usda.gov/nea/ag_systems/in_focus/smallfarms_if_time.html).

<sup>11</sup> See, for example, S. Martinez et al., *Local Food Systems: Concepts, Impacts, and Issues*, ERR-97, USDA, ERS, May 2010, <http://www.ers.usda.gov/publications/err97/>; and R. King, "Theme Overview: Local Food—Perceptions, (continued...)"

In most cases, local foods refer to foods produced near where they are consumed, based on a certain geographic proximity (between farmer and consumer) or the number of miles the food travels from where it is grown to where it is ultimately purchased or consumed by the end user. Local foods may also refer to the types of marketing channels used between farmers and consumer. In other cases, however, local foods may invoke certain attributes desired by the consumers who purchase them, involving certain social or supply-chain characteristics in producing food, such as supporting small family farms, urban gardens, or farms using sustainable agriculture practices.<sup>12</sup> The latter case also raises questions about how the local food movement may be used to address a perceived need, such as increasing access to fresh, nutritious foods for underserved communities, or contributing to rural economic development. The lack of a universally agreed-upon definition, however, does raise questions about “what is a local food” and may also provide opportunities for fraud in the marketplace with the sale of foods that are marketed as “local” when they cannot be determined to be local.<sup>13</sup>

### **“Local” Based on Distance Traveled**

Though “local” has a geographic connotation, there is no consensus on the distance or number of miles between production and consumption. USDA reports that, depending on the definition, distances can vary widely, from 25 miles up to 350 miles from where the “local” food is produced.<sup>14</sup> The single statutory definition for “locally or regionally produced agricultural food product” in the United States applies to products transported less than 400 miles or within the state in which they are produced.<sup>15</sup> In Canada, fresh fruits and vegetables cannot be labeled as “local” unless produced within about 31 miles (50 kilometers) of where they are sold.<sup>16</sup> Most state definitions view “local” to mean grown within state borders; however, in some cases “local” may be defined as food grown within a certain geographic region that might cross state lines. Definitions based on geographic distance vary depending on the state or region and on whether the food is fresh or processed, among other factors.<sup>17</sup>

Most consumers, when they purchase local foods, have been shown to generally believe that their local purchases are sourced within a much smaller distance from where it is produced—generally under 100 miles—even though this may not actually be the case.<sup>18</sup> Generally, consumers believe that locally-marketed foods are produced on nearby small farms.

Two recently enacted U.S. federal laws provide different definitions of “local” based on the geographic distance between food production and sales. These definitions differ in terms of the

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(...continued)

Prospects, and Policies,” *Choices* magazine, Quarter 1, 2010.

<sup>12</sup> As discussed later in this report, USDA has identified three pillars of sustainability: profit over the long term; stewardship of our nation’s land, air and water; and quality of life for farmers, ranchers, and their communities. USDA SARE, “What Is Sustainable Agriculture?” <http://www.sare.org/>.

<sup>13</sup> See, for example: “States on Lookout for Local Produce That Isn’t,” *The Packer*, June 29, 2010.

<sup>14</sup> M. Hand, “Local Food Systems: Emerging Research and Policy Issues,” USDA conference, June 26, 2009.

<sup>15</sup> Food, Conservation, and Energy Act of 2008, P.L. 110-246, § 6015. This definition applies to eligibility under a USDA’s Business and Industry loan program, but has also been applied by USDA to other programs in cases where a specific statutory definition has not been defined.

<sup>16</sup> Canadian Food Inspection Agency, “‘Local’ Claim on Fresh Fruits and Vegetables,” <http://www.inspection.gc.ca>.

<sup>17</sup> C. Durham, et al., “Consumer Definitions of ‘Locally Grown’ for Fresh Fruits and Vegetables,” *Journal of Food Distribution Research*, vol. 40, no. 1, March 2009.

<sup>18</sup> Wuyang Hu, et al., “What Is Local and For What Foods Does It Matter.”



number of miles the food may be transported, but both require that food be sold within the state where it is produced to be considered local. The 2008 farm bill (as noted above) defined the term “locally or regionally produced agricultural food product,” as it pertains to eligibility under a USDA loan program, to mean “any agricultural food product that is raised, produced, and distributed in ... the locality or region in which the final product is marketed, so that the total distance that the product is transported *is less than 400 miles from the origin of the product*”; or “any agricultural food product that is raised, produced, and distributed in ... *the State in which the product is produced.*”<sup>19</sup> Alternatively, food safety legislation enacted in 2010 defined a “qualified enduser”—for the purposes of exempting smaller, local producers from regulation—as “the consumer of the food; or ... a restaurant or retail food establishment ... that is *located ... in the same State as the farm that produced the food; or ... not more than 275 miles from such farm.*”<sup>20</sup>

Elsewhere within USDA and other federal agencies, there are many examples of very specific statutory definitions for “farms” and “food facilities” that govern a range of programs and policies.<sup>21</sup> These definitions generally do not differentiate between the types of farms and food facilities based on the operation’s various production practices, size, locality, or distance between production area and markets, among other types of producer- or consumer-driven attributes.

### **“Local” Based on Marketing Outlet**

Another measure of “local food” is based on the types of marketing channels used by farmers to distribute food from the farm to the consumer.<sup>22</sup> USDA data are based on surveyed farm information of sales by selected marketing channels, including direct-to-consumer outlets and intermediated outlets. Direct-to-consumer marketing outlets include roadside stands, on-farm stores, farmers’ markets, and CSAs. Intermediated outlets include grocers and restaurants, and regional distributors.<sup>23</sup> By value, the leading products that are directly marketed to consumers are nursery and greenhouse products; fruits and vegetables, and livestock and dairy products.<sup>24</sup>

Across all farms, local foods marketed through all channels totaled about \$4.8 billion in 2008. Of this total, 18% (about \$0.9 billion) was marketed through direct-to-consumer marketing outlets only, 57% (about \$2.7 billion) was marketed through intermediated marketing outlets only, and another 25% (about \$1.2 billion) was marketed through both types (**Figure 1; Table 1**). Farms with local food sales reported using 160,800 marketing channels to sell local food. The majority (75%) of these outlets were comprised of direct-to-consumer marketing outlets (such as farmers’ markets, roadside stands, on-farm stores, and CSAs). Intermediated outlets (such as grocers and restaurants, and regional distributors) accounted for about 25% of all marketing channels used to sell local food (**Table 1**). Some differences reflect operation size based on the farm’s annual sales.

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<sup>19</sup> Food, Conservation, and Energy Act of 2008, P.L. 110-246, § 6015. Italics added for emphasis.

<sup>20</sup> FDA Food Safety Modernization Act, P.L. 111-353, § 105. Italics added for emphasis.

<sup>21</sup> See, for example, CRS Report RL34612, *Food Safety on the Farm*.

<sup>22</sup> M. Hand and S. Martinez, “Just What Does Local Mean?” *Choices* magazine, Quarter 1, 2010; and S. Low and S. Vogel, *Direct and Intermediated Marketing of Local Foods in the United States*.

<sup>23</sup> Despite common perception, farmers’ markets do not dominate direct farms sales (L. Lev and L. Gwin, “Filling in the Gaps: Eight Things to Recognize about Farm-Direct Marketing,” *Choices* magazine, Quarter 1, 2010).

<sup>24</sup> USDA, “Direct Marketing Survey 2009,” October 2010.

**Table I. Marketing Channels Used by Local Food Sales Farms, by Farm Size**

<b>Sales Channels</b>	<b>Small</b> (sales less than \$50,000)	<b>Medium</b> (sales of \$50,000-\$249,999)	<b>Large</b> (sales of \$250,000 or more)	<b>Total</b>
<b>Number of Farms with Local Food Sales</b>	<b>86,728</b>	<b>15,202</b>	<b>5,301</b>	<b>107,229</b>
Share of Farms, by size category	5.3%	5.1%	2.5%	5.0%
Share of All Farms, with local sales	80.9%	14.2%	4.9%	100%
<b>Local Food Sales:</b>				
Marketed Through All Channels	11.1%	19.1%	69.8%	\$4.8 billion
Direct-to-Consumer Outlets Only	33.7%	38.9%	27.4%	\$0.9 billion
Intermediated Marketing Channels Only	3.5%	3.6%	92.9%	\$2.7 billion
Both Marketing Channels	11.7%	39.5%	48.8%	\$1.2 billion
<b>Number of Local Food Sales Outlets Used</b>	<b>121,198</b>	<b>15,202</b>	<b>5,301</b>	<b>160,795</b>
<b>By Marketing Outlet (percent):</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Direct-to-Consumer Outlets</b>	<b>78.0%</b>	<b>70.7%</b>	<b>55.5%</b>	<b>75.3%</b>
Roadside Stands	34.1%	24.9%	23.7%	31.8%
Farmers' Markets	34.6%	25.9%	14.7%	31.8%
On-Farm Stores	8.3%	17.4%	15.7%	10.4%
CSAs	1.1%	2.5%	1.4%	1.3%
<b>Intermediated Outlets</b>	<b>22.0%</b>	<b>29.3%</b>	<b>45.0%</b>	<b>24.7%</b>
Grocers and Restaurants	17.2%	26.0%	23.7%	19.2%
Regional Distributors	4.8%	3.4%	21.4%	5.5%

**Source:** S. Low and S. Vogel, *Direct and Intermediated Marketing of Local Foods in the United States*. 2008 data. Data are as reported by USDA, although subtotals may not add up in all cases.

**Notes:** USDA definitions of “direct-to-consumer” marketing and “direct sales” to consumers are not strictly equivalent: direct-to-consumer sales are defined as the value of agricultural products sold directly to individuals for human consumption (for example, from roadside stands, farmers’ markets, and U-pick sites), but exclude agricultural products sold through their own processing and marketing operations (such as catalog or internet sales) and nonedible products (which may be included as part of “direct” sales).

Most farms (81%) engaged in direct-to-consumer sales are “small” farms, with annual farm sales under \$50,000, totaling an estimated 86,700 farms in 2008. Other USDA data indicate that among smaller farms (annual farm sales under \$50,000) selling direct-to-consumer, the majority (80%) of these farms have gross sales under \$5,000 per year.<sup>25</sup>

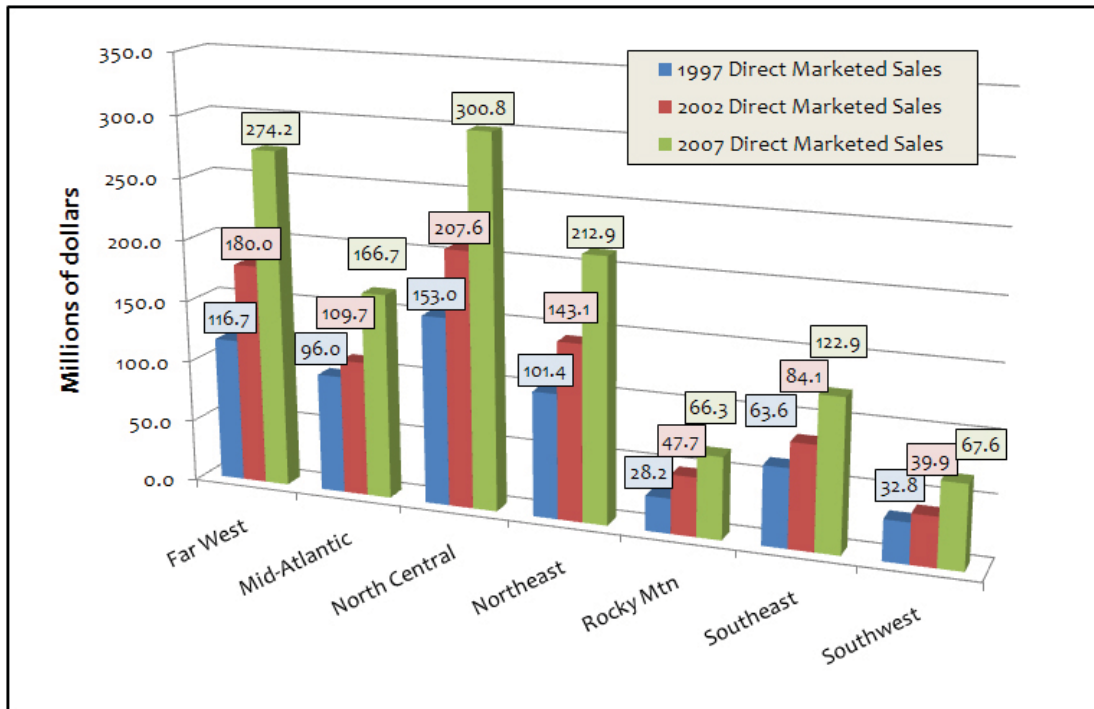
The leading states with direct-to-consumer marketing sales in 2007 were California, New York, Pennsylvania, Michigan, Oregon, Ohio, Washington, Wisconsin, Massachusetts, and Texas.<sup>26</sup>

<sup>25</sup> USDA, AMS, *Facts on Direct-to-Consumer Food Marketing*, May 2009, <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5076729&acct=wdmgeninfo>.

<sup>26</sup> USDA, AMS, *Facts on Direct-to-Consumer Food Marketing*.

States where direct-to-consumer marketing comprised a large share of the state’s total agricultural sales were Rhode Island, Massachusetts, New Hampshire, Connecticut, Vermont, New Jersey, Maine, Alaska, New York, and Hawaii. USDA reports that the value of direct-to-consumer food marketing increased in all U.S. producing regions from 1997 to 2007 (Figure 2 and Figure 4).<sup>27</sup>

**Figure 2. Value of Direct-to-Consumer Food Marketing, by Region (1997-2007)**



Source: USDA, Agricultural Marketing Service (AMS), *Facts on Direct-to-Consumer Food Marketing*, May 2009, <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5076729&acct=wdmgeninfo>.

### “Local” Based on Perceived Attributes

Myriad other factors influence consumer interest in local food systems. These are mostly based on consumer perceptions of certain desired social or supply-chain characteristics in producing “local” foods, such as production by a small family farm, an urban farm or garden, or a farm using sustainable agriculture practices. Many of these factors dovetail into some of the other reasons influencing growing demand for local foods. (As discussed in the text box on the following page, marketing of local foods differs from so-called geographical indications, which are also used to market agricultural products.)

Among the reasons cited for the increasing popularity of local foods are perceived higher product quality and freshness of local food; a desire to provide social and political support for local farmers and the local economy; farmland preservation; concerns about environmental impacts and energy use and the perception that local foods are more environmentally friendly (limited use of chemicals, energy-based fertilizers, and pesticides); perceived better food safety given shorter

<sup>27</sup> Ibid. Other resources are at Agricultural Marketing Resource Center (AgMRC), “Direct Marketing,” [http://www.agmrc.org/business\\_development/operating\\_a\\_business/direct\\_marketing/direct\\_marketing.cfm](http://www.agmrc.org/business_development/operating_a_business/direct_marketing/direct_marketing.cfm).

supply chains; sense of social justice (perceived fairer labor prices and fair price for farmers); knowing the source of the product; a commitment to establishing closer connections between consumers and agricultural producers; and, generally, a response to concerns about industrialized commercial agriculture.<sup>28</sup> Important features include knowledge that production and distribution occur within a specific region, and that consumers are informed about the local nature of products, in some cases through personal communication with the farmers. Regardless of the distance the food travels from the production area to the consumer, many of these factors inherently influence consumer demand for products marketed and perceived to be “local.” A desire to support farms using sustainable agriculture practices is often claimed as a motivation driving demand for local foods. However, just as there exists no definitive definition of “local” foods, much debate exists about what constitutes “sustainable agriculture.” USDA’s Sustainable Agriculture Research and Education (SARE) program has identified three pillars of sustainability: profit over the long term; stewardship of our nation’s land, air, and water; and quality of life for farmers, ranchers, and their communities.<sup>29</sup> Another widely used definition also integrates three main goals—environmental health, economic profitability, and social and economic equity.<sup>30</sup>

A desire to support nearby small and medium-sized farms is also a motivation for consumers. USDA reports that small farms rely more on direct-to-consumer marketing channels (farmers’ markets, on-farm sales, roadside stands, CSAs, etc.) as compared to larger farms. At small-sized farms (defined as farms with sales of less than \$50,000), 88% of all sales are through direct-to-consumer channels, with 22% of sales made through intermediated market channels, including grocers, restaurants, and regional distributors (**Figure 3**). This compares with larger farms (sales of more than \$250,000), where 40% of all sales were through intermediated channels. Consumer support could potentially help small businesses address some of the perceived challenges for marketing locally sourced foods. For example, USDA and others report that business barriers to market entry and expansion in local food markets include capacity constraints for small farms; lack of distribution systems for moving local food into mainstream markets; lack of resources for capital and infrastructure investments; and limited research, education, and training for marketing local food.<sup>31</sup> Other challenges facing producers include access to processing and packaging services; delivery procedures; consistency (volume and quality); uncertainties related to regulations that may affect local food production, such as food safety requirements; and need for traceback of foods to their origin. A 2011 study focused on beginning farmers cites challenges including lack of capital and access to credit and land, and cites as “valuable” programs such as apprenticeships, local partnerships, and CSAs.<sup>32</sup>

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<sup>28</sup> For example, S. Martinez, “Varied Interests Drive Growing Popularity of Local Foods,” *Amber Waves*, USDA ERS, December 2010; S. Martinez et al., *Local Food Systems: Concepts, Impacts, and Issues*; Jennifer Jensen, “Local and Regional Food Systems for Rural Futures,” Rural Policy Research Institute, November 2010; and Marne Coit, “Jumping on the Next Bandwagon: An Overview of the Policy and Legal Aspects of the Local Food Movement,” National Agricultural Law Center, University of Arkansas School of Law, February 2009.

<sup>29</sup> USDA SARE, “What Is Sustainable Agriculture?” <http://www.sare.org/>.

<sup>30</sup> University of California Sustainable Agriculture Research and Education Program (UC-SAREP), “What is Sustainable Agriculture?” <http://www.sarep.ucdavis.edu/concept.htm>.

<sup>31</sup> See, for example: S. Martinez, et al., *Local Food Systems: Concepts, Impacts, and Issues*; American Farmland Trust, *Think Globally, Eat Locally: San Francisco Foodshed Assessment*, 2008; L. Day-Farnsworth, et al., “Scaling Up: Meeting the Demand for Local Food,” December 2009; and R. King, “Can Local Go Mainstream?” C-FARE webinar, April 12, 2011.

<sup>32</sup> National Young Farmer’s Coalition, *Building a Future With Farmers: Challenges Faced by Young, American Farmers and a National Strategy to Help Them Succeed*, November 2011, [http://www.youngfarmers.org/reports/Building\\_A\\_Future\\_With\\_Farmers.pdf](http://www.youngfarmers.org/reports/Building_A_Future_With_Farmers.pdf).

### Geographical Indications

Demand for local foods is generally driven by a product's perceived quality and reputation, among other desired attributes, often associated with where or how the product is produced. In this way local foods may be viewed as similar to foods carrying geographical indications (GIs); however, GIs are often more strictly defined and also may be registered under administrative trademark structures governed by the U.S. Patent and Trademark Office (PTO).

"Geographical indications" (GI) refers to place names (or in some countries words associated with a place) used to identify the origin and quality, reputation or other characteristics of products. Like trademarks, GIs are source-identifiers; guarantees of quality; and valuable business interests. Specific examples of geographical indications from the United States include "Florida" oranges; "Idaho" potatoes; and "Washington State" apples. Other examples include spirits such as "Champagne" and "Tequila," or "Roquefort" cheese.

Within the context of the World Trade Organization (WTO), GIs are defined in Article 22(1) of the WTO's Trade Related Aspects of Intellectual Property Rights (TRIPS) agreement as "indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographic origin." GIs were first negotiated in the WTO as part of the 1986-1994 Uruguay Round, which introduced intellectual property rules into the multilateral trading system.

GIs protect consumers from deceptive or misleading labels, and provide consumers with choices among products and with information on which to base their choices. Producers benefit because GIs give them recognition for the distinctiveness of their products in the market. Agricultural producers are increasingly recognizing that GIs serve as commercially valuable marketing tools within the global economy, similar to other forms of intellectual property. As intellectual property, GIs are eligible for relief from acts of infringement and/or unfair competition. The use of geographical indications for wines and cheese products particularly—which some countries consider to be protected intellectual property, and others consider to be generic or semi-generic terms—has become a contentious international trade issue.

For additional background information, see PTO, "Geographical Indications (GI) Protection," <http://www.uspto.gov/ip/global/geographical/protection/index.jsp>; WTO, "TRIPS: Geographical Indications" ([http://www.wto.org/english/tratop\\_e/trips\\_e/gi\\_background\\_e.htm](http://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm)); and CRS Report RS21569, *Geographical Indications and WTO Negotiations*.

Some groups also advocate an increased role for local food systems to help address perceived concerns about lack of consumer access to healthy, nutritious foods within certain low-income or underserved communities, such as in "food deserts." The 2008 farm bill defined a "food desert" as an "area in the United States with limited access to affordable and nutritious food, particularly such an area composed of predominantly lower-income neighborhoods and communities."<sup>33</sup> The Centers for Disease Control and Prevention (CDC) further clarified these areas as lacking "access to affordable fruits, vegetables, whole grains, low-fat milk, and other foods that make up the full range of a healthy diet."<sup>34</sup> A 2009 USDA report to Congress reported that of all U.S. households, 2.3 million households (2%) live more than 1 mile from a supermarket and do not have access to a vehicle; and an additional 3.4 million households (3%) live between one-half and 1 mile away and do not have access to a vehicle.<sup>35</sup> Other USDA data show where food deserts are located in the United States based on indicators of access and proximity to grocery stores, such as the share of residents that are low-income households without a car that live a certain distance from a supermarket or large grocery store.<sup>36</sup>

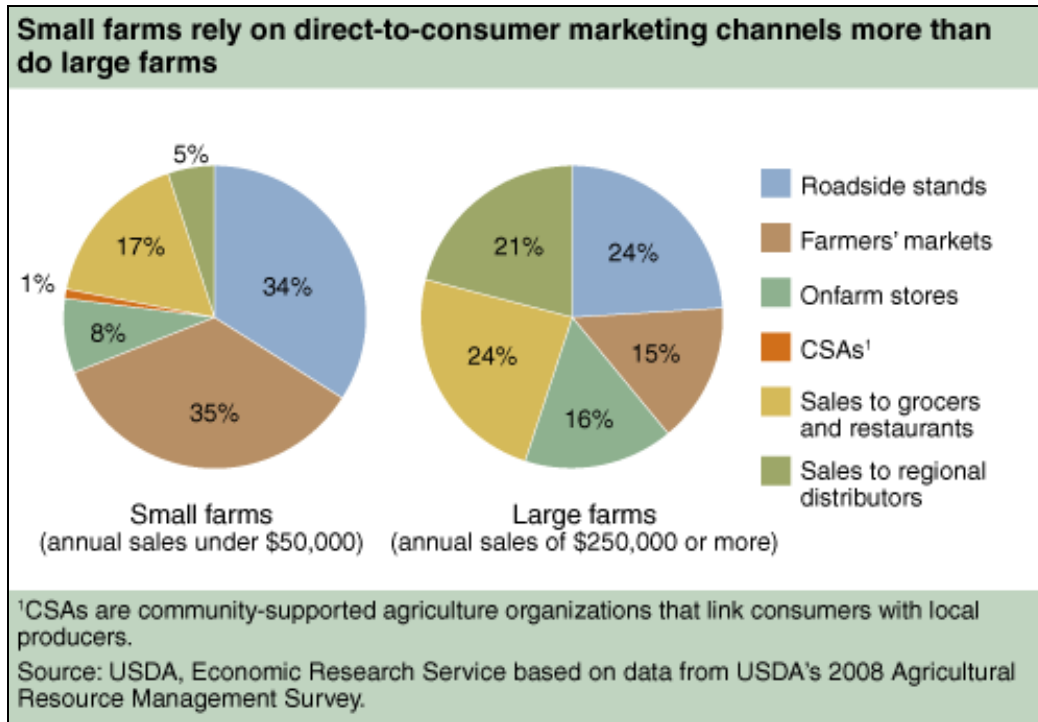
<sup>33</sup> P.L. 110-246, Title VI, § 7527.

<sup>34</sup> CDC, "Food Deserts," <http://www.cdc.gov/features/fooddeserts/>.

<sup>35</sup> USDA, ERS, *Access to Affordable and Nutritious Food: Measuring and Understanding Food Deserts and Their Consequences*, Report to Congress, April 2009, <http://www.ers.usda.gov/Publications/AP/AP036/AP036.pdf>.

<sup>36</sup> USDA, ERS, "Food Desert Locator," <http://www.ers.usda.gov/data/fooddesert/fooddesert.html>. For mapping purposes, a food desert is defined as a low-income census tract where a substantial number or share of residents has low access to a supermarket or large grocery store. A "low-income community" has either: (1) a poverty rate of 20% or (continued...)

**Figure 3. Reliance on Direct-to-Consumer Marketing**  
(small versus larger farms, share of annual sales)



**Source:** : S. Low and S. Vogel, "Local Foods Marketing Channels Encompass a Wide Range of Producers," *Amber Waves*, December 2011.

Policy options identified to address food deserts include offering incentives (such as tax credits) to attract grocery stores to urban and rural communities; developing other retail outlets, such as farmers' markets, public markets, cooperatives, farm stands, CSAs, and mobile vendors; improving transportation and distribution networks; increasing stocks of fresh foods at neighborhood stores; and encouraging growing food locally through backyard and community gardens, as well as urban farms.<sup>37</sup>

Among the types of benefits cited by advocates of local food systems are increased and more stable farm incomes; increased jobs and wealth retention in local economies; improved access to fresh produce; enhanced accountability and choice; reduced vulnerability to contamination and food safety concerns, given the smaller distribution range of foods; diversified and sustainable production; and reduced energy use from reduced transportation (fewer "food miles") and reduced contributions to climate change.<sup>38</sup> Some of these claimed benefits have been disputed. In addition to raising questions about the general assumption that "local" is inherently good, other

(...continued)

higher, or (2) a median family income at or below 80% of the area's median family income. A "low-access community" has at least 500 people and/or at least 33% of the census tract's population must reside more than one mile from a supermarket or large grocery store (for rural census tracts, the distance is more than 10 miles). Information on USDA's dataset is at <http://www.ers.usda.gov/data/fooddesert/about.html>.

<sup>37</sup> The Food Trust, "The Grocery Gap: Who Has Access to Healthy Food and Why It Matters," 2010.

<sup>38</sup> See, for example, M. Anderson, "The Case for Local and Regional Food Marketing. Issue Brief for Farm & Food Policy Project," 2007, <http://www.farmandfoodproject.org>.

criticisms leveled against “local” include lowered productivity and inefficient use of resources in food production; questions about ecological sustainability and community effects; and concerns about food quality and food safety.<sup>39</sup> USDA reported that few academic studies demonstrate how local food markets may affect the economic development, health, or environmental quality of communities. Results from these limited available studies have indicated that expanding local food systems in a community can increase employment and income in that community; however, evidence is insufficient to determine whether local food availability improves diet quality or food security or whether localized production results in a reduction of overall energy use or in greenhouse gas emissions.<sup>40</sup>

## **Types of Businesses and Operations**

Data and information are available on the types of businesses engaged in local food systems, including farms that sell direct-to-consumer through farmers’ markets, roadside stands, on-farm stores, CSAs, or other types of on-farm sales such as Internet or mail order sales, pick-your-own or “U-Pick” operations, and also agritourism or other types of on-farm recreational activities.<sup>41</sup> Other forms of local food markets may include foods produced in community gardens or school gardens, urban farms (and rooftop farms and gardens), community kitchens, or small-scale food processing and decentralized root cellars. Following is a review of some of these types of direct-to-consumer marketing and other forms of local operations. Products sold through these outlets may include fresh foods, processed foods (such as honey, syrups, beef jerky, and homemade jellies, jams, and pickled products), and certain non-edible products such as nursery crops, cut flowers, and wool and other fiber products.

Locally produced foods may also pass through an intermediary, such as a restaurant, government institution, grocery store, or other retail channel. Food sales to farm-to-school programs may be direct from the farm or through an intermediary. Food hubs and market aggregators, along with kitchen incubators and mobile slaughter units, may be employed in distribution and/or processing within these marketing channels. Some of these types of food outlets are also reviewed.

### **Farmers’ Markets**

Farmers’ markets are among several forms of direct farmer marketing, which also include farm and roadside stands, CSAs, pick-your-own farms, and direct sales to schools. Nearly 7,200 farmers’ markets operated in 2011, up from about 6,100 in 2010, 2,800 in 1998, and 1,800 markets in 1994.<sup>42</sup> In 2010, states with the most farmers’ markets were California (580), New York (461), Illinois (286), Michigan (271), Iowa (229), Massachusetts (227), Ohio (213), Wisconsin (204), Pennsylvania (203), and North Carolina (182).<sup>43</sup> **Figure 5** shows the number of

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<sup>39</sup> See, for example, Brandon Born and Mark Purcell, “Avoiding the Local Trap,” *Journal of Planning Education and Research*, 26: 195-207, 2006.

<sup>40</sup> S. Martinez, et al., *Local Food Systems: Concepts, Impacts, and Issues*.

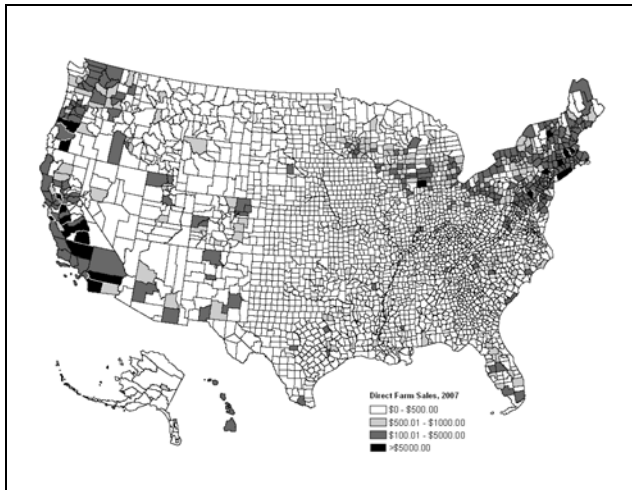
<sup>41</sup> S. Martinez, et al., *Local Food Systems: Concepts, Impacts, and Issues*; and Cornell University, “Discovering the Food System, A Primer on Community Food Systems: Linking Food, Nutrition and Agriculture.” For information on agritourism, see D. Brown and R. Reeder, “Agritourism Offers Opportunities for Farm Operators,” *Amber Waves*, February 2008; and USDA’s fact sheet, “Agricultural Diversification,” <http://www.agcensus.usda.gov>.

<sup>42</sup> USDA, AMS, “Farmers’ Market Growth: 1994-2011.” Reflects updated USDA data.

<sup>43</sup> USDA, AMS, “USDA Announces That National Farmers’ Market Directory Totals 6,132 Farmers’ Markets.” USDA National Farmers’ Market Directory is at <http://apps.ams.usda.gov/FarmersMarkets>.

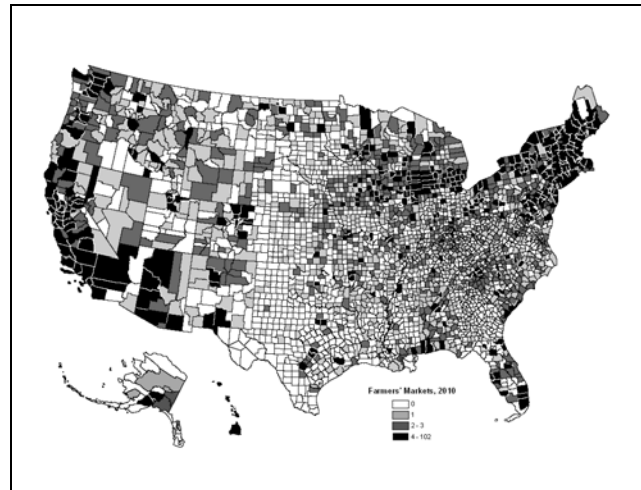
farmers' markets, by county, in 2010.<sup>44</sup> Of the total, an estimated 1,225 farmers' markets operate during winter, mostly in New York, California, Pennsylvania, North Carolina, Ohio, Maryland, and Florida.<sup>45</sup> USDA reported that total farmers' market sales were estimated to have exceeded \$1 billion in 2005.<sup>46</sup> Products sold at farmers' markets include conventionally produced farm products and so-called natural and locally labeled products, as well as organically certified products<sup>47</sup> and other specially labeled products such as hormone- or antibiotic-free and free-range animal products.

**Figure 4. Direct Sales**



Source: CRS using USDA 2007 Census data.

**Figure 5. Farmers' Markets**



Source: CRS using USDA data for 2010.

USDA reported an average of 31 vendors per market in 2005, suggesting that perhaps more than 120,000 farmers were selling at farmers' markets.<sup>48</sup> Previous estimates from USDA reported that 66,700 farmers were selling at farmers' markets, many of whom relied on such markets as their sole outlet.<sup>49</sup> USDA programs supporting farmers' markets are highlighted in **Table 2** and discussed in more detail in the **Appendix** of this report.

### Farm-to-School Programs

Farm-to-school programs broadly refer to “efforts to serve regionally and locally produced food in school cafeterias,” with a focus on enhancing child nutrition and provide healthier meals as part of the National School Lunch Program (NSLP) and other child nutrition programs.<sup>50</sup> The

<sup>44</sup> Original data are at USDA, <http://ers.usda.gov/foodatlas/downloadData.htm>.

<sup>45</sup> “Winter Farmers’ Markets Expand to More than 1,200 Locations,” *Agri-Pulse*, December 16, 2011.

<sup>46</sup> USDA, AMS, *National Farmers’ Market Manager Survey*, May 2009, <http://www.farmersmarketsurvey.com/>.

<sup>47</sup> Only a small percentage of certified organic products are direct marketed, according to studies cited by L. Lev and L. Gwin, “Filling in the Gaps: Eight Things to Recognize about Farm-Direct Marketing.”

<sup>48</sup> USDA, AMS, *National Farmers’ Market Manager Survey*.

<sup>49</sup> USDA, AMS, *U.S. Farmers’ Markets 2000: A Study of Emerging Trends*, May 2002.

<sup>50</sup> USDA, National Agriculture Library’s (NAL) Alternative Farming Systems Information Center (AFSIC), “Farm to School,” <http://www.nal.usda.gov/afsic/pubs/srb1102.shtml>. Child nutrition programs typically include the National School Lunch Program, School Breakfast Program, Child and Adult Care Food Program, Summer Food Service Program, Special Milk Program, and the Fresh Fruit and Vegetable Program.



goals of these efforts include increasing fruit and vegetable consumption among students, supporting local farmers and rural communities, and providing nutrition and agriculture education to school districts and farmers.<sup>51</sup> School garden programs also build on this concept. Among the other goals of farm-to-school programs are those highlighted by the National Farm to School Network: “connect schools (K-12) and local farms with the objectives of serving healthy meals in school cafeterias, improving student nutrition, providing agriculture, health and nutrition education opportunities, and supporting local and regional farmers.”<sup>52</sup> USDA’s broader agency activities may also include other farm-to-institution activities involving hospitals or correctional facilities. USDA programs supporting farm-to-school programs are highlighted in **Table 2** and are discussed in more detail in the **Appendix** of this report.

USDA began its efforts “to connect farms to the school meal programs” in the late 1990s, as part of pilot projects in California and Florida, followed by other agency-wide initiatives in the early 2000s.<sup>53</sup> These efforts were reinforced by Congress as part of subsequent reauthorizations of child nutrition legislation, including the Healthy, Hunger-Free Kids Act of 2010 (P.L. 111-296).<sup>54</sup> In 2010, more than 2,000 farm-to-school programs spanned all 50 states, using local farms as food suppliers for school meals programs.<sup>55</sup> This compares to an initial two programs in the 1996-1997 school year, and an estimated 400 in 2004 and 1,000 in 2007. About 14% of school districts participated in farm-to-school programs in 2005, and 16% have guidelines for purchasing locally grown produce.<sup>56</sup> USDA’s website provides information on national and regional farm-to-school programs and other resource guides.<sup>57</sup>

**Figure 6** shows the number of farm-to-school program, by county, in 2009.<sup>58</sup> According to the National Farm to School Network, states with the greatest number of schools participating in farm-to-school programs are North Carolina, Kentucky, Texas, Connecticut, Massachusetts, California, Florida, and Vermont.

## Community-Supported Agriculture (CSA)

CSAs provide a way for consumers to buy local, seasonal food directly from a farmer. CSAs “directly link local residents and nearby farmers, eliminating ‘the middleman’ and increasing the benefits to both the farmer and the consumer.”<sup>59</sup> In a CSA, a farmer or community garden grows food for a group of local residents—members, shareholders, or subscribers—who pledge support

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<sup>51</sup> USDA, FNS, “Farm to School,” <http://www.fns.usda.gov/cnd/f2s/about.htm#Initiative>.

<sup>52</sup> National Farm to School Network, <http://www.farmtoschool.org/aboutus.php>. See also B. Bellows, et al., “Bringing Local Food to Local Institutions,” NCAT publication, IP242, October 2003; and UC-SAREP, “Direct Marketing to Schools,” July 2002, <http://www.sarep.ucdavis.edu/CDPP/directmarketingtoschool.htm>.

<sup>53</sup> AFSIC, “Farm to School,” <http://www.nal.usda.gov/afsic/pubs/srb1102.shtml>; and National Farm to School Network, “Farm to School Chronology,” <http://www.farmtoschool.org/files/F2SChronology3.09.pdf>

<sup>54</sup> For more detailed information on these programs, see CRS Report R41354, *Child Nutrition and WIC Reauthorization: Issues and Legislation in the 111<sup>th</sup> Congress*.

<sup>55</sup> See National Farm to School Network, <http://www.farmtoschool.org/aboutus.php>.

<sup>56</sup> Information from the National Farm to School Network data and USDA-sponsored School Nutrition and Dietary Assessment Survey, as cited in S. Martinez, et al., *Local Food Systems: Concepts, Impacts, and Issues*.

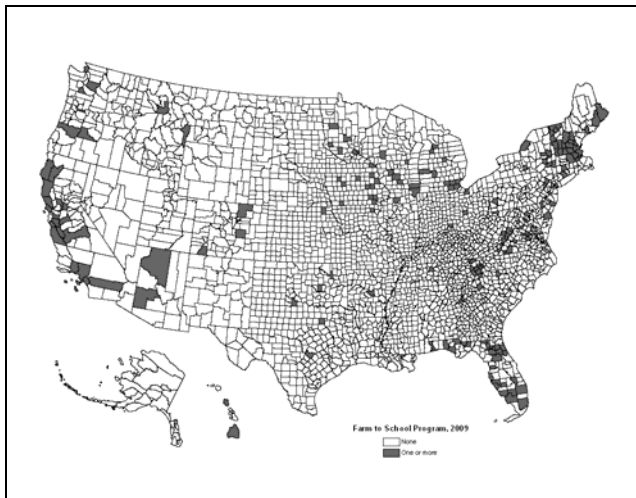
<sup>57</sup> AFSIC, “Farm to School,” and Farm to School Network, [http://www.farmtoschool.org/files/publications\\_277.pdf](http://www.farmtoschool.org/files/publications_277.pdf).

<sup>58</sup> Original data are at USDA, <http://ers.usda.gov/foodatlas/downloadData.htm>.

<sup>59</sup> USDA, “Community Supported Agriculture,” <http://www.rurdev.usda.gov/rbs/CDP-TN20.PDF>. Also see AFSIC, <http://www.nal.usda.gov/afsic/pubs/csa/csa.shtml> and <http://www.nal.usda.gov/afsic/pubs/csa/csadef.shtml>.

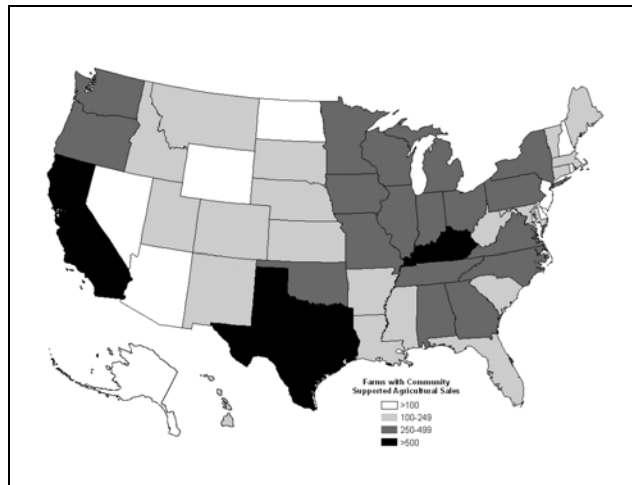
to a farm at the beginning of each year by agreeing to cover the farm’s expected costs and risks. In return, the members receive shares of the farm’s production during the growing season. The farmers receive an initial cash investment to finance their operation as well as a higher sales percentage because the crop is marketed and delivered directly to the consumer. The CSA model was first developed in Japan in the 1960s (known as “teikei,” or “food with the farmer’s face on it”), and was widely adopted in Europe in the 1970s.<sup>60</sup>

**Figure 6. Farm-to-School Programs**



Source: CRS using 2009 USDA data.

**Figure 7. Community-Supported Agriculture**



Source: CRS using USDA 2007 Census data.

More than 1,400 CSAs were in operation in the United States in 2010.<sup>61</sup> The first U.S. CSA started in 1985 at Indian Line Farm in Massachusetts. By 2001 an estimated 400 CSAs were in operation, rising to 1,144 CSAs in 2005. USDA estimates that 12,549 farms marketed products through a CSA in 2007.<sup>62</sup> Overall, compared to a total of about 2 million farms, farms that sell through CSAs comprise less than 1% of all U.S. farming operations. California (950), Texas (880), and Kentucky (540) are the leading states with farms that sold through a CSA in 2007. Other states with more than 400 farms selling through CSAs include Iowa, Michigan, Missouri, Washington, Wisconsin, Ohio, and North Carolina.<sup>63</sup> USDA’s website provides a listing of national, state, and regional organizations related to CSAs.<sup>64</sup> **Figure 7** shows the number of farms with CSA sales, by state, in 2007.

### Community Gardens and School Gardens

The American Community Garden Association (ACGA) defines a community garden as “any piece of land gardened by a group of people,” whether it is in an urban, suburban, or rural area, or

<sup>60</sup> USDA, “Community Supported Agriculture.”

<sup>61</sup> Information from the National Center for Appropriate Technology (NCAT), cited in S. Martinez, et al., *Local Food Systems: Concepts, Impacts, and Issues*.

<sup>62</sup> USDA, 2007 *Agriculture Census*, Table 44 (“Selected Practices”). Data on marketed volumes is not available.

<sup>63</sup> USDA, 2007 *Agriculture Census*, Table 44 (“Selected Practices”).

<sup>64</sup> See USDA, “Organizations,” <http://www.nal.usda.gov/afsic/pubs/csa/csaorgs.shtml>. Also see Agricultural Marketing Resource Center, [http://www.agmrc.org/markets\\_industries/food/community\\_supported\\_agriculture.cfm](http://www.agmrc.org/markets_industries/food/community_supported_agriculture.cfm).

whether it grows food, such as vegetables, or flowers and other horticultural products. It may be composed of a single community plot, or can be a collection of many individual plots. These gardens may be located at a school, hospital, or in a neighborhood, or may be dedicated to “urban agriculture” in a city-like setting where the produce is grown often for sale at market.<sup>65</sup> An estimated 18,000 community gardens throughout the United States (**Figure 8**).<sup>66</sup>

A precise count of the number of school gardens in the United States is not available; however, the National Gardening Association’s “School Garden Registry” has information on several thousand school gardens across the nation (searchable by city, state, or name).<sup>67</sup> Other reports indicate that California alone had more than 2,000 school gardens in 2007.<sup>68</sup>

The National Gardening Association (NGA) estimates that about 36 million households (31% of all U.S. households) participated in food gardening in 2008, of which an estimated 1 million households were growing food at a community garden.<sup>69</sup> Community gardens have been establishing linkages with urban farming efforts and with efforts to increase access to fresh foods within some low-income and underserved communities (or “food deserts”).

**Figure 8. Community Gardens**



**Source:** ACGA, <http://acga.localharvest.org/>. Data not available for Alaska and Hawaii.

The history of community gardens goes back more than 100 years, starting with subsistence vegetable farming on vacant lots in Detroit in the early 1900s and encompassing “Liberty Gardens” and “Victory Gardens” during the first and second World Wars, among other urban

<sup>65</sup> ACGA, “What Is a Community Garden?” <http://www.communitygarden.org/learn/>. Web-based locators are available at the NGA, [http://www.garden.org/public\\_gardens](http://www.garden.org/public_gardens); also <http://acga.localharvest.org/>. Also see AFSIC, “Community Gardening,” <http://www.nal.usda.gov/afsic/>; NCAT Sustainable Agriculture Project, “Urban and Community Agriculture,” [http://attra.ncat.org/attra-pub/local\\_food/urban\\_ag.html](http://attra.ncat.org/attra-pub/local_food/urban_ag.html); and K. Adam, “Community Garden,” NCAT publication, IP376, January 2011.

<sup>66</sup> ACGA, “FAQs,” <http://communitygarden.org/learn/faq.php>.

<sup>67</sup> NGA, “School Garden Search,” <http://www.kidsgardening.org/groups/school-garden-search>.

<sup>68</sup> E. Ozer, “The Effects of School Gardens on Students and School: Conceptualization and Considerations for Maximizing Healthy Development,” *Health Education & Behavior*, Vol. 34 (6): 846-863, December 2007.

<sup>69</sup> NGA, “The Impact of Home and Community Gardening In America,” 2009. Food gardening includes growing vegetables, fruit, berries, and herbs.

gardening movements over the period.<sup>70</sup> Despite initial concerns by USDA that Victory Gardens were an inefficient use of available resources, during WWII the agency encouraged nearly 20 million home gardeners to plant food. By the end of the war, home gardeners were producing a reported 40% of the nation's produce. Today, in addition to gardens that grow produce for personal consumption, some "market gardens" also grow produce for sale or for donation, and are part of a growing interest in urban agriculture—both farms and gardens. Resources available to households that want to grow their own food include benefits under the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps), which lists among eligible food items "seeds and plants which produce food for the household to eat."<sup>71</sup>

Many school gardens are said to be based on a model developed in the mid-1990s as part of the Edible Schoolyard Project, largely attributed to the efforts of Berkeley, CA, restaurant owner Alice Waters.<sup>72</sup> School gardens are now being integrated into some educational curricula to provide nutrition and science education while teaching children about plants and nature, and the importance of eating healthy, nutritious foods. A number of nonprofit organizations support school gardens and provide resources for classrooms.<sup>73</sup> In addition, FoodCorps, an independent nonprofit organization, places young leaders into limited-resource communities for one year of public service to work with local partners teaching kids about food and nutrition, engaging them in school gardens, and supporting local healthy food for public school cafeterias.<sup>74</sup> USDA also recently funded a pilot program to support school gardens in high-poverty schools. For more information see the **Appendix** of this report.

## **Food Hubs and Market Aggregators**

A food hub refers to a warehouse or similar facility that aggregates food and facilitates sales to wholesale customers or directly to consumers.<sup>75</sup> A produce packing house may also act as an aggregation facility that prepares and receives raw fruits and vegetables from farmers. Such aggregation points allow for "scaling up" of agricultural production from the farm to the marketplace, linking farmers to consumers. Ideally, they are located near the farms they serve to better help farmers scale up and connect with consumers, wholesalers, retailers and grocery stores, restaurants, and food-service buyers such as schools or hospitals. (In addition, some states also have their own state-branded systems that may be accessible through their own online directory.) Most aggregators provide an online directory or virtual marketplace to link buyers and sellers. Many also provide assistance to participate in farm-to-school programs and other types of services, including agritourism. In some cases, a range of educational services, technical

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<sup>70</sup> "History of Urban Agriculture," <http://sidewalksprouts.wordpress.com/history/>; USDA, "Victory Garden Leader's Handbook," 1943; and Pennsylvania State Council of Defense, "Handbook of the Victory Garden Committee War Services," April 1944.

<sup>71</sup> USDA, "SNAP: Eligible Food Items," <http://www.fns.usda.gov/snap/retailers/eligible.htm>. Congress added this provision in the 1970s. See SNAPgardens.org, "History," <http://www.snapgardens.org/history/>.

<sup>72</sup> See Edible Schoolyard Project, <http://edibleschoolyard.org/berkeley/about-us>.

<sup>73</sup> A list of resources and organizations is available from Civil Eats (see "School Gardens Across the Nation, and a Resource List for Starting Your Own," at <http://civileats.com/2010/01/19/school-gardens-across-the-nation/>).

<sup>74</sup> FoodCorps, "FoodCorps Launches National Service Program," August 15, 2011, <http://www.foodcorps.org>. Host sites include Arkansas, Arizona, Iowa, Maine, Massachusetts, Michigan, Mississippi, New Mexico, North Carolina, Oregon.

<sup>75</sup> FamilyFarmed.org, "The Business of Food Hubs: Planning Successful Regional Produce Aggregation Facilities," September 30, 2010, webinar (<http://www.ngfn.org/resources/ngfn-cluster-calls/the-business-of-food-hubs>).

assistance, and outreach are provided, intended to advance agricultural entrepreneurship. Examples include on-the-ground farmer training, aggregation and distribution, capacity-building, curriculum development, and help with food safety certification, usually through linkages with state extension and university staff.<sup>76</sup>

USDA estimates that more than 100 food hubs operate in the United States, with large clusters located in the Midwest and Northeast.<sup>77</sup> One example is MarketMaker, an interactive database of food industry marketing and business data, which is intended to link food-producing farmers with buyers in the marketplace. The database contains more than half a million businesses, including more than 2,500 farmers' markets and nearly 1,000 agritourism businesses, as well as farmers, processors, wholesalers, buyers, and retailers. It spans 18 participating states<sup>78</sup> and the District of Columbia and covers nearly 900 general product categories. Based on information from the directory's expanded user profiles, up to 47% of those participating are farmers. A large share of those are fruit and vegetable growers. Other product categories include meat, fish, seafood, dairy products, wineries, and a range of specialty products. MarketMaker started in 2004 as a national partnership of land grant institutions and state departments of agriculture, and is maintained by University of Illinois.<sup>79</sup> It was initially funded through grants from the Illinois Council on Food and Agricultural Research (CFAR), a state-based grant program, and continues to be maintained through appropriated USDA research funding and various state-level resources.

Another regional aggregator is FoodHub, an online directory linking food buyers and sellers for a range of food products.<sup>80</sup> It also provides a forum for users to post food products and/or services that they wish to sell or buy, and covers more than 3,000 products. It currently has more than 2,500 members and operates in six states: Alaska, California, Idaho, and Montana, but mostly in Oregon and Washington State. Its membership consists of buyers (40%), sellers (38%), associates (19%), and distributors (3%). The site is intended to be both scale and production system-neutral, and is open to commercial buyers, independent producers, regional distributors, industry suppliers, farmers' markets, trade associations, nonprofits, and the media. FoodHub was initially started with funding from two USDA programs, the Specialty Crop Block Grant Program and the Rural Business Enterprise Grant, and is supported by member fees. FoodHub provides additional resources and support for farm-to-school and farm-to-hospital programs as well as for school gardens and food banks, including guidance on getting started, finding funding, developing menus, and applying for grants. In 2010, FoodHub had more than 20 K-12 schools participating, including the Portland public school system, serving 20,000 meals per day.

## **Kitchen Incubators and Mobile Slaughter Units**

A kitchen incubator (also culinary incubator, including shared-use commercial kitchens) refers to a business that provides food preparation facilities to help a small start-up or home-based

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<sup>76</sup> CRS communication with University of Illinois staff, September 15, 2011. An example includes the University of Kentucky's "MarketReady" training program, which helps small farmers and ranchers address the market development risks and relationship management as they develop relationships with buyers (<http://www.uky.edu/fsic/marketready/>).

<sup>77</sup> USDA, "USDA Identifies Infrastructure and Economic Opportunities for Regional Producers," Release No. 0170.11, April 19, 2011.

<sup>78</sup> Alabama, Arkansas, Colorado, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Michigan, Mississippi, Nebraska, New York, Ohio, Pennsylvania, South Carolina, and Texas.

<sup>79</sup> MarketMaker, <http://national.marketmaker.uiuc.edu/>.

<sup>80</sup> FoodHub is a project of the nonprofit Ecotrust (<http://food-hub.org/>).

business produce a food product.<sup>81</sup> A kitchen incubator is often a fixed-location small food processing facility, serving as a resource for a new business (such as an early-stage catering, retail or wholesale food business) that may not have the capital to invest in its own full-time licensed commercial kitchen. Instead, the new business is able to rent shared space in a fully licensed commercial kitchen, which also helps it comply with federal and state food safety laws and requirements. There are reportedly more than 100 kitchen incubators nationwide.<sup>82</sup> The types of businesses that use kitchen incubators include start-up or home-based food producers, caterers, bakers, street vendors, and makers of specialty food items, such as condiments and candies, and also in some cases established food businesses.

Mobile (also modular) slaughter units (MSUs) refer to a self-contained USDA-inspected slaughter and meat processing facility that can travel from site to site and can be used by small-scale meat producers who may not have resources to transport animals to a distant slaughterhouse (often referred to using the French term, *abattoir*) or who may want to sell locally raised meat directly to local consumers or restaurants. MSUs provide a trained and licensed workforce, and are required to comply with necessary food safety, sanitation, hygiene, and waste management requirements. MSUs were also a response to increased consolidation in the meat and poultry industries, resulting in fewer slaughter facilities and a lack of USDA- or state-inspected establishments “available to small producers of livestock and poultry in some remote or sparsely populated areas.”<sup>83</sup> MSUs are able to serve multiple small producers in areas where slaughter services might be unaffordable or unavailable. One of the first mobile USDA-inspected slaughter units started operation in the early 2000s in Washington State.<sup>84</sup>

## Federal Programs and Initiatives

Following is a discussion of the existing federal programs administered by USDA and other agencies that potentially can support local food systems, as well as some of the Obama Administration’s initiatives intended to support local food systems. Data are not available to determine the extent to which local producers and local food system providers are actively participating in these programs. A more comprehensive table and description of existing programs is included in the **Appendix** at the end of this report.

### Selected USDA Programs

Many existing USDA assistance programs are available to all U.S. farmers, regardless of farm size or distance from markets. Federal programs that provide support to all U.S. producers—including local producers—cover a wide range of USDA programs contained within various titles

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<sup>81</sup> Culinary Incubator, “8 Things to Consider when Considering a Culinary Incubator,” [http://www.culinaryincubator.com/tenant\\_information\\_kitchen\\_rental.php](http://www.culinaryincubator.com/tenant_information_kitchen_rental.php). Also USDA, “Agriculture Deputy Secretary Celebrates Opening of a Non-Profit Pennsylvania Kitchen for Use by Food Entrepreneurs,” Release No. 0260.11, June 17, 2011; National Business Incubation Association (<http://www.nbia.org/>). Includes early-stage catering, retail and wholesale food businesses. Differs from a community kitchen, where people share a common kitchen to prepare one food to share.

<sup>82</sup> See databases at <http://www.culinaryincubator.com/maps.php>.

<sup>83</sup> USDA, “Mobile Slaughter Unit Compliance Guide,” [http://www.fsis.usda.gov/PDF/Compliance\\_Guide\\_Mobile\\_Slaughter.pdf](http://www.fsis.usda.gov/PDF/Compliance_Guide_Mobile_Slaughter.pdf); and USDA, “Slaughter Availability to Small Livestock and poultry Producers—Maps,” May 4, 2010, [http://www.fsis.usda.gov/PDF/KYF\\_maps-050410\\_FOR\\_RELEASE.pdf](http://www.fsis.usda.gov/PDF/KYF_maps-050410_FOR_RELEASE.pdf).

<sup>84</sup> MSU, “State of the Art Mobile Processing Unit for Small Scale Producers,” <http://www.mobileslaughter.com/>.

of the 2008 farm bill (P.L. 110-246) and the most recent reauthorization of the child nutrition programs (P.L. 111-296).<sup>85</sup> In the 2008 farm bill, an array of farm assistance programs that might be considered to support local food systems are contained within several titles: conservation (Title II); nutrition (Title IV); farm credit (Title V); research (Title VI); rural development (Title VII); horticulture (Title X); and disaster assistance (Title XII). (See selected 2008 farm bill titles in text box.) The 2010 child nutrition reauthorization includes additional food nutrition programs that might also be considered to support local food systems.

Within each farm bill title are many individual programs. Many of these are also highlighted by the Obama Administration as part of its “Know Your Farmer, Know Your Food” Initiative (discussed later). Among the USDA programs available for leveraging local and regional food production systems are:

- Marketing and promotion programs, such as the Specialty Crop Block Grant Program; Farmers’ Market Promotion Program; Farmers’ Market Nutrition Programs; and Federal State Marketing Improvement Program.
- Business assistance programs, such as Value-Added Producer Grants; Beginning Farmer and Rancher Development Program; Small Business Innovation Research; Agricultural Management Assistance; Community Outreach and Assistance Partnership Program; and Outreach and Assistance to Socially Disadvantaged Farmers and Ranchers.
- Rural and community development programs, such as Rural Cooperative Development Grants; Business and Industry (B&I) Guaranteed Loans; Community Facilities Program; Rural Business Enterprise Grants (RBEG); Rural Business Opportunity Grant (RBOG); and Rural Microentrepreneur Assistance Program.
- Research and cooperative extension programs, such as Sustainable Agriculture Research and Education programs.
- Nutrition and education programs, such as USDA’s Farm to School Program, School Gardens, Commodity Procurement Through “DoD Fresh,” and Community Food Projects.

Other types of USDA programs not listed here include selected USDA research and cooperative extension programs, as well as USDA conservation programs, among others (see **Table 2**). Many of these programs have been identified by the National Sustainable Agriculture Coalition (NSAC) in its *Guide to USDA Funding for Local and Regional Food Systems*.<sup>86</sup> These selected programs are administered by various USDA agencies, including the Agricultural Marketing Service (AMS), Rural Development (RD), Risk Management Agency (RMA), National Institute of Food and Agriculture (NIFA), Agricultural Research Service (ARS), Natural Resources Conservation Service (NRCS), and Food and Nutrition Service (FNS).

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<sup>85</sup> For information on the omnibus farm bill, see CRS Report RL34696, *The 2008 Farm Bill: Major Provisions and Legislative Action*. For information on the child nutrition reauthorization, see CRS Report R41354, *Child Nutrition and WIC Reauthorization: Issues and Legislation in the 111<sup>th</sup> Congress*.

<sup>86</sup> NSAC, *Guide to USDA Funding for Local and Regional Food Systems*, April 2010, [http://sustainableagriculture.net/wp-content/uploads/2010/05/NSAC\\_Food\\_SystemsFundingGuide\\_FirstEdition\\_4\\_2010.pdf](http://sustainableagriculture.net/wp-content/uploads/2010/05/NSAC_Food_SystemsFundingGuide_FirstEdition_4_2010.pdf).

### **The 2008 Farm Bill: Selected Titles and Programs**

- **Title I, Commodities:** Income support to growers of selected commodities, including wheat, feed grains, cotton, rice, oilseeds, peanuts, sugar, and dairy. Support is largely through direct payments, counter-cyclical payments, and marketing loans. Other support mechanisms include government purchases for dairy, and marketing quotas and import barriers for sugar.
- **Title II, Conservation:** Environmental stewardship of farmlands and improved management practices through land retirement and working lands programs, among other programs geared to farmland conservation, preservation, and resource protection.
- **Title III, Agricultural Trade and Food Aid:** U.S. agricultural export and international food assistance programs, and program changes related to various World Trade Organization (WTO) obligations.
- **Title IV, Nutrition:** Domestic food and nutrition and commodity distribution programs, such as food stamps and other supplemental nutrition assistance.
- **Title V, Farm Credit:** Federal direct and guaranteed farm loan programs, and loan eligibility rules and policies.
- **Title VI, Rural Development:** Business and community programs for planning, feasibility assessments, and coordination activities with other local, state, and federal programs, including rural broadband access.
- **Title VII, Research:** Agricultural research and extension programs, including biosecurity and response, biotechnology, and organic production.
- **Title VIII, Forestry:** USDA Forest Service programs, including forestry management, assistance, and agroforestry programs.
- **Title IX, Energy:** Bioenergy programs and grants for procurement of biobased products to support development of biorefineries and assist eligible farmers, ranchers, and rural small businesses in purchasing renewable energy systems, as well as user education programs.
- **Title X, Horticulture and Organic Agriculture:** A new farm bill title covering fruits, vegetables, and other specialty crops and organic agriculture.
- **Title XI, Livestock:** A new farm bill title covering livestock and poultry production, including provisions that amend existing laws governing livestock and poultry marketing and competition, country-of-origin labeling requirements for retailers, and meat and poultry state inspections, among other provisions.
- **Title XII, Crop Insurance and Disaster Assistance:** A new farm bill title covering the federal crop insurance and disaster assistance previously included in the miscellaneous title (not including the supplemental disaster assistance provisions in the Trade and Tax title).

Many community and rural development groups and small-farm advocacy organizations have promoted initiatives intended to support the development of local food markets by building on the existing USDA programs to create new market opportunities for small and medium-sized farms.<sup>87</sup>

The **Appendix** to this report provides a brief summary of selected federal programs that may be considered to provide support to local food systems. This is not a comprehensive listing of all the possible programs that are administered by each USDA agency, particularly of research and conservation programs that generally support all U.S. farmers, including producers of local food. In addition to various federal efforts, a number of states, communities, and other entities have spearheaded initiatives that support local food systems. This report does not cover these efforts, since there is limited aggregate information on them.

<sup>87</sup> See, for example, NSAC, "Guide to USDA Funding for Local and Regional Food Systems," April 2010.



Data are not available to determine the share of available funding for the programs in the **Appendix** used to support local and regional food systems, compared to all other types of farming systems. For many of the programs highlighted, most indications suggest that the share used to support local food systems is likely very small. Among USDA's farm support programs, only a few target direct support to local food systems, as discussed in the following section.

### **Loans for Local Food Producers**

The 2008 farm bill amended an existing USDA Rural Development agency loan program—the Business and Industry (B&I) loan and loan guarantee program—to provide that 5% of the available funding support local and regional food production. Eligible recipients under the provision include “individuals, cooperatives, cooperative organizations, businesses, and other entities to establish and facilitate enterprises that process, distribute, aggregate, store, and market locally or regionally produced agricultural food products to support community development and farm and ranch income.”<sup>88</sup> The 2008 farm bill defined an eligible “locally or regionally produced agricultural food product” as “any agricultural food product that is raised, produced, and distributed in ... the locality or region in which the final product is marketed, so that the total distance that the product is transported is less than 400 miles from the origin of the product”; or “any agricultural food product that is raised, produced, and distributed in ... the State in which the product is produced.”<sup>89</sup> With obligations for the B&I loan program averaging more than \$1 billion annually, this means that available funding for loans directed to local and regional food producers is more than \$50 million each year.<sup>90</sup> Additional information on the B&I program is in the **Appendix**.

### **Local Food Purchases in Child Nutrition Programs**

While specific grant programs may support farm-to-school work, it is possible—within the framework of procurement law—for schools and child-care institutions to use per-meal cash reimbursements (from participating in the USDA FNS child nutrition programs) to purchase foods from local and regional food systems. The 2008 farm bill amended existing child nutrition programs to include language that would encourage school food authorities to purchase fresh produce and would require USDA to allow school food authorities receiving child nutrition funds under programs to use a geographic preference.<sup>91</sup> The law requires USDA “to encourage institutions receiving funds under the National School Lunch Act and the Child Nutrition Act to purchase unprocessed agricultural products, both locally grown and locally raised, to the maximum extent practicable and appropriate.”<sup>92</sup> This provision is structured as a preference and does not require states and school food authorities to include geographic preference in their procurement. Because geographic preference still operates within the framework of existing procurement law, schools can face barriers to purchasing when a local product is not the lowest-

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<sup>88</sup> P.L. 110-246, § 6015 (Locally or Regionally Produced Agricultural Food Products).

<sup>89</sup> *Ibid.*

<sup>90</sup> See funding information for CFDA# 10.768 ([www.cdfa.gov](http://www.cdfa.gov)).

<sup>91</sup> P.L. 110-246, § 4302 (Purchases of Locally Produced Foods), amending § 9(j) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(j)).

<sup>92</sup> *Ibid.*

cost bid. USDA has provided guidance, suggesting that applying geographic preference points may enable a local product to still win a contract.<sup>93</sup>

In addition to the cash reimbursements that states and schools receive, they also receive federal assistance in the form of USDA commodity foods.<sup>94</sup> The 2008 farm bill revised but retained a requirement that \$50 million per year of commodity procurement funds be used to purchase fresh fruits and vegetables for schools.<sup>95</sup> USDA uses a partnership with the Department of Defense (DoD) to procure and distribute fresh produce to schools; this program offers fruits and vegetables labeled as “local” for schools to select.<sup>96</sup> More information is in the **Appendix**.

### **Grants for Farm-to-School Programs**

The 2010 child nutrition reauthorization amended existing child nutrition programs to establish mandatory funding of \$5 million per year for competitive grants that would assist schools and nonprofit entities in establishing farm-to-school programs that improve a school’s access to locally produced foods.<sup>97</sup> The program has not been implemented yet and is expected to be administered by FNS starting in the winter of 2012. Grants are not to exceed \$100,000 and will require 75% matching funds. Grants may be used for training, supporting operations, planning, purchasing equipment, developing school gardens, developing partnerships, and implementing farm-to-school programs. Additional information is provided in the **Appendix**.

### **Other USDA Actions**

For FY2010, USDA established by administrative notice that each state must fund at least one project that supports the USDA’s “Know Your Farmer, Know Your Food” initiative (discussed below), as part of the agency’s Rural Housing Service Strategic Plan.<sup>98</sup> This notice applied to available funding for USDA’s Community Facilities programs, which include loans and grants for water and environmental projects, and community facilities projects.<sup>99</sup> The types of eligible projects include food banks (e.g., certain building purchase, construction, and renovations, equipment and vehicle purchases); school cafeterias (e.g., certain equipment, renovations, central processing/distribution centers); farmers’ markets that primarily sell fruits and vegetables (e.g., certain new construction, building purchases, and renovations); community gardens (e.g., real

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<sup>93</sup> See [http://www.fns.usda.gov/cnd/Governance/Policy-Memos/2011/SP18-2011\\_os.pdf](http://www.fns.usda.gov/cnd/Governance/Policy-Memos/2011/SP18-2011_os.pdf) (see questions 5, 6, and 7).

<sup>94</sup> For more information on the purchase of USDA Commodity Foods, see CRS Report RL34081, *Farm and Food Support Under USDA’s Section 32 Program*. For information on food distribution to schools, see USDA, FNS “Frequently Asked Questions” [http://www.fns.usda.gov/fdd/programs/schcnp/schcnp\\_faqs.htm/](http://www.fns.usda.gov/fdd/programs/schcnp/schcnp_faqs.htm/).

<sup>95</sup> P.L. 110-246, § 4404(c).

<sup>96</sup> USDA and DoD websites communicate that the procurement program’s advantages include “greater buying power, consistent deliveries, emphasis on high quality, a large variety of produce items including pre-cuts and *locally grown*, and an easy-to-use ordering website with funds tracking.” USDA-FNS, “DoD Fresh Fruit and Vegetable Program,” [http://www.fns.usda.gov/fdd/programs/dod/DOD\\_FreshFruitandVegetableProgram2011.pdf](http://www.fns.usda.gov/fdd/programs/dod/DOD_FreshFruitandVegetableProgram2011.pdf) (emphasis added).

<sup>97</sup> P.L. 111-296, § 243 (Access to Local Foods: Farm to School Program), amending § 18 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(j)). In addition, appropriations are authorized “such sums as are necessary for each of fiscal years 2011 through 2015.”

<sup>98</sup> Letter to State Directors, Rural Development, from Tammye Treviño, Administrator, Housing and Community Facilities Programs, regarding the Community Facilities Funding for Local and Regional Food Systems Projects and Know Your Farmer Know Your Food Initiative, June 2010.

<sup>99</sup> USDA, “Community Facilities Loans and Grants,” [http://www.rurdev.usda.gov/HCF\\_CF.html](http://www.rurdev.usda.gov/HCF_CF.html).

estate purchases, water source access and infrastructure); and community kitchens that provide classes for families to learn how to prepare healthy meals (e.g, certain renovations, equipment, and new construction).

## **Non-USDA Programs**

Aside from USDA, resources that can be used to support local and regional food systems exist at other U.S. federal agencies, including the U.S. Department of the Treasury and the U.S. Department of Health and Human Services (HHS).

For example, the New Markets Tax Credit (NMTC) is a non-refundable tax credit intended to encourage private capital investment in eligible, impoverished, low-income communities. These include communities that have limited access to fresh and nutritious foods (“food deserts”). The program was authorized by the Community Renewal Tax Relief Act of 2000 (P.L. 106-554) to stimulate investment in low-income communities. NMTCs are allocated by the Community Development Financial Institutions (CDFI) fund, a bureau within U.S. Treasury, under a competitive application process. Investors who make qualified equity investments reduce their federal income tax liability by claiming the credit. The NMTC program was authorized to allocate \$33 billion through the end of 2011. To date, the CDFI has made 495 awards totaling \$26 billion in NMTC’s allocation authority.<sup>100</sup>

Similarly, HHS funds programs through states that coordinate food assistance resources and help low-income communities with child nutrition and with other food needs. For example, HHS’s Community and Economic Development (CED) program provides competitive discretionary grants authorized by the Community Services Block Grant Act (P.L. 105-285).<sup>101</sup> The program provides up to \$800,000 each for projects designed to address the healthy food access needs of low-income individuals and families through the creation of employment and business opportunities. Among its goals are to revitalize communities and to eliminate food deserts. Eligible uses include startup or expansion of businesses or physical or commercial activities; capital expenditures such as purchases of equipment or real property; allowable operating expenses; and loans or equity investments. Eligible applicants include private, nonprofit organizations that are community development corporations (CDCs), including faith-based organizations and tribal organizations. For FY2010, \$36.0 million was appropriated for the program.<sup>102</sup> Both the NMTC and HHS programs are considered as part of the Administration’s Healthy Food Financing Initiative (HFFI) described in the following section of this report.

Potentially helpful programs also are available in other federal agencies, including the Department of Housing and Urban Development; the Commerce Department’s Economic Development Administration; and the Small Business Administration. In addition, most states are active in direct marketing and farmers’ market activities, usually through their state departments of agriculture.<sup>103</sup>

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<sup>100</sup> For more information, see Internal Revenue Service (IRS), “New Markets Tax Credit,” LMSB-04-0510-016, May 2010, and CRS Report RL34402, *New Markets Tax Credit: An Introduction*.

<sup>101</sup> HHS, “Community Economic Development (CED) Program,” <http://www.acf.hhs.gov/programs/ocs/ced/index.html>.

<sup>102</sup> HHS, “Community Economic Development,” [http://www.acf.hhs.gov/programs/ocs/ced/fact\\_sheet.html](http://www.acf.hhs.gov/programs/ocs/ced/fact_sheet.html).

<sup>103</sup> USDA and other farmers’ market websites provide state contacts (<http://www.ams.usda.gov/AMSV1.0/FMPP>). See (continued...)

## Administration's Initiatives

USDA's *Strategic Plan FY2010-2015* outlines the core strategic goals and the primary objectives for the department.<sup>104</sup> Enhancing rural prosperity, supporting sustainable and competitive agricultural systems, and increasing access to nutritious food are among these goals and objectives. Many of these same priorities are reflected in the Department's various initiatives, such as the "Know Your Farmer, Know Your Food" Initiative, the Regional Innovation Initiative, and the Healthy Food Financing Initiative.

### "Know Your Farmer, Know Your Food" Initiative

"Know Your Farmer, Know Your Food" is a USDA-wide initiative that was launched by USDA in September 2009 to "begin a national conversation to help develop local and regional food systems and spur economic opportunity."<sup>105</sup> The initiative was designed to eliminate organizational barriers between existing USDA programs and promote enhanced collaboration among staff, leveraging existing USDA activities and programs, and thereby "marshalling resources from across USDA to help create the link between local production and local consumption."<sup>106</sup> It is not a stand-alone program and does not have its own budget;<sup>107</sup> instead, it is a departmental initiative, and not connected to a specific office or subagency. This is done by highlighting various existing programs within USDA that are available to support local farmers; strengthen rural communities; promote healthy eating; protect natural resources; and provide grants, loans, and support.<sup>108</sup> Linking local production with local consumption of farm products also is one of the primary goals of USDA's Regional Innovation Initiative (see below).

Among the programs mentioned for leveraging local and regional food production systems are marketing and promotion programs; rural business and community development programs; and selected USDA research and cooperative extension programs.<sup>109</sup> In response to demand for farm-to-school activities, certain USDA nutrition and domestic food programs, such as the farm-to-school and some fresh fruit and vegetable programs, also have been associated with the initiative. Since its launch, USDA has announced funding for various projects under these and other programs identified as promoting local-scale sustainable operations.<sup>110</sup>

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(...continued)

also the National Association of State Departments of Agriculture (<http://www.nasda.org/nasda/nasda/index1.htm>).

<sup>104</sup> USDA, *Strategic Plan FY2010-2015*, <http://www.ocfo.usda.gov/usdasp/sp2010/sp2010.pdf>.

<sup>105</sup> USDA, "USDA Launches 'Know Your Farmer, Know Your Food' Initiative to Connect Consumers with Local Producers to Create New Economic Opportunities for Communities," September 15, 2009, Release No. 0440.09.

<sup>106</sup> USDA, "Our Mission," [http://www.usda.gov/wps/portal/usda/knowyourfarmer?navtype=KYF&navid=KYF\\_MISSION](http://www.usda.gov/wps/portal/usda/knowyourfarmer?navtype=KYF&navid=KYF_MISSION); and USDA, AMS, "Regional Food Hubs: Linking Producers to New Markets," May 2011.

<sup>107</sup> Letter to Senators McCain, Roberts, and Chambliss from USDA Secretary Vilsack, April 30, 2010.

<sup>108</sup> USDA, <http://www.usda.gov/wps/portal/usda/knowyourfarmer?navid=KNOWYOURFARMER>; see also USDA memos at [http://www.usda.gov/wps/portal/usda/knowyourfarmer?navtype=KYF&navid=KYF\\_GRANTS](http://www.usda.gov/wps/portal/usda/knowyourfarmer?navtype=KYF&navid=KYF_GRANTS).

<sup>109</sup> See USDA, "Our Mission"; and NSAC, "Guide to USDA Funding for Local and Regional Food Systems."

<sup>110</sup> For example, USDA's initial press release announced the following efforts under this initiative: collaborative outreach and assistance programs to socially disadvantaged and underserved farmers; implementation of a new voluntary cooperative program for state-inspected establishments to ship meat and poultry in interstate commerce; and grants to help local business cooperatives, and also the Northwest Food Processors Association.

USDA's website lists many other existing agency programs that might be available to provide assistance to eligible farming businesses. Accordingly, the initiative spans existing, mostly long-standing programs within most USDA's agencies, including Rural Development (RD), Research, Education and Economics (REE), Farm Service Agency (FSA), and Agricultural Marketing Service (AMS).<sup>111</sup>

Some in Congress have challenged USDA's "Know Your Farmer, Know Your Food" initiative. In April 2010, three Senators wrote a letter to USDA Secretary Vilsack expressing concerns about the initiative. The letter stated: "This spending doesn't appear geared toward conventional farmers who produce the vast majority of our nation's food supply, but is instead aimed at small, hobbyist and organic producers whose customers generally consist of affluent patrons at urban farmers' markets," among other concerns regarding USDA's promotion and prioritization of local food systems. The letter also requested evidence of USDA's congressional authority to spend money for "Know Your Farmer, Know Your Food" and a full itemized accounting of all spending under the initiative.<sup>112</sup> In response, USDA clarified that the initiative

does not have any budgetary or programmatic authority.... Rather, it is a communications mechanism to further enable our existing programs to better meet their goals and serve constituents as defined in the respective authorizing legislation and regulations. While there are no programs under the initiative, since September 2009 a number of our program funding announcements have included a reference to 'Know Your Farmer, Know Your Food.'<sup>113</sup>

USDA also asserts that "none of these programs are providing preference to local and regional food system projects, except as provided for in their existing regulatory rules or legislative authority."<sup>114</sup> According to USDA, there are only two such statutory cases—a 5% set-aside established in the 2008 farm bill for rural development Business and Industry (B&I) loans and an allowance for schools to make local purchases under the Department of Defense Fresh Fruit and Vegetable Program (DoD Fresh).<sup>115</sup> In addition, USDA issues an administrative notice requiring that the agency's Rural Housing and Community Facilities Program provide "that each state must fund at least one project" supporting the initiative in FY2010 only. (See "Other USDA Actions.")

The initiative remains controversial. Following extensive House floor debate on the FY2012 Agriculture appropriations bill, the House-passed bill included a number of provisions restricting funding for selected USDA programs that fund this initiative and also other local and regional food production projects.<sup>116</sup> The Senate bill did not put restrictions on the use of USDA funds to

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<sup>111</sup> See "USDA Deputy Secretary Kathleen Merrigan's Memos," [http://www.usda.gov/wps/portal/usda/knowyourfarmer?navtype=KYF&navid=KYF\\_GRANTS](http://www.usda.gov/wps/portal/usda/knowyourfarmer?navtype=KYF&navid=KYF_GRANTS). These include "Memo on Rural Development Programs," August 26, 2009; "Memo on Research, Education and Economics," October 29, 2009; "Memo on Farm Service Agency," June 17, 2010; and "Memo on Agricultural Marketing Service," July 20, 2010. USDA's Regional Innovation Initiative also spans several USDA agencies, including agencies from USDA's Rural Development, Marketing and Regulatory Programs, and Natural Resources and Environment mission areas. USDA, "USDA Launches 'Know Your Farmer, Know Your Food' Initiative to Connect Consumers with Local Producers to Create New Economic Opportunities for Communities," September 15, 2011, Release No. 0440.09.

<sup>112</sup> Letter to USDA Secretary Vilsack from Senators McCain, Roberts, and Chambliss, April 27, 2010.

<sup>113</sup> Letter to Senators McCain, Roberts, and Chambliss from USDA Secretary Vilsack, April 30, 2010.

<sup>114</sup> Letter to Senators McCain, Roberts, and Chambliss from USDA Secretary Vilsack, April 30, 2010.

<sup>115</sup> CRS communication with USDA staff, June 14, 2011. It is not known how much schools spent on local purchases under USDA's farm to school programs in recent years.

<sup>116</sup> H.R. 2112, House-reported version, § 750. For more information, see CRS Report R41964, *Agriculture and Related Agencies: FY2012 Appropriations*.

support USDA's initiative. The enacted FY2012 Agriculture Appropriations Act (P.L. 112-55) does not specifically address this initiative, but the joint explanatory statement requires USDA to report any travel related to the initiative, including the agenda and the cost of such travel, and justification for this initiative in its FY2013 budget request.<sup>117</sup> USDA is also required to submit a report to Congress on the impacts of the initiative during the previous two years, and to provide a justification for the initiative as part of its FY2013 budget explanatory notes.

## **Regional Innovation Initiative**

The "Regional Innovation Initiative" (RII) was launched in 2010 and funding was requested as part of the Administration's FY2011 and FY2012 funding requests to "focus on the planning and coordination of USDA and other sources of assistance for rural communities."<sup>118</sup> These five rural development pillars are also outlined in USDA's *Strategic Plan FY2010-2015*.<sup>119</sup> The initiative is intended as the agency's "different direction as it relates to rural development," and spans five rural development pillars: rural broadband; biofuels and biobased products; linking local production and consumption of farm products; ecosystem markets to pay producers for sequestering carbon; and forest restoration and private land conservation.<sup>120</sup> The Administration's FY2012 budget proposal endorsed "strategic leveraging of existing resources to strengthen rural communities" through the initiative. However, Congress provided no funding to USDA for the initiative in the enacted FY2012 Agriculture appropriations.<sup>121</sup>

Although funding was not provided, Congress did address this initiative during the appropriations debate. The House-passed Agriculture appropriations report stated that the committee is "unable to provide any funding or authorization for the initiative as requests for additional information on the specific purpose, need, and plans for the initiative have gone unanswered" and directed USDA not to spend any of its funding for the Rural Community Development Initiative (RCDI) on the initiative without Congress's approval.<sup>122</sup> The Senate bill did not put restrictions on the use of USDA funds to support USDA's initiative. The enacted FY2012 appropriations law also did not specifically address this initiative.

## **Healthy Food Financing Initiative**

The "Healthy Food Financing Initiative" (HFFI) was launched in 2010 and funding was requested as part of the Administration's FY2011 and FY2012 funding requests to "support local and regional efforts to increase access to healthy foods, particularly for the development of grocery stores and other healthy food retailers in urban and rural food deserts and other underserved areas."<sup>123</sup> The multi-year \$400 million initiative involves USDA, HHS, and the U.S. Department

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<sup>117</sup> H.Rept. 112-284, p. 190 (*Congressional Record*, November 14, 2011, pp. H7433-7576).

<sup>118</sup> USDA, "FY2011 Budget Summary and Annual Performance Plan," <http://www.obpa.usda.gov/>.

<sup>119</sup> USDA, *Strategic Plan FY2010-2015*, <http://www.ocfo.usda.gov/usdasp/sp2010/sp2010.pdf>.

<sup>120</sup> Jon Harsch, "Sec. Vilsack proposes 'Regional Innovation Initiative' for rural America," *Agri-Pulse*, March 3, 2010. For more about rural development programs generally, see CRS Report RL31837, *An Overview of USDA Rural Development Programs*.

<sup>121</sup> See CRS Report R41964, *Agriculture and Related Agencies: FY2012 Appropriations*.

<sup>122</sup> H.Rept. 112-101.

<sup>123</sup> USDA, "FY2011 Budget Summary and Annual Performance Plan," <http://www.obpa.usda.gov/>.

of the Treasury, including programs discussed in the previous section of this report. (See “Non-USDA Programs.”)

The HFFI is intended to bring grocery stores and other healthy food retailers to the nation’s low-income and underserved urban and rural communities. Funding is directed toward retail establishments only, which have included—but are not limited to—healthy corner store initiatives and farmers’ markets.<sup>124</sup> The \$400 million initiative includes \$250 million in authority for the New Markets Tax Credit (NMTC) and \$25 million for financial assistance to Treasury-certified community development financial institutions (CDFIs) to support private investment in underserved communities.<sup>125</sup> The HHS portion of the initiative provides grants as part of its Community Economic Development (CED) program to support projects that finance grocery stores, farmers’ markets, and other retail outlets for fresh nutritious food.<sup>126</sup> The USDA portion supports businesses through its existing loan and grant programs, and other types of technical assistance. HFFI is based on the Pennsylvania Fresh Food Financing Initiative and similar efforts in other states to attract fresh-food retail investment in underserved communities through one-time grants and loan financing.<sup>127</sup>

What remains unclear is the extent to which HFFI will primarily fund national wholesale grocery stores or other types of establishments, including local food systems. The Administration’s FY2012 budget proposal requested that \$35 million be appropriated to USDA under this initiative. Congress provided no funding for USDA for HFFI in the enacted FY2012 Agriculture appropriations because the initiative “has yet to prove that any expenditures made for this initiative have been effective” in meeting the goal of ensuring that more people have access to nutritious foods.<sup>128</sup> Elsewhere in the FY2012 appropriations, Congress did provide funding for other parts of HFFI, such as \$22 million for the U.S. Department of the Treasury to administer the NMTC for retail food outlets.

## Congressional Actions

### Legislative Options

Authorization for many of the selected programs highlighted in this report are contained within periodic farm bills or within the most recent reauthorization of the child nutrition programs.

Omnibus farm bills govern U.S. agricultural and food programs, covering a wide range of programs and provisions, and are reviewed and renewed roughly every five years. Although many of these policies can be and sometimes are modified through freestanding authorizing legislation or as part of other laws, the omnibus, multi-year farm bill provides a predictable opportunity for policymakers to address agricultural and food issues more comprehensively. The Food, Conservation, and Energy Act of 2008 (P.L. 110-246, “2008 farm bill”) is the most recent

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<sup>124</sup> HHS, “HFFI Grantee List,” [http://www.acf.hhs.gov/programs/ocs/ced/HFFI\\_grantee\\_summaries.html](http://www.acf.hhs.gov/programs/ocs/ced/HFFI_grantee_summaries.html).

<sup>125</sup> USDA, “Obama Administration Details Healthy Food Financing Initiative,” February 19, 2010.

<sup>126</sup> *Ibid.* Also, Debra Tropp, “Support of Local Food Initiatives,” USDA AMS, October 2010.

<sup>127</sup> CDFI Fund, *Healthy Food Retail Financing At Work: Pennsylvania Fresh Food Financing Initiative*, September 30, 2011, <http://www.cdfifund.gov/>. Illinois and New York have similar policies, along with Detroit, New York City, New Orleans, and Washington, DC.

<sup>128</sup> H.Rept. 111-284. See also CRS Report R41964, *Agriculture and Related Agencies: FY2012 Appropriations*.

omnibus farm bill.<sup>129</sup> The 112<sup>th</sup> Congress will likely consider reauthorization of the 2008 farm bill, as some of its provisions will be expiring in 2012. The breadth of farm bills has expanded in recent decades to include new and expanding agricultural interests. Building on changes that were made in the enacted 2008 farm bill, the pending reauthorization offers opportunities for expanding provisions in ways that could benefit farmers and ranchers who participate in local and regional agricultural markets. Options include expanding or establishing set-asides within existing loan and grant programs, and improving access to healthier foods in school meals and for lower-income and underserved communities through new or existing programs. Conversely, farm bill reauthorization could provide an opportunity to cut overall spending on U.S. farm programs, in response to budgetary concerns.

Child nutrition programs and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) provide cash, commodity, and other assistance under three major federal laws: the Richard B. Russell National School Lunch Act (originally enacted as the National School Lunch Act in 1946), the Child Nutrition Act (originally enacted in 1966), and Section 32 of the Act of August 24, 1935 (7 U.S.C. § 612c). Congress periodically reviews and reauthorizes expiring authorities under these laws. The most recent reauthorization of the child nutrition programs was in 2010, the Healthy, Hunger-free Kids Act of 2010 (P.L. 111-296).<sup>130</sup> In the 2008 farm bill, Congress expanded the Fresh Fruit and Vegetable (Snack) Program, amending the Richard B. Russell National School Lunch Act.<sup>131</sup>

## **Pending Bills in the 112<sup>th</sup> Congress**

In recent years a diverse mix of community and rural development groups and small-farm advocacy organizations have promoted initiatives intended to support the development of local and regional food systems by reforming the existing farm support framework and building on the concept of direct farm-to-consumer marketing to create new economic opportunities for small and medium-sized farms. Some domestic food-related and public health organizations are also promoting initiatives to improve access to healthy, nutritious foods to schools and to underserved communities.

The National Sustainable Agriculture Coalition (NSAC) has been actively advocating to reduce total farm bill spending through payment limits and other reforms, while increasing investments in certain perceived underfunded areas, such as support for new farmers, rural development, conservation, renewable energy, agricultural research, and new market development.<sup>132</sup> The State of California also has submitted farm bill recommendations, which include promoting specialty crop production both to enhance fruit and vegetable production and to improve public health and nutrition, while also revitalizing local communities, supporting organic agriculture, and enhancing the natural environment, among other goals.<sup>133</sup> Meanwhile some state and local

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<sup>129</sup> See CRS Report RS22131, *What Is the "Farm Bill"?* More detailed information on the 2008 bill is in CRS Report RL34696, *The 2008 Farm Bill: Major Provisions and Legislative Action*.

<sup>130</sup> P.L. 111-296. For more information, see CRS Report R41354, *Child Nutrition and WIC Reauthorization: Issues and Legislation in the 111<sup>th</sup> Congress*.

<sup>131</sup> P.L. 110-246, § 4304.

<sup>132</sup> NSAC, "NSAC Releases Letter to the Super Committee and Farm Bill Budget Views," September 20, 2011. Also see NSAC's 2012 "Farm Bill Platform: Budget Chapter Background," <http://sustainableagriculture.net/wp-content/uploads/2011/09/Farm-Bill-Budget-Chapter-NSAC-Farm-Bill-Platform-Sept-2011.pdf>.

<sup>133</sup> California Department of Food and Agriculture (CDFA), "California and the Farm Bill: A Vision for Farming in the (continued...)"



groups, such as the Pennsylvania-based nonprofit organization The Food Trust, are promoting the need for expanding farmers' market programs and farm-to-school programs, as well as initiatives to reduce the number of food deserts nationwide.<sup>134</sup> These types of recommendations have been proposed by a variety of other groups and think tanks.<sup>135</sup>

Several bills have been introduced in the 112<sup>th</sup> Congress addressing many of these areas. Some of the introduced bills represent comprehensive "marker bills" addressing provisions across multiple farm bill titles and recommending changes that would provide additional directed support for local and regional food systems.<sup>136</sup> Some in Congress have expressed the need to change farm policies in ways that might also enhance support for local food systems and rural communities.<sup>137</sup>

One of the more comprehensive marker bills is the Local Farms, Food, and Jobs Act of 2011 (**H.R. 3286/S. 1773**; Pingree/Brown), proposing comprehensive changes to several USDA programs in the farm bill covering commodity support and crop insurance, farm credit, conservation, nutrition, rural development, research, and horticulture and livestock programs. The proposed changes are intended to enhance support for local and regional food production and farming systems. Other bills, including the Fresh Regional Eating for Schools and Health Act of 2011 (**S. 2016**; Wyden) and the Growing Opportunities for Agriculture and Responding to Markets Act of 2011 (**S. 1888**; Casey) also seek to increase access to loans for small and beginning farmers, and other groups.<sup>138</sup>

The Community Agriculture Development and Jobs Act (**H.R. 3225**; Kaptur), re-introduced from the 111<sup>th</sup> Congress, also targets enhanced support for non-traditional agricultural producers. The bill identifies specific changes to the farm bill and seeks to create a new USDA Office of Community Agriculture to ensure support for rural and non-rural food programs, provide grants and outreach for local food initiatives, promote consumption of fruits and vegetables, and eliminate food deserts. Another bill, the Healthy Food for Healthy Living Act (**H.R. 3291**; Velazquez) would provide grants to organizations operating in low-income communities to promote access to fresh fruits and vegetables and other foods.

Other bills focused at the farm production level include the Beginning Farmer and Rancher Opportunity Act of 2011 (**H.R. 3236/S. 1850**; Walz/Harkin), which would expand opportunities for beginning farmers and ranchers through changes to several USDA programs covering conservation; rural development; research, education, and extension; and farm credit and crop insurance. Separately, the Community-Supported Agriculture Promotion Act (**S. 1414**/Sanders) would establish a community-supported agriculture promotion program, similar to USDA farmers' market program, to expand and develop CSAs, among other goals.

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(...continued)

21<sup>st</sup> Century," [http://www.cdfa.ca.gov/farm\\_bill/pdfs/FarmBillCofl2.pdf](http://www.cdfa.ca.gov/farm_bill/pdfs/FarmBillCofl2.pdf).

<sup>134</sup> The Food Trust, "Farmers' Market Alliance" and "Bipartisan 'Healthy Food Financing' Bills Would Create Jobs and Cut Dietary Diseases," <http://www.thefoodtrust.org>.

<sup>135</sup> See, for example, Harry A. Wallace Center, "Making Changes: Turning Local Visions into National Solutions," 2003, [http://wrdc.usu.edu/files/publications/publication/pub\\_\\_1046514.pdf](http://wrdc.usu.edu/files/publications/publication/pub__1046514.pdf).

<sup>136</sup> A "marker bill" is used to introduce specific measures or issues into a larger legislative debate. Such legislation is generally proposed as a "placeholder" for specific aspects of a larger bill, such as the farm bill, and allows legislators to include key provisions in the larger bill debate while it is still at the committee or subcommittee level.

<sup>137</sup> See, for example, Representative Earl Blumenauer's report, "Growing Opportunities: Family Farm Values for Reforming the Farm Bill."

<sup>138</sup> For more information, see CRS Report RS21977, *Agricultural Credit: Institutions and Issues*.

Other bills actively address concerns about food deserts. The Healthy Food Financing Initiative (**H.R. 3525/S. 1926**; Schwartz/Gillibrand), re-introduced from the 111<sup>th</sup> Congress, seeks to increase investments in food financing to reduce the number of food deserts nationwide, as well as address childhood obesity. The Fit for Life Act of 2011 (**H.R. 2795**/Fudge) seeks to improve the nutritional quality of and access to foods in underserved communities and to expand certain child nutrition programs and other school feeding programs, as well as advance preventative measures and treatment of obesity in adults and children in underserved communities.

Other bills are also focused on nutrition while contemplating an expanded market for local producers. The Local School Foods Act (**H.R. 3092**/Welch) would establish a pilot program to increase the amount of purchases of local fresh fruits and vegetables for schools and service institutions by giving certain states the option of receiving a USDA grant instead of receiving commodities under the agency's commodity procurement programs. The Eat Local Foods Act (**H.R. 1722**; Pingree) would provide a grant to states to provide schools with local food credits equal to a portion of the total value of the commodity assistance (or cash payments in lieu thereof). Two bills, **S. 1593** (Gillibrand) and **H.R. 1722** (Pingree), would make it easier for farmers' markets, roadside stands, and other farm-to-consumer venues to participate as licensed retailers in SNAP (Supplemental Nutrition Assistance Program, formerly food stamps).<sup>139</sup>

## Considerations for Congress

Although the 2008 farm bill included a few new provisions that directly support local and regional food systems, and also contains several programs that benefit all U.S. agricultural producers, it currently does not contain many programs that directly support local and regional food systems. Many community and farm advocacy groups have argued that such food systems should play a larger policy role within the farm bill, and that the laws should be revised to reflect broader, more equitable policies across a range of production systems, including local and regional food systems.

Many in Congress have historically defended the existing farm support programs as a means to ensure that the United States has continued access to the "most abundant, safest, and most affordable food supplies in the world." However, there are long-standing criticisms of the traditional farm subsidy programs administered by USDA. Some criticize the fact that the core farm bill programs are focused on selected commodities—corn, wheat, cotton, rice, soybeans, dairy, and sugar—and there have been calls from both inside and outside Congress to revamp U.S. farm programs. Among other program criticisms are concerns about the overall effectiveness of farm programs and the cost to taxpayers and consumers, as well as questions about whether continued farm support is even necessary, given that many support programs were established many decades ago and are considered by some to be no longer compatible with current national economic objectives, global trading rules, and federal budgetary or regulatory policies.

In addition to calls for increased equity among all U.S. food producers—regardless of farm size, type of food, or how it is produced—various programmatic changes have been proposed, some of which dovetail with efforts by supporters of local food systems. For example, it may be argued

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<sup>139</sup> Under current law, states receive a 50% federal match for electronic benefit transfer machines which are provided to approved retailers. These bills seek to make these matching funds available for farm-to-consumer retailers who need a wireless machine – currently not eligible for government financing. H.R. 1722 includes a pilot project that would include the pursuit of mobile smartphone technology for this purpose.

that proposals to address existing restrictions on planting fruits, vegetables, and wild rice on program crop base acreage (**H.R. 2675/S. 1427**; Ribble/Lugar) may also have a “local” component, in that if these restrictions were removed the ability to grow fruits and vegetables on base acres could potentially provide benefits to producers in some regions.<sup>140</sup>

Supporters of an increased role for local food systems within the farm bill cite the increasing popularity of local foods, given perceived higher product quality and freshness, and a general belief that purchasing local foods helps support local farm economies and/or farmers that use certain production practices that may be more environmentally sustainable. Rising popularity is attributed to both increasing consumer demand and a desire among agricultural producers to take advantage of market opportunities within local and regional markets. Others contend that subsidizing the more traditional agriculture producers creates a competitive disadvantage to other producers who do not receive such support.

However, some may be opposed to extending farm bill support to local and regional food systems, which traditionally have not been a major constituency among other longstanding U.S. agricultural interests. Those opposed to extending farm bill benefits to local food systems cite concerns about overall limited financial resources to support U.S. agricultural producers as well as concerns that the most efficient and productive use of natural resources be employed for producing food. As shown by challenges from some in Congress to USDA’s “Know Your Farmer, Know Your Food” initiative, there are concerns about the perceived priorities of USDA and fear that a shift in priorities may result in fewer resources for “conventional farmers who produce the vast majority of our nation’s food supply” (see discussion in ““Know Your Farmer, Know Your Food” Initiative”). Other criticisms highlight the lack of an established definition of what constitutes a “local food” and also perception that USDA’s support of local foods is mostly targeted to affluent consumers in urban areas, rather than farmers in rural communities.

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<sup>140</sup> For additional information, see CRS Report RL34019, *Eliminating the Planting Restrictions on Fruits and Vegetables in the Farm Commodity Programs*; also comments from Doug Sombke, South Dakota Farmers Union, Institute of Medicine of the National Academies (OIM-NAS), *Farm and Food Policy: Relationship to Obesity Prevention*, May 19, 2011.

**Table 2. Selected USDA Programs that Potentially Support Local and Regional Food Systems**

USDA agency	Program Name / CFDA#	Program Type	Eligible Applicants	Assistance Amount	Total Funding Type/Amount
AMS	Specialty Crop Block Grant Program (SCBGP), 10.170.	Formula grants.	State departments of agriculture, in partnership with organizations.	Varies by state. Base grant (about \$180,000 per state), plus additional funds based on the state's share of the total value of U.S. specialty crop production. In FY2011, grants ranged from \$181,000 to \$18.7 million.	Mandatory, combined total of \$224 million for FY2009-FY2012. Local share: Unknown.
AMS	Farmers' Market Promotion Program (FMPP), 10.168.	Project grants.	Farmer cooperatives, grower associations, nonprofit/public benefit corporations, local governments, regional farmers' market authorities.	Limited to \$100,000, with a minimum award of \$5,000. Individual grants have averaged about \$50,000.	Mandatory, combined total of \$33 million for FY2008-2012. Local share: Unknown.
FNS	WIC Farmers' Market Nutrition Program (WIC-FMNP), 10.572.	Formula grants.	State health, agriculture and other agencies and Indian tribes.	Varies by state. In FY2011, grants ranged from \$6,300 to \$3.9 million.	Discretionary, \$16.5 million appropriated in FY2012. Local share: Unknown.
FNS	Senior Farmers' Market Nutrition Program (SFMNP), 10.576.	Project grants.	State health, agriculture and other agencies and Indian tribes.	Varies by state. In FY2011, grants ranged from \$10,000 to \$1.9 million.	Mandatory, \$20.6 million annually through FY2012. Local share: Unknown.
AMS	Federal State Marketing Improvement Program (FSMIP), 10.156.	Project grants.	State departments of agriculture, state agricultural experiment stations, and other state agencies.	Grants have ranged from \$21,000 to \$135,000, averaging \$51,385. Matching funds required.	Discretionary, about \$1.3 million appropriated annually. Local share: Unknown.
RD	Value-Added Producer Grants (VAPG), 10.352.	Project grants.	Individual farmers, agriculture producer groups, farmer and rancher cooperatives, and majority-controlled producer-based businesses.	Maximum grant amounts: \$100,000 (planning grant) and \$300,000 (working capital grant). Grant funds may be used to pay up to 50% of a project's costs. Applicant must contribute at least 50% in cash or in-kind contributions.	Mandatory, \$15 million (FY2008), available until expended, plus authorized annual appropriations of \$40 million (FY2008-2012). Local share: Unknown.
NIFA	Beginning Farmer and Rancher Development Program (BFRDP), 10.311.	Project grants.	State, tribal, local, or regionally-based networks or partnerships of public and private entities.	Up to \$250,000 per year for up to 3 years. Matching funds are required.	Mandatory, combined total of \$57 million for FY2009-FY2012, plus authorized annual appropriations of \$30 million through FY2012. Local share: Unknown.
NIFA	Small Business Innovation Research (SBIR), 10.212.	Project grants.	Small businesses (fewer than 500 employees).	Grant limited to \$100,000 and \$500,000, and limited to 8 months and 2 years, depending on the type and phase of the project.	Discretionary; appropriated funding has ranged from \$17 million to \$19 million (FY2010-FY2012). Local share: Unknown.

<b>USDA agency</b>	<b>Program Name / CFDA#</b>	<b>Program Type</b>	<b>Eligible Applicants</b>	<b>Assistance Amount</b>	<b>Total Funding Type/Amount</b>
RMA, NRCS, AMS	Agricultural Management Assistance (AMA), 10.917.	Direct payments for specified use.	Agricultural producers who voluntarily address certain farmland conservation issues.	Provides technical and financial assistance of up to 75% of the cost of installing certain practices. Total AMA payments shall not exceed \$50,000 per participant per year.	Mandatory, \$15 million annually (FY2008-FY2012), allocated to NRCS (50%), RMA (40%), and AMS (10%). Local share: Unknown.
RMA	Community Outreach and Assistance Partnership Program (COAPP), 10.455	Disseminate technical information; training	Educational institutions, community organizations, farmer/rancher associations, state departments of agriculture, and nonprofits.	Assistance is through a cooperative agreement, ranging from \$20,000 to \$100,000 per agreement. No matching funds are required.	In FY2011, awards totaled \$13.6 million through two RMA programs. Local share: Unknown.
USDA, Office of Outreach and Advocacy	Outreach and Assistance to Socially Disadvantaged Farmers and Ranchers (OASDFR), 10.443.	Project grants.	Land grant institutions, state-controlled institutions, Indian tribes, Latino-serving institutions, nonprofits, community organizations.	Grants range from \$100,000 to \$400,000 per year for up to 3 years, with no matching requirements.	Discretionary. Appropriated up to \$6 million; much lower than authorized amount (\$25 million a year, 2002 farm bill). Local share: Unknown.
RD	Rural Cooperative Development Grant (RCDG), 10.771.	Project grants.	Nonprofit corporations including universities.	1-year grants up to \$225,000, with matching requirements. Maximum award amount per Small Socially-Disadvantaged Producer Grant is \$200,000.	Discretionary. Appropriations lower than authorized (\$50 million annually). Grant funds range from \$7-8 million (FY2010-2011). Local share: Unknown.
RD	Business and Industry (B&I) Guaranteed Loans, 10.768.	Direct and guaranteed loans.	Individual, nonprofits, business,	Guaranteed loans up to \$10 million, with special exceptions for loans up to \$25 million. The Secretary may approve guaranteed loans up to \$40 million, for rural cooperative organizations that process value-added agricultural commodities.	Obligations were \$1.3 billion in FY2010, and \$1.2 billion in FY2011. Local share: At least 5% by law.
RD	Community Facilities (CF), 10.766.	Direct and guaranteed loans; project grants.	Public and nonprofit organizations, and Indian tribes.	Direct loans range from \$5,000 to \$9 million (average: \$828,407); guaranteed loans range from \$26,000 to \$20 million (average: \$2.8 million); and project grants range from \$300 to \$0.4 million. No matching requirements.	Direct loans: \$290 million (FY2011); guaranteed loans: \$196 million (FY2011); project grants: \$28 million (FY2011). Local share: Unknown.
RD	Rural Business Enterprise Grants (RBEG), 10.769.	Project grants.	Rural public entities (towns, communities, state agencies, and authorities), Indian tribes, and rural private nonprofit organizations.	No set maximum or minimum, but smaller grants are prioritized. Grants generally range from \$10,000 up to \$500,000, with no matching requirements. The average award amount is just under \$100,000.	Obligations for all project grants have averaged about \$40 million annually (FY2009-FY2011). Local share: Unknown.
RD	Rural Business Opportunity Grant (RBOG), 10.773.	Project grants.	Rural public entities, rural nonprofit corporations, rural Indian tribes, and cooperatives.	Up to \$250,000 for project period, up to 2 years, with matching requirements. Grants generally range from \$10,000 up to \$150,000.	Obligations for all project grants have averaged about \$2.5 million annually (FY2010-FY2012). Local share: Unknown.

USDA agency	Program Name / CFDA#	Program Type	Eligible Applicants	Assistance Amount	Total Funding Type/Amount
RD	Rural Microentrepreneur Assistance Program (RMAP), 10-870.	Loans and technical assistance grants.	Microenterprise Development Organizations (MDOs), or other nonprofit organizations, Indian tribe or public institution of higher education that serve rural areas.	Loans range from a minimum of \$50,000 to a maximum of \$500,000 for a single loan in any given fiscal year. Grants are awarded up to \$130,000, with matching requirements.	Mandatory. \$4 million annually (FY2009-FY2011); \$3 million for FY2012, plus authorized appropriations of \$40 million annually (FY2009-FY2012). Local share: Unknown.
NIFA	Sustainable Agriculture Research and Education (SARE), 10.215.	Project grants.	Individual farmers/ranchers, extension agents and university educators, researchers, nonprofits, and communities.	Varies depending on the type of grant and the region, ranging from \$1,000 for a producer grant or \$350 for a research grant.	Discretionary. Appropriated funding averaging \$13 million to \$14 million annually (FY2010-FY2012). Local share: Unknown.
FNS	Farm to School, 10.579.	Project grants.	Eligible schools, state and local agencies, Indian tribes, agricultural producers/groups, nonprofits organizations.	Maximum grant amount shall not exceed \$100,000, and the federal share not exceed 75% of the total project cost.	Mandatory funding set at \$5 million starting on October 1, 2012, and each October 1 thereafter, plus appropriations "such sums as necessary" (FY2011-FY2015). Local share: Unknown.
FNS	School Gardens, 10.579.	Project grants.	The pilot shall target not more than five states (either a school-based or a community-based summer program).	USDA's People's Garden School Pilot Program was awarded to Washington State University and will serve students attending 70 elementary schools (WA, NY, IA, AR).	The 2008 farm bill did not authorize appropriations to carry out the provision, but USDA allocated \$1 million to the Peoples' Garden School Pilot Program.
FNS	Provision within commodity procurement through "DoD Fresh" program.	Allows geographic preference regarding commodity purchases.	Eligible schools, state and local agencies.	Provision is structured as a preference and does not require states and school food authorities to include geographic preference in their procurement.	The 2008 farm bill did not authorize appropriations or designate how much participating states should spend in carrying out this provision. Local share: Unknown.
NIFA	Community Food Projects (CFP), 10.225.	Project grants.	Nonprofits, cooperatives, commercial entities, farmers, academic institutions, and USDA-designated entities.	Grants range from \$10,000-\$30,000 per project, and require a match in resources.	Mandatory, combined total of \$1 million for FY2009-2011, plus authorized appropriations of \$2 million (FY2012). Local share: Unknown.

**Source:** Compiled by CRS. Funding levels shown are those available for all U.S. farming operations and food distribution systems, regardless of size and distance from market. Data are not available to determine share of available funding for the highlighted program used to support local and regional food systems. Programs are grouped according to their listing in the **Appendix**; groupings are not intended to indicate any rank or importance. Policy changes within commodity procurement through "DoD Fresh" are not a program per se.

**Notes:** "Mandatory" means funding is available without an annual appropriation, and usually funded through the Commodity Credit Corporation (CCC). "Discretionary" requires an annual appropriation by Congress. Where the funding source could not be readily determined, available data on obligations/awards are provided. USDA agencies include Agricultural Marketing Service (AMS), Rural Development (RD), Risk Management Agency (RMA), National Institute of Food and Agriculture (NIFA), Agricultural Research Service (ARS), Natural Resources Conservation Service (NRCS), and Food and Nutrition Service (FNS).

## Appendix. Overview of Selected Federal Programs

Following is a listing of generally available federal farm support and grant programs that may generally provide support and assistance to local and regional food production systems. However, except as noted, these programs are not limited or targeted to local or regional food systems. These federal programs are grouped into the following broad program categories (grouped by type of support and not intended to indicate any rank or importance):

- marketing and promotion;
- business assistance;
- rural and community development;<sup>141</sup> and
- nutrition and education.

These programs are summarized in **Table 2** above. Many of the programs reviewed below are highlighted as part of the Administration's "Know Your Farmer, Know Your Food" initiative, among other USDA documentation.<sup>142</sup> Other programs have been identified by the National Sustainable Agriculture Coalition (NSAC) in its *Guide to USDA Funding for Local and Regional Food Systems*, as well as various state or regional initiatives that are listed in the appendix of NSAC's report.<sup>143</sup> A primary source of information on these selected programs is from the Catalog of Federal Domestic Assistance.<sup>144</sup>

This appendix does not provide a comprehensive listing of all possible USDA programs that might benefit local and regional food systems. Instead, it focuses on selected USDA grant and loan programs administered by the Agricultural Marketing Service (AMS), the Rural Development (RD) agencies, and the Food and Nutrition Service (FNS).

Although this appendix provides some information on a few programs administered by other USDA agencies, it does not review many of the broad-based conservation and research programs that provide benefits to a range of agricultural producers, including producers engaged in local and regional food production systems, either directly or indirectly.<sup>145</sup> These programs are

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<sup>141</sup> For more information, see CRS Report RL31837, *An Overview of USDA Rural Development Programs*. USDA links to state or local office information is at [http://www.rurdev.usda.gov/recd\\_map.html](http://www.rurdev.usda.gov/recd_map.html). For most programs, "rural areas" are defined as any area except a city or town where the population exceeds 50,000, or any urbanized area contiguous or adjacent to a town with more than 50,000 people (7 U.S.C. § 1991(a)(13)(A)).

<sup>142</sup> USDA, "Grants, Loans, and Support," ([http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF\\_GRANTS](http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANTS)); "Family and Small Farms" (<http://www.nifa.usda.gov/familysmallfarms.cfm>); "USDA Resources for Local Food Systems" ([http://www.csrees.usda.gov/nea/food/in\\_focus/health\\_if\\_usda\\_local\\_food.html](http://www.csrees.usda.gov/nea/food/in_focus/health_if_usda_local_food.html)); and "Farms and Community" ([http://afsic.nal.usda.gov/nal\\_display/index.php?info\\_center=2&tax\\_level=1&tax\\_subject=301](http://afsic.nal.usda.gov/nal_display/index.php?info_center=2&tax_level=1&tax_subject=301)).

<sup>143</sup> Including partnerships and university programs located in Iowa, Illinois, Michigan, Minnesota, New York, North Carolina, Ohio, Oregon, Washington, Wisconsin, and other states. Also, presentations from Drake University Law School conference, "America's New Farmers: Policy Innovations and Opportunities," Washington DC, March 2010.

<sup>144</sup> CFDA has detailed program descriptions for more than 2,000 federal assistance programs (<https://www.cfda.gov>).

<sup>145</sup> For more information, see CRS Report R40763, *Agricultural Conservation: A Guide to Programs* and CRS Report R40819, *Agricultural Research, Education, and Extension: Issues and Background*. Information on how these programs contribute to local and regional food systems are outlined in memos from USDA Deputy Secretary Kathleen A. Merrigan "Harnessing USDA Natural Resources Conservation Service Programs to Support Local and Regional Food Systems," January 21, 2011, <http://kyf.blogs.usda.gov/files/2011/01/NRCS-Memo.pdf>, and "USDA Research, Education, and Economics Support for Local and Regional Food Systems," October 27, 2009, <http://www.usda.gov/documents/KnowYourFarmerandREE.pdf>.

authorized by the periodic omnibus farm bill. USDA's conservation programs are administered by the Natural Resources Conservation Service (NRCS) and the Farm Service Agency (FSA), and provide financial and technical assistance, as well as competitive grants, as part of a range of programs administered by these USDA agencies. USDA's research and extension programs are administered by the Agricultural Research Service (ARS) or the National Institute of Food and Agriculture (NIFA), and provide funding to states and local partners through various mechanisms, such as formula funds, competitive grants, and other programs.<sup>146</sup>

The funding levels reported for these selected programs are those available, in some cases, for all U.S. farming operations and food distribution systems, regardless of size and location from market. Data are not available to determine share of available funding for these programs used to support local and regional food systems, compared to all other types of farming systems. Only a few cases exist where there is a statutory requirement supporting local production, such as in the 5% set-aside of total Business and Industry (B&I) loans, or the option to make local purchases under USDA's Farm to School program. For many of these programs, most indications are that the share used to support local food systems is likely very small.

## **Marketing and Promotion**

### **Specialty Crop Block Grant Program**

The Specialty Crop Block Grant Program (SCBGP), administered by AMS, was authorized in the Specialty Crops Competitiveness Act of 2004 (P.L. 108-465), and further amended by the 2008 farm bill.<sup>147</sup> Under the program, USDA provides block grants to the state departments of agriculture within the 50 states, the District of Columbia, and the U.S. territories to enhance the competitiveness of specialty crops. The program is funded through USDA's Commodity Credit Corporation (CCC),<sup>148</sup> and is therefore mandatory, available without an annual (or discretionary) appropriation. Program funding will have totaled \$224 million over the FY2009-FY2012 period: \$10 million (FY2008); \$49 million (FY2009); and \$55 million annually (FY2010-2012).

Under the program, each state receives a base grant plus additional funds based on the state's share of the total value of U.S. specialty crop production.<sup>149</sup> California, Florida, and Washington have been the three largest recipients under this program, accounting for nearly one-half of all available funds.<sup>150</sup> How each state spends its allocation depends on its priorities. In FY2011, a

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<sup>146</sup> USDA's Current Research Information System (CRIS) is the agency's documentation and reporting system for ongoing and recently completed research and education projects. See <http://cris.csrees.usda.gov/>; <http://cris.nifa.usda.gov/cgi-bin/starfinder/0?path=crisassist.txt&id=anon&pass=&OK=OK>.

<sup>147</sup> P.L. 110-246, § 10109; 7 U.S.C. § 1621 note (CFDA# 10.170). "Specialty crop" is defined as: "fruits and vegetables, tree nuts, dried fruits, and horticulture and nursery crops (including floriculture)." See also "USDA Definition of Specialty Crop" (<http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5082113>).

<sup>148</sup> USDA's Commodity Credit Corporation is a government-owned corporation that is authorized to borrow up to \$30 billion at any one time from the U.S. Treasury. The CCC mainly is a financing mechanism for farm bill programs such as commodity price and income supports, agricultural conservation, export assistance, and other mandated authorizations.

<sup>149</sup> The minimum base grant each state is eligible to receive is equal to the higher of \$100,000 or 1/3 of 1% of the total amount of funding made available for that fiscal year. For FY2010, the base grant portion was \$181,210 per state. The additional allocation is based on the value of specialty crop production in each state relative to national production, using available cash receipt data.

<sup>150</sup> USDA, "Fiscal Year 2011 Awards," <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5093883>.



total of 739 projects were funded covering marketing and promotion (32% of projects), education (15%), research (15%), pest and plant health (16%), food safety (9%), and production (6%), among other types of projects (7%).<sup>151</sup> USDA's annual report describes the funded projects across all states.<sup>152</sup> Among the types of projects funded by the program are school and community gardens; farm-to-school programs; certification and training for farmers; facilities that support the processing, aggregation, and distribution of locally grown specialty crops; and improved access to specialty crops in underserved communities.<sup>153</sup> A report by the National Farm to School Network indicates that many states have funded farm-to-school programs using these program funds.<sup>154</sup>

### **Farmers' Market Promotion Program**

The Farmers' Market Promotion Program (FMPP), administered by AMS, was originally authorized in the Farmer-to-Consumer Direct Marketing Act of 1976, was amended in the 2002 and 2008 farm bills.<sup>155</sup> Under the program, USDA provides grants to establish, improve, and promote farmers' markets and other direct marketing activities such as roadside stands, community supported agriculture (CSAs), pick-your-own farms, agritourism, direct sales to schools, and other direct marketing activities. Eligible entities include farmer cooperatives, grower associations, nonprofit/public benefit corporations, local governments, economic development corporations, regional farmers' market authorities, among others. FMPP grants are available to bring local farm products into federal nutrition programs with electronic benefits transfer (EBT) technology at direct-market outlets; raise customer awareness of local foods through promotion and outreach; educate farmers and growers in marketing, business planning, and similar topics; increase market awareness through advertising and branding efforts; and purchase infrastructure, such as refrigerated trucks, or equipment for a commercial kitchen for value-added products.<sup>156</sup> Grant awards are limited to \$100,000, with a minimum award of \$5,000. Matching funds are not required. Funding is through the CCC: \$3 million (FY2008); \$5 million (FY2009-2010); and \$10 million annually (FY2011-2012). A listing of FY2011 awards are at USDA's website.

### **Farmers' Market Nutrition Programs**

FNS administers two programs that provide redeemable benefits at farmers' markets—the WIC Farmers' Market Nutrition Program (WIC-FMNP), and the Senior Farmers' Market Nutrition Program (SFMNP). The FNS provides grants to state agencies, such as state health, agriculture and other agencies and Indian Tribal Organizations (ITOs), in nearly all states.<sup>157</sup> Participating state agencies must submit a plan describing how the agency intends to implement, operate and administer the program. Grant payments are made by a letter of credit, and state agencies may withdraw funds only as needed.

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<sup>151</sup> AMS, "Funded Projects," <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5093992>.

<sup>152</sup> Ibid. USDA's report provides a full listing of all program recipients by state, applicant name, and grant amount.

<sup>153</sup> USDA, "Grants, Loans, and Support," [http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF\\_GRANTS](http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANTS).

<sup>154</sup> Farm to School Network, "Specialty Crop Block Grant Program Funded Projects Project SubType - Farm to School," [http://www.farmtoschool.org/files/publications\\_267.pdf](http://www.farmtoschool.org/files/publications_267.pdf). The summary covers the FY2006-2009 period.

<sup>155</sup> P.L. 94-463; 7 U.S.C. § 3005 (CFDA# 10.168). AMS, <http://www.ams.usda.gov/AMSV1.0/FMPP>.

<sup>156</sup> USDA, "Grants, Loans, and Support," [http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF\\_GRANTS](http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANTS).

<sup>157</sup> A map of participating states is at <http://www.fns.usda.gov/wic/SFMNP-FMNP-Map.pdf>.

The WIC-FMNP was first established in 1992 under the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), and later amended, to provide fresh, locally grown produce to low-income WIC applicants and recipients and to expand their use of farmers' markets. The program allows farmers' markets and roadside stands to accept WIC-FMNP benefits (usually through coupons).<sup>158</sup> Participating state agencies must provide program income or state, local, or private funds for the program in an amount that is equal to at least 30% of the administrative cost of the program, with some exceptions for tribal agencies. In FY2010, the program covered an estimated 2.15 million recipients, and about 18,200 farmers, 3,600 farmers' markets, and 2,800 roadside stands. Coupons redeemed through the program resulted in an estimated \$15.7 million in revenue to farmers for FY2010. Total WIC-FMNP grant funding ranged from \$21 million to \$23 million per year between FY2006-FY2011; grant amounts for individual states are at USDA's website.<sup>159</sup> Appropriated funding for the WIC FMNP totaled \$19.96 million in FY2011.

The SFMNP was authorized in the 2002 farm bill, and amended in the 2008 farm bill, to provide fruits, vegetables, herbs and honey from farmers' markets, roadside stands and CSA programs to low-income seniors, by allowing farmers' markets and roadside stands to accept FMNP coupons.<sup>160</sup> The SFMNP awards grants to states, territories, and ITOs to provide low-income seniors with coupons that can be exchanged for eligible foods at farmers' markets, roadside stands, and CSAs. Funding in FY2010 covered an estimated 845,000 participants and about 20,100 farmers, 4,600 farmers' markets, 3,700 roadside stands, and 160 CSAs. The 2008 farm bill provided for additional mandatory funding through the CCC of \$20.6 million annually to operate the SFMNP through FY2012. Total SFMNP grant levels ranged from \$16 million to \$22 million per year between FY2006-FY2011; grant amounts for individual states are at USDA's website.<sup>161</sup>

In addition, benefits under the FNS-administered Supplemental Nutrition Assistance Program (SNAP) provides additional available resources to patronize and support farmers markets. SNAP participants receive benefits on an electronic benefit transfer card that they may redeem at an authorized retailer for most foods. SNAP benefits may also be used to purchase seeds or plants to grow food.<sup>162</sup> Farmers' markets may become SNAP-licensed retailers.<sup>163</sup> USDA reported that in 2010 that 1,611 farmers' markets or individual farmers were authorized to accept SNAP benefits, and they redeemed a total of \$7.5 million in SNAP benefits—an increase of 263% in authorizations and a 49% in benefits redeemed compared to the previous five-year period.<sup>164</sup>

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<sup>158</sup> P.L. 111-296, § 424; 42 U.S.C. 1786, amending the Child Nutrition Act (CFDA# 10.572). FNS, <http://www.fns.usda.gov/wic/fmnp/fmnpfaq.htm>.

<sup>159</sup> FNS, "Grant Levels by State, FY 2006-2011," <http://www.fns.usda.gov/wic/FMNP/FMNPgrantlevels.htm>.

<sup>160</sup> P.L. 107-171; § 4402; 7 U.S.C. 3007 (CFDA# 10.576). USDA, <http://www.fns.usda.gov/wic/SeniorFMNP/SFMNPmenu.htm>.

<sup>161</sup> FNS, "SFMNP Grant Levels, FY 2006-2011," <http://www.fns.usda.gov/wic/SeniorFMNP/SFMNPgrantlevels.htm>.

<sup>162</sup> The 1973 farm bill (Agriculture and Consumer Protection Act of 1973, P.L. 93-86, 7 U.S.C. § 2012(b)) included an amendment to the Food Stamp Act such that "the term 'food'... shall also include seeds and plants for use in gardens to produce food for the personal consumption of the eligible household." For information see FNS, "SNAP: Eligible Foods," <http://www.fns.usda.gov/snap/retailers/eligible.htm> and SNAPGardens.org, (<http://www.snapgardens.org/>).

<sup>163</sup> For information see USDA, FNS, "SNAP: Learn How You Can Accept SNAP Benefits At Farmers' Markets," <http://www.fns.usda.gov/snap/eft/fm.htm>.

<sup>164</sup> USDA FNS, "SNAP's Benefit Redemption Division (BRD) Annual Report for Fiscal Year 2010," May 3, 2011, <http://www.fns.usda.gov/snap/retailers/pdfs/2010-annual-report.pdf>. Based on a total out of 6,132 farmers' markets.

SNAP law, however, does not require or encourage that benefits be redeemed at local establishments or in farm-to-consumer settings. One program option exists for targeting these resources to farmers' markets: SNAP bonus incentive projects, which allow SNAP participants to redeem their benefits from more than "money on the dollar." For example, a participant may exchange \$3 of benefits for a \$6 voucher to redeem at the market.<sup>165</sup> FNS, however, requires that the bonus funds be non-federal dollars, and that the farmers' markets include their intention to be part of a bonus incentive program as part of their authorization plan.<sup>166</sup>

## **Federal State Marketing Improvement Program**

The Federal State Marketing Improvement Program (FSMIP) was authorized in the Agricultural Marketing Act of 1946.<sup>167</sup> Administered by AMS, the program provides matching funds to state departments of agriculture, state agricultural experiment stations, and other appropriate state agencies to provide new market opportunities for U.S. food and agricultural products and to encourage research and innovation to improve the efficiency and performance of the marketing system. Matching funds are required. In addition to the projects that are geared toward developing and improving production and marketing of agricultural products, FSMIP specifically encourages state agencies to submit proposals to enhance rural communities by developing local and regional food systems and value-added agriculture, as well as direct marketing opportunities for producers, or producer groups. Eligible projects may include determining market demand for local products; building online marketing tools such MarketMaker; developing protocols for harvesting excess crops for local food banks; and developing business plans for food hubs.<sup>168</sup> A list of previously funded projects is at USDA's website.<sup>169</sup> In recent years, FSMIP grants have ranged from \$21,000 to \$135,000 each. USDA has received about \$1.3 million annually in appropriated funding for the program, which has been used to fund 20-25 projects, averaging about \$50,000 each.

## **Business Assistance**

### **Value-Added Producer Grants**

The Value-Added Producer Grants (VAPG) program was originally authorized by the Agricultural Risk Act of 2000, and amended by subsequent farm bills.<sup>170</sup> The program, administered by USDA's Rural Business-Cooperative Service, provides grants to eligible entities, such as independent agricultural commodity producers, agricultural producer groups, farmer and rancher cooperatives, and majority-controlled producer-based businesses, to develop strategies and

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<sup>165</sup> For information on some examples of SNAP bonus incentive programs see a news release from a private sponsor for a program in Rhode Island ("BankRI Supports Farm Fresh Rhode Island's Bonus Bucks for Snap Program," December 6, 2011, <https://www.bankri.com>) and a listing of Detroit farmers' markets that participated in summer 2011 ("Bridge Card Bonus at Farmers' Markets this Summer," July 7, 2011, <http://www.doubleupfoodbucks.org/>).

<sup>166</sup> USDA-FNS, "Supplemental Nutrition Assistance Program – Bonus Incentives," [http://www.fns.usda.gov/snap/ebt/fm-scrip-Bonus\\_Incentives.htm](http://www.fns.usda.gov/snap/ebt/fm-scrip-Bonus_Incentives.htm).

<sup>167</sup> 7 U.S.C. § 1621-1627 (CFDA# 10.156). See USDA, AMS, "FY2011 FSMIP Guidelines," <http://www.ams.usda.gov/AMSV1.0/FSMIP>.

<sup>168</sup> USDA, "Grants, Loans, and Support," [http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF\\_GRANTS](http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANTS). Also see AMS, "FY2011 FSMIP Guidelines," <http://www.ams.usda.gov/AMSV1.0/FSMIP>; and NSAC, "Federal-State Marketing Improvement program Grants Support Sustainable Agriculture," July 13, 2011.

<sup>169</sup> USDA AMS, "FSMIP Projects: 1990-Present," <http://www.ams.usda.gov/AMSV1.0/FSMIP>.

<sup>170</sup> P.L. 106-224, § 6202; 7 U.S.C. § 1621 note (CFDA# 10.352).

business plans to further refine, enhance, or otherwise add value to their products. Grants may be used for planning activities (such as development of feasibility studies, business plans, and marketing strategies) and for working capital to implement a marketing strategy for value-added agricultural products and for farm-based renewable energy. The maximum grant amount of a planning grant is \$100,000 and of a working capital grant is \$300,000. Grant funds may be used to pay up to 50% of a project's costs, with the applicant contributing at least 50% in cash or in-kind contributions.<sup>171</sup> Value-added producer grants offer another potential resource for local and regional food production systems to engage in market and product development, as well as to finance various value-added activities, such as further processing and packaging of raw agricultural commodities. In addition, the program provides priority funding for projects that contribute to opportunities for beginning farmers or ranchers, socially disadvantaged farmers or ranchers, and operators of small- and medium-sized family farms and ranches.

Available funding is both mandatory and subject to annual appropriations. Current mandatory funding levels provided that \$15 million for FY2008, which is available until expended. Discretionary funding is authorized at \$40 million annually from FY2008-2012. Since the program began in 2001 the total amount of grant funding provided has ranged from about \$15 million to more than \$20 million annually. In FY2009, \$22.4 million in grants were awarded. A full listing of all FY2009 VAPG recipients by state, applicant name, and grant amount is available at USDA's website.<sup>172</sup>

### **Beginning Farmer and Rancher Development Program**

The Beginning Farmer and Rancher Development Program (BFRDP), administered by NIFA, was authorized in the 2002 farm bill.<sup>173</sup> The program provides competitive grants to new and established local and regional training, education, outreach, and technical assistance initiatives that address the needs of beginning farmers and ranchers. Grants are awarded to state, tribal, local, or regional networks or partnerships of public and private entities. Eligible project areas include production and land management strategies that enhance land stewardship; business management and decision support strategies that improve financial viability; marketing strategies for increased competitiveness; and legal strategies that assist with farm or land acquisition and transfer. The maximum amount of a grant is \$250,000 per year and is limited to three years, with a 25% match in resources. The 2008 farm bill provided CCC funds of \$18 million for FY2009, and \$19 million annually for FY2010 through 2012. Annual appropriations of \$30 million were also authorized for FY2008 through 2012. Abstracts of funded projects by state and amount are available at USDA's website.<sup>174</sup>

### **Small Business Innovation Research**

The Small Business Innovation Research (SBIR) program originated as part of the Small Business Innovation Development Act of 1982, as amended.<sup>175</sup> The program, administered by

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<sup>171</sup> USDA, <http://www.rurde.usda.gov/rbs/coops/vadg.htm>.

<sup>172</sup> Awards for previous years (2001-2008) are at <http://www.rurdev.usda.gov/rbs/coops/vadg.htm>.

<sup>173</sup> P.L. 107-171, § 7405; 7 U.S.C. § 3319f (CFDA# 10.311). USDA, <http://www.nifa.usda.gov/funding/bfrdp/bfrdp.html>; and [http://www.usda.gov/wps/portal/usda/usdahome?contentid=kyf\\_grants\\_nifa3\\_content.html](http://www.usda.gov/wps/portal/usda/usdahome?contentid=kyf_grants_nifa3_content.html).

<sup>174</sup> USDA, <http://www.csrees.usda.gov/fo/beginningfarmerandrancher.cfm>.

<sup>175</sup> P.L. 97-219; 15 U.S.C. § 638 (CFDA# 10.212). Also: [http://www.nifa.usda.gov/funding/sbir/sbir\\_synopsis.html](http://www.nifa.usda.gov/funding/sbir/sbir_synopsis.html).

NIFA, provides grants to qualified small businesses to stimulate technological innovations in the private sector; strengthen the role of small businesses in meeting federal research and development needs; increase private sector commercialization of innovations derived from USDA-supported research and development efforts; and foster and encourage participation by women-owned and socially and economically disadvantaged small business firms in technological innovations. Eligible applicants include small businesses with fewer than 500 employees. Grant amounts are limited to \$100,000 and \$500,000 per project, and limited to eight months and to two years, respectively, depending on the type and phase of the project. Previously, grants have been awarded to small and mid-size farms and ranches that sell to local markets and to implement a CSA model to bring their locally grown food to inner city households and schools, among other types of projects.<sup>176</sup> A summary of funded projects is at USDA's website.<sup>177</sup> In recent years, appropriated program funding has ranged from about \$17 million to \$19 million (FY2010-FY2012).

### **Agricultural Management Assistance**

The Agricultural Management Assistance (AMA) program was authorized in the Agricultural Risk Protection Act of 2000,<sup>178</sup> and amended by subsequent farm bills. AMA is managed by three USDA agencies—NRCS, AMS, and the Risk Management Agency (RMA). The program provides assistance for producers in states traditionally underserved by federal crop insurance<sup>179</sup> to mitigate financial risk through production or marketing diversification or resource conservation practices. AMA is funded through the CCC at \$15 million annually from FY2008-FY2014 and the funding is allocated in statute as follows: NRCS (50%), RMA (40%), and AMS (10%).<sup>180</sup> The NRCS portion provides financial and technical assistance to farmers to voluntarily address issues such as water management, water quality, and erosion control by incorporating conservation into their farming operations.<sup>181</sup> The program provides technical and financial assistance of up to 75% of the cost of installing certain conservation practices. The RMA portion provides assistance to farmers to mitigate financial risk through production or marketing diversification, including support for direct marketing and value-added processing, and the development of new risk management approaches. RMA historically used AMA to provide assistance to producers for the purchase of Adjusted Gross Revenue (AGR) insurance but has recently been used to increase participation for buy-up insurance coverage.<sup>182</sup> The AMS portion provides support for transition to organic farming through organic certification cost share assistance. Total AMA payments from all three agencies cannot exceed \$50,000 per participant for any fiscal year.

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<sup>176</sup> USDA, "SBIR," [http://www.usda.gov/wps/portal/usda/usdahome?contentid=kyf\\_grants\\_nifa5\\_content.html](http://www.usda.gov/wps/portal/usda/usdahome?contentid=kyf_grants_nifa5_content.html).

<sup>177</sup> NIFA, "Abstracts of Funded SBIR Projects," [http://www.nifa.usda.gov/funding/sbir/sbir\\_abstracts.html](http://www.nifa.usda.gov/funding/sbir/sbir_abstracts.html).

<sup>178</sup> P.L. 106-224, § 524b; 7 U.S.C. § 1524 (CFDA# 10.917). USDA, <http://www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/financial/ama>.

<sup>179</sup> States include Connecticut, Delaware, Hawaii, Maryland, Massachusetts, Maine, Nevada, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia, and Wyoming.

<sup>180</sup> P.L. 110-246, § 2801.

<sup>181</sup> USDA, <http://www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/financial/ama>.

<sup>182</sup> The AGR provides a guaranteed revenue level for the whole farm and rewards more diversified farmers with higher coverage levels and smaller insurance premiums. Buy-up insurance provides higher coverage on crops and lower deductibles (referred to as the Financial Assistance Program); <http://www.rma.usda.gov/bulletins/managers/2011/mgr-11-008.pdf>. For more information, see CRS Report R40532, *Federal Crop Insurance: Background and Issues*.

## **Community Outreach and Assistance Partnership Program**

The Community Outreach and Assistance Partnership Program (COAPP), administered by RMA, is intended to ensure that women, limited resource, socially disadvantaged and other traditionally underserved producers of priority commodities are provided information and training necessary to use financial management, crop insurance, marketing contracts, and other existing and emerging risk management tools.<sup>183</sup> The program provides education, community outreach, and assistance in 47 states to help small and underserved producers get crop insurance education to effectively manage their risk and remain productive. Eligible applicants include educational institutions, community based organizations, associations of farmers and ranchers, state departments of agriculture, and other non profit organizations. Assistance is through a cooperative agreement, ranging from \$20,000 to \$100,000 per agreement. No matching funds are required. In FY2011, awards totaling about \$13.6 million were made available through two RMA programs.<sup>184</sup>

## **Outreach and Assistance to Socially Disadvantaged Farmers and Ranchers**

The Outreach and Assistance to Socially Disadvantaged Farmers and Ranchers (OASDFR) program was first authorized in the 1990 farm bill, as amended.<sup>185</sup> Also referred to as the “Section 2501 program,” it requires USDA to provide outreach and technical assistance to socially disadvantaged producers, defined as members of a group that has been subjected to racial or ethnic prejudice. The program provides competitive grants to land grant institutions (1862, 1890, or 1994), tribal governments and organizations, Latino-serving institutions, state-controlled institutions, and community-based organizations and nonprofits to provide outreach, training, education, financial assistance, and technical assistance, in order to encourage and assist socially disadvantaged farmers, ranchers, and forest landowners in owning and operating farms, ranches and non-industrial forest lands. OASDFR supports a range of outreach and assistance activities, including farm and financial management, marketing, and application and bidding procedures. Section 2501 was authorized at \$25 million a year in the 2002 farm bill; however, the program has not received a congressional appropriation of more than \$6 million in any year since. Grants range from \$100,000 to \$400,000 per year for up to three years, and there are no matching requirements. The program is administered by USDA’s new Office of Outreach and Advocacy.

## **Rural and Community Development Programs**

### **Rural Cooperative Development Grant**

The Rural Cooperative Development Grant (RCDG) program was originally authorized in the 1990 farm bill, amending the Consolidated Farm and Rural Development Act (ConAct),<sup>186</sup> it was

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<sup>183</sup> Federal Crop Insurance Act (P.L. 96-365), as amended; 7 U.S.C. § 1522(d) (CFDA# 10.455). USDA, <http://www.rma.usda.gov/aboutrma/civilrights/outreach.html>.

<sup>184</sup> RMA’s Targeted States and the Education and Outreach programs. See USDA, “USDA Invests in Crop Insurance Education to Help Small and Underserved Producers in 47 States Manage Risk, Remain Productive,” October 28, 2011.

<sup>185</sup> P.L. 101-624, § 2501; 7 U.S.C. 2279 (CFDA# 10.443), as amended in the 2008 farm bill (P.L. 110-246, § 14004). USDA, <http://www.outreach.usda.gov/oasdf/>. See also CRS Report RS20430, *The Pigford Cases: USDA Settlement of Discrimination Suits by Black Farmers*.

<sup>186</sup> P.L. 101-624, § 2347; ConAct § 310B(e), 7 U.S.C. § 1932 (CFDA# 10.771), P.L. 110-246, § 6013. Formerly known as the Rural Technology and Cooperative Development Grant Program (RTCDG). USDA, <http://www.rurdev.usda.gov/rbs/coops/rcdg/rcdg.htm>.

further amended in the 1996 and 2002 farm bills, and extended in the 2008 bill. Administered by RD, the program provides project grants to nonprofit institutions, including universities, to establish and operate new or existing centers for rural cooperative development, value-added processing, and rural businesses, especially cooperatives.<sup>187</sup> Some eligible uses of funds include providing technical assistance, training and educating existing cooperatives; conducting feasibility studies and providing organizational guidance to new cooperatives; and assessing the need and evaluating the potential support base for newly developing cooperatives.<sup>188</sup> The RCDG program has been used to support local food systems by establishing linkages with local food hubs, through the development and distribution of best practices and through training and technical assistance to farmer cooperatives or any enterprises where multiple farmers collaborate thus providing for “scaling up” opportunities.<sup>189</sup>

Matching fund requirements are 25% of the total project cost for most eligible entities, but vary in some cases. Funding is discretionary, with authorized appropriations of \$50 million annually (FY2008-2012); however, actual appropriated amounts have been lower. For FY2010, total funding for grants was \$7.9 million, covering about 35 awards up to \$225,000 each for a period of one year. FY2011 funds were an estimated \$7.4 million.

Under the RCDG program, funds may be used for applications that focus on assistance to small, minority producers through their cooperative businesses. The Small Socially-Disadvantaged Producer Grant (SSDPG) is administered under the RCDG program.<sup>190</sup> SSDPG provides technical assistance to small, socially-disadvantaged agricultural producers through eligible cooperatives and associations of cooperatives. Total program funding is estimated at about \$3.5 million. The maximum award amount per grant is \$200,000. No matching funds are required.

## **Business and Industry Guaranteed Loan Program**

The Business and Industry (B&I) Guaranteed Loan Program was authorized as part of the ConAct, as amended in the 1996 and 2002 farm bills.<sup>191</sup> Administered by RD, the program provides guaranteed loans to help new and existing businesses in rural areas gain access to affordable capital. By issuing a guarantee to a private lender, USDA essentially co-signs the loan to a business owner, promising to pay a portion of any loss that might result if the business owner is unable to repay the loan. Having the guarantee reduces the lender’s risk, allowing more favorable interest rates and terms. An eligible borrower may be an individual, a cooperative organization, corporation, partnership, or other legal entity (both for profit or nonprofit), or a federally recognized tribal group. Loans may be used to cover business and industrial acquisitions to prevent the business from closing; prevent the loss of employment opportunities, or provide expanded job opportunities; provide for business conversion, enlargement, repair, modernization,

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<sup>187</sup> Cooperative development centers must primarily serve “rural areas” defined as any area except a city or town where the population exceeds 50,000, or any urbanized area contiguous or adjacent to a town with more than 50,000 people.

<sup>188</sup> USDA, [http://www.rurdev.usda.gov/BCP\\_RCDG.html](http://www.rurdev.usda.gov/BCP_RCDG.html).

<sup>189</sup> USDA, “Grants, Loans, and Support,” [http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF\\_GRANTS](http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANTS). Also, CRS communication with University of Illinois staff, September 15, 2011.

<sup>190</sup> Formerly known as the Small, Minority Producer Grant Program. USDA, <http://www.rurdev.usda.gov/rbs/coops/ssdpg/ssdpg.htm>.

<sup>191</sup> 7 U.S.C § 1932(g). § 310B of the ConAct, as amended by P.L. 104-127 (§ 747) and P.L. 107-171 (§ 6017) (CFDA# 10.768). USDA, [http://www.rurdev.usda.gov/rbs/busp/b&i\\_gar.htm](http://www.rurdev.usda.gov/rbs/busp/b&i_gar.htm).

or development; purchase and develop land, easements, rights-of-way, buildings, or facilities; and purchase equipment, leasehold improvements, machinery, supplies, or inventory.

Guaranteed loans go up to \$10 million with some special exceptions for loans up to \$25 million. USDA may approve guaranteed loans up to \$40 million for rural cooperative organizations that process value-added agricultural commodities. The maximum repayment for loans on real estate are not to exceed 30 years; machinery and equipment repayment are not to exceed the useful life of the machinery and equipment purchased with loan funds or 15 years, whichever is less; and working capital repayment are not to exceed seven years. Program obligations were \$1.3 billion in FY2010, and \$1.2 billion in FY2011. Funds are allocated to states based on the proportion of their rural population, and funding for any local food initiatives would occur at the state level.

The 2008 farm bill further amended the B&I program to provide that at least 5% of available B&I program funding from FY2008-2012 be used to support local and regional food production. This allocation of available funding is to be used to:

make or guarantee loans to individuals, cooperatives, cooperative organizations, businesses, and other entities to establish and facilitate enterprises that process, distribute, aggregate, store, and market *locally or regionally produced agricultural food products* to support community development and farm and ranch income. [emphasis added]

An eligible “locally or regionally produced agricultural food product” is “any agricultural food product that is raised, produced, and distributed in ... the locality or region in which the final product is marketed, so that the total distance that the product is transported is less than 400 miles from the origin of the product; or ... the State in which the product is produced.”<sup>192</sup> For FY2011, nearly \$50 million was made available for local and regional food enterprises, with an estimated \$41 million for FY2012.<sup>193</sup> An example of a local enterprise using B&I funds is Prairieland Foods in Nebraska, which received a \$650,000 loan to purchase a new dairy processing facility to produce dairy products using locally-sourced milk.<sup>194</sup>

## **Community Facilities**

Community Facilities (CF) loans and grants were authorized in the Consolidated Farm and Rural Development Act, as amended.<sup>195</sup> Administered by RD, the program provides direct loans, guaranteed/insured loans, and project grants for the construction, acquisition, or renovation of community facilities or for the purchase of equipment for community facilities for public use in rural areas. Examples include, but are not limited to: water and environmental projects, including water systems, waste systems, solid waste, and storm drainage facilities, as well as hospitals, fire protection, safety, and other community-based initiatives. Matching funds are not required. The size of the award varies by project, applicant’s financial feasibility, and community size. Direct loans range from \$5,000 to \$9 million (average: \$828,407); guaranteed loans range from \$26,000 to \$20 million (average: \$2.8 million); and project grants range from \$300 to \$0.4 million (average \$37,266). Eligible applicants include public and nonprofit organizations, and federally-recognized Indian tribes. The proposed community facilities must be in rural areas, defined as

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<sup>192</sup> P.L. 110-246, § 6015.

<sup>193</sup> NSAC, “Local and Regional Food Enterprise Guaranteed Loans.”

<sup>194</sup> USDA, “Grants, Loans, and Support,” [http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF\\_GRANTS](http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANTS).

<sup>195</sup> P.L. 92-419, § 306; 7 U.S.C. § 1926 (CFDA#10.766). USDA, [http://www.rurdev.usda.gov/HCF\\_CF.html](http://www.rurdev.usda.gov/HCF_CF.html)



areas with no more than 20,000 residents. In recent years, total funding for direct loans was \$681 million (FY2010) and \$290 million (FY2011). Funding for guaranteed loans was \$292 million (FY2010) and \$196 million (FY2011). Funding for project grants was \$61 million (FY2010) and \$28 million (FY2011).

An example of a project financed under the program is a \$100,000 grant that was awarded to a medical center within an island community in Alaska to purchase two greenhouses for a community garden. Other types of local and regional projects that may qualify for CF funding include farmers' markets (e.g., structures); school and community kitchens; food banks, including refrigerators; community gardens (e.g., purchase land; water source access) and noncommercial greenhouses; and refrigerated trucks.<sup>196</sup>

### **Rural Business Enterprise Grants (RBEG)**

The Rural Business Enterprise Grants (RBEG) program was authorized under the ConAct, as amended, and reauthorized in the 2008 farm bill.<sup>197</sup> Administered by USDA's Rural Business-Cooperative Service, the program provides grants to finance and facilitate a broad range of rural projects, including the development of small and emerging rural businesses, and employment-related adult education programs. Funds may also be used to acquire and develop land and construct buildings, plants, equipment, access, parking areas, and utility and service extensions. Funds also can be used to refinance loans; provide fees for professional services; support technical assistance and training; offer startup operating costs and working capital through a revolving fund; assist a third party financially; produce television programs to provide information to rural residents; and create, expand, and operate rural distance learning networks. An example of RBEG funds supporting local food systems include a project grant to develop a mobile livestock unit in New York to provide local ranchers access to slaughter and processing equipment and local markets.<sup>198</sup> Eligible entities include rural public entities (towns, communities, state agencies, and authorities), Indian tribes, and rural private nonprofit organizations. Eligible businesses are those with annual revenue less than \$1 million and 50 or fewer employees. Grants generally range from \$10,000 to \$500,000. The average award amount is just under \$100,000, with no matching requirements. Funding is subject to annual appropriations. In the past few years, obligations for all project grants have averaged about \$40 million annually (FY2009-FY2011).

### **Rural Business Opportunity Grant**

The Rural Business Opportunity Grant (RBOG) program was authorized in the 1996 farm bill, amending the ConAct, and reauthorized in the 2008 farm bill.<sup>199</sup> Administered by Rural Business-Cooperative Service, the program provides competitive grants to promote sustainable economic development in rural communities with exceptional needs through training and technical assistance for business development, entrepreneurs, and economic development officials and

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<sup>196</sup> USDA, "Grants, Loans, and Support," [http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF\\_GRANTS](http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANTS).

<sup>197</sup> 7 U.S.C. § 1932(c)(2). § 306 of the ConAct, as amended (CFDA#10.769). USDA, <http://www.rurdev.usda.gov/rbs/busp/rbeg.htm>.

<sup>198</sup> USDA, "Grants, Loans, and Support," [http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF\\_GRANTS](http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANTS).

<sup>199</sup> P.L. 104-127, § 741, amending § 306 of the ConAct, as amended; 7 U.S.C. § 1926(a)(19)(C)(ii) (CFDA#10.773); reauthorized in the 2008 farm bill (P.L. 110-246, § 6003). USDA, <http://www.rurdev.usda.gov/rbs/coops/rbog.htm>.

through economic development planning. Types of projects that may be funded include regional economic planning focused on food system development; market development and feasibility studies; business training, including leadership development and technical assistance for entrepreneurs; and establishing business incubators, including commercial kitchens.<sup>200</sup> An example of RBOG funds supporting local food systems include a project grant to create FoodHub, an online marketplace based in Oregon that allows large-scale purchasers of food to connect with nearby growers.<sup>201</sup> For FY2011, USDA awarded 37 grants totaling more than \$2.5 million to various organizations in 27 states; of these, five of the awards were for projects that support local and regional food system development, according to NSAC.<sup>202</sup> Eligible entities include rural public bodies, rural nonprofit corporations, rural Indian tribes, and cooperatives. The maximum grant amount is \$250,000 for project period, up to two years, with matching requirements. The maximum award for a project serving a single state is \$50,000. The maximum grant for a project serving two or more states is \$150,000. Funding is subject to annual appropriations. In the past few years, obligations for all project grants have averaged about \$2.5 million annually (FY2010-FY2012).

### **Rural Microentrepreneur Assistance Program**

The Rural Microentrepreneur Assistance Program (RMAP) was authorized in the 2008 farm bill.<sup>203</sup> Administered by RD, the program provides direct loans and project grants to a Microenterprise Development Organizations (MDO), which may be a nonprofit organization, Indian tribe, or public institution of higher education that serves rural areas. An MDO may borrow \$50,000 to \$500,000 for a single loan in any given fiscal year. Loans can be used to provide working capital, equipment purchases, debt refinancing, business acquisitions, and purchase or lease of real estate that is already improved (construction of any type is strictly prohibited). Grants are awarded up to \$130,000, with matching requirements. Technical assistance grants can be used to provide training, education, operational support, business planning, market development assistance, other related services to rural microentrepreneurs. Funding can cover financing a facility or equipment, business planning and marketing, including coordinating and training necessary for a food hub or commercial kitchen incubator.<sup>204</sup> Mandatory funding through the CCC, which remains available until expended, is \$4 million annually (FY2009-FY2011) and \$3 million for FY2012. In addition, appropriations are authorized at \$40 million annually (FY2009-FY2012). However, in recent years no funds have been appropriated and the program received mandatory funding for FY2010 only.

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<sup>200</sup> A kitchen incubator refers to a business that provides for early-stage catering, retail and wholesale food businesses to a new small business where it can produce a food product. See databases at [culinaryIncubator.com](http://culinaryIncubator.com).

<sup>201</sup> USDA, "Grants, Loans, and Support," [http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF\\_GRANTS](http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANTS).

<sup>202</sup> NSAC, "RBOG Grants Promote Local and Regional Food Systems," October 12, 2011 and September 28, 2010.

<sup>203</sup> P.L. 110-246, § 6022, amending § 306 of the ConAct, as amended; 7 U.S.C. § 1926(a)(19)(C)(ii) (CFDA#10.870); reauthorized in the 2008 farm bill (P.L. 110-246, § 6003). USDA, <http://www.rurdev.usda.gov/rbs/coops/rbog.htm>.

<sup>204</sup> USDA, "Grants, Loans, and Support," [http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF\\_GRANTS](http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANTS).

## **Research and Cooperative Extension**

### **Sustainable Agriculture Research and Education**

Sustainable Agriculture Research and Education (SARE), managed by NIFA, originated in the research provisions in the 1985 farm bill, aimed at enhancing low-input farming systems, and was expanded and renamed in the 1990 farm bill.<sup>205</sup> SARE provides a range of research and education grants in the areas of renewable energy, pest and weed management, pastured livestock and rotational grazing, no-till and conservation tillage, nutrient management, agroforestry, marketing, sustainable communities, systems research, and crop and livestock diversity, among other areas. Since 1988, SARE has funded nearly 5,000 projects with grants for farmers, ranchers, extension agents and university educators, researchers, nonprofits, students, and communities. Research and education grants, generally ranging from \$60,000 to \$150,000, fund projects that usually are interdisciplinary and involve scientists, producers, and others. Professional development grants, generally ranging from \$20,000 to \$90,000, offer educational opportunities for extension and NRCS, and for other agricultural professionals. Producer grants, typically between \$1,000 and \$15,000, go to farmers and ranchers who “test innovative ideas and share the results with their neighbors.”<sup>206</sup> No individual organization matching funds are required. Program funds also support the dissemination of information on sustainable agriculture through clearinghouses such as the Alternative Farming Systems Information Center at USDA’s National Agricultural Library, and the Sustainable Agriculture Network.

The program originated with a \$3.9 million appropriation in FY1988. In recent years, funding for project grants has totaled \$14.5 million (FY2010); \$13.5 million (FY2011); and \$14.0 million (estimated FY2012). State-by-state summaries and profiles of the SARE grants portfolio are available at SARE’s website.<sup>207</sup>

## **Nutrition and Education**

### **Farm to School Program**

USDA’s Farm to School program was authorized in the Healthy, Hunger-Free Kids Act of 2010, which amended the Richard B. Russell National School Lunch Act (NSLA).<sup>208</sup> The program is part of USDA’s child nutrition discretionary grants and its goals are geared toward increasing fruit and vegetable consumption among students, supporting local farmers and rural communities, and providing nutrition and agriculture education to school districts and farmers. The program is administered by FNS.

The Farm to School program provides competitive grants and technical assistance to eligible schools,<sup>209</sup> state and local agencies, ITOs, agricultural producers or groups of agricultural

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<sup>205</sup> P.L. 101-624, §§ 1619-1624; 7 U.S.C. § 5801 and 7 U.S.C § 5812 (CFDA# 10.215). Originally part of P.L. 99-198, Subtitle C (Agricultural Productivity Research). Often referred to as “Low-Input Sustainable Agriculture” (LISA).

<sup>206</sup> USDA, <http://www.nifa.usda.gov/fo/fundview.cfm?fonum=1130> and <http://www.sare.org/Grants>.

<sup>207</sup> SARE, “Grant Summaries by State,” <http://www.sare.org/Grants/Grant-Summaries-by-State>. SARE’s searchable database is at <http://www.sare.org/MySARE/ProjectReport.aspx?do=search>.

<sup>208</sup> P.L. 111-296, § 243, 42 U.S.C. § 1769 (CFDA# 10.579). See, also, USDA, “Legislative History Related to Farm to School,” [http://www.fns.usda.gov/cnd/F2S/pdf/F2Sleg\\_history.pdf](http://www.fns.usda.gov/cnd/F2S/pdf/F2Sleg_history.pdf).

<sup>209</sup> An “eligible school” means a school or institution that participates in a program under this act or the school (continued...)

producers, and nonprofit entities to implement farm-to-school programs that improve access to local foods in eligible schools. Grants may be used for training, supporting operations, planning, purchasing equipment, developing school gardens, developing partnerships, and implementing farm-to-school programs. Schools and communities may initiate and support a variety of eligible activities, including nutrition education, agriculture-related lessons and curriculum, school or community gardens, farm tours, taste testing, and parent/community educational sessions.<sup>210</sup> The enacting language further ensured that “geographical diversity” and “equitable treatment of urban, rural, and tribal communities” be considered when USDA awards grants under the program. The statute also includes criteria for selection, including making local food products available on the menu, serving a high proportion of students who receive free and reduced-price meals, incorporating nutrition education, demonstrating collaboration between schools and other community partners, and evaluating the results. Grant amounts are not to exceed \$100,000 per recipient, and the federal share is not exceed 75% of the total project cost.

This program has not started and FNS has not yet released its request for applications. Funding for the program is set at \$5 million per year starting on October 1, 2012, and each October 1 thereafter. In addition, “such sums as necessary” are authorized to be appropriated for FY2011 through FY2015. Other information on farm-to-school programs is available through the National Farm to School Network, highlighting activities in each state.<sup>211</sup> In addition, the Community Food Security Coalition has conducted case studies for several states that illustrate some of the successes and challenges in fostering these types of initiatives.<sup>212</sup>

## **School Gardens**

The 2008 farm bill also amended the Richard B. Russell NSLA by authorizing a pilot program of grants for high-poverty schools to promote healthy food education and hands-on gardening in the school curriculum.<sup>213</sup> The pilot program is part of USDA’s child nutrition discretionary grants and its goals are geared toward increasing fruit and vegetable consumption among students, supporting local farmers and rural communities, and providing nutrition and agriculture education to school districts and farmers. The program is administered by FNS.

The pilot program is to target not more than five states and may be used through either a school-based program or a community-based summer program that is part of, or coordinated with, a summer enrichment program at two or more eligible schools. The farm bill did not authorize appropriations to carry out the provision. USDA has awarded a single grant to Washington State University and is expected to serve an estimated 2,800 students attending 70 elementary schools in Washington, New York, Iowa and Arkansas.<sup>214</sup> The pilot program was funded at \$1 million in FY2010,<sup>215</sup> and provides for applications to enter into a

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breakfast program established under § 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773).

<sup>210</sup> USDA, FNS, “Farm to School,” <http://www.fns.usda.gov/cnd/f2s/about.htm#Initiative>; also USDA, “USDA Farm to School Initiative Fact Sheet,” [http://www.fns.usda.gov/cnd/f2s/pdf/F2S\\_initiative\\_fact\\_sheet\\_040110.pdf](http://www.fns.usda.gov/cnd/f2s/pdf/F2S_initiative_fact_sheet_040110.pdf).

<sup>211</sup> National Farm to School Network, <http://www.farmentoschool.org/aboutus.php>.

<sup>212</sup> CFSC, “National Farm to School Program,” [http://www.foodsecurity.org/farm\\_to\\_school.html](http://www.foodsecurity.org/farm_to_school.html).

<sup>213</sup> P.L. 110-246, § 4303, 42 U.S.C. § 1769 (CFDA# 10.579). The term “eligible school” means a public school where at least 50% of the students are eligible for free or reduced price meals.

<sup>214</sup> USDA, “USDA Announces Funding to Expand School Community Gardens and Garden-Based Learning Opportunities,” August 25, 2010; and USDA, “USDA Announces People’s Garden School Pilot Program to Promote (continued...)”

cooperative agreement for the purposes of developing and running community gardens at eligible high-poverty schools; teaching students involved in the gardens about agriculture production practices, diet, and nutrition; contributing produce to supplement food provided at eligible schools, student households, local food banks, or senior center nutrition programs; and conducting an evaluation of funded projects to learn more about the impacts of school gardens.<sup>216</sup>

The project is part of the USDA People's Garden Initiative to establish community and school gardens nationwide, as part of the agency's People's Garden School Pilot Program.<sup>217</sup>

### **Commodity Procurement Through "DoD Fresh"**

The 2008 farm bill amended policy governing USDA's purchase of fresh fruits and vegetables for the child nutrition programs, the Department of Defense (DoD) Fresh Fruit and Vegetable Program.<sup>218</sup> The DoD Fresh program began as a USDA pilot project in 1996, with 8 states participating by allocating a portion of their commodity entitlement funds toward the program. In 1996-1997, produce delivered to schools under the program was valued at \$3.2 million. By 2010, the value of produce delivered to states had increased to \$66 million in all states. The 2008 farm bill amended the NSLA to "allow institutions ..., including the Department of Defense Fresh Fruit and Vegetable Program, to use a *geographic preference* for the procurement of unprocessed agricultural products, both locally grown and locally raised" (emphasis added) and "encourage institutions ... to purchase unprocessed agricultural products, both locally grown and locally raised, to the maximum extent practicable and appropriate."<sup>219</sup> This provision is structured as a preference and does not require states and school food authorities to include geographic preference in their procurement.

As the 2008 farm bill provision did not define "locally grown and locally raised," FNS has generally identified local production purchases under USDA's DoD Fresh program using the definition of "locally or regionally produced agricultural food products" established elsewhere in the farm bill, although this definition does not strictly govern the program.<sup>220</sup> When (or if) this provision is exercised, an eligible "locally or regionally produced agricultural food product" is "any agricultural food product that is raised, produced, and distributed in ... the locality or region in which the final product is marketed, so that the total distance that the product is transported is less than 400 miles from the origin of the product; or ... the state in which the product is produced."<sup>221</sup>

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Garden-Based Learning Opportunities," April 7, 2011, <http://www.fns.usda.gov/cga/pressreleases/>.

<sup>215</sup> USDA's budget justification for FY2011, <http://www.obpa.usda.gov/30fns2011notes.pdf>. See page 30-10.

<sup>216</sup> FNS "People's Garden School Pilot Overview," [http://www.fns.usda.gov/outreach/grants/Peoples\\_Garden\\_Webinar\\_Final.pdf](http://www.fns.usda.gov/outreach/grants/Peoples_Garden_Webinar_Final.pdf).

<sup>217</sup> The People's Garden Grant Program, administered by NIFA, was authorized in the National Agricultural Research, Extension, and Teaching Policy Act (P.L. 95-113, 7 U.S.C 3318 (b)) to facilitate the creation of produce, recreation, and/or wildlife gardens in urban and rural areas, which will provide opportunities for science-based non-formal education (CFDA# 10.325). Also see USDA, "USDA Expands People's Garden Initiative to Sow Seeds for Community-Based Agriculture across the Country," November 10, 2011.

<sup>218</sup> USDA, [http://www.fns.usda.gov/fdd/programs/dod/DOD\\_FreshFruitandVegetableProgram2011.pdf](http://www.fns.usda.gov/fdd/programs/dod/DOD_FreshFruitandVegetableProgram2011.pdf).

<sup>219</sup> NSLA, § 9(j); 42 U.S.C. 1758(j)) amended in 2008 farm bill (P.L. 110-246, § 4302). Covers also non-DoD schools.

<sup>220</sup> CRS communication with FNS staff, September 12, 2011.

<sup>221</sup> P.L. 110-246, § 6015.

## **Community Food Projects**

The Community Food Projects (CFP) program (formerly the Community Food Projects Competitive Grants Program) was created in the 1996 and further amended in the 2008 farm bill.<sup>222</sup> Administered by NIFA, the program provides grants to support projects that meet the food needs of low-income people, increase the self-reliance of communities in providing for their own needs, and promote comprehensive responses to local food, farm, and nutrition issues. For example, projects linking low-income populations to fresher foods through farmers' markets have previously qualified as activities. As authorized, CFP provides grants to "healthy urban food enterprise development centers" that collect, develop, and provide technical assistance and information to small and medium-sized agricultural producers, food wholesalers and retailers, schools, and other individuals and entities regarding best practices and the availability of assistance for aggregating, storing, processing, and marketing locally produced agricultural products and increasing the availability of such products in underserved communities.<sup>223</sup> Eligible entities may include nonprofit organizations, cooperatives, commercial entities, farmers, academic institutions, and other entities designated by USDA. Grants range from \$10,000-\$30,000 per project, and require a match in resources. The 2008 farm bill provided CCC funds of \$1 million for FY2009 through 2011, and authorized appropriations of \$2 million for FY2012.

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<sup>222</sup> P.L. 110-246, § 4402, 7 U.S.C 2034 (CFDA# 10.225), amending the Food Stamp Act of 1977. See NIFA, [http://www.csrees.usda.gov/funding/cfp/cfp\\_synopsis.html](http://www.csrees.usda.gov/funding/cfp/cfp_synopsis.html) and <http://www.nifa.usda.gov/fo/communityfoodprojects.cfm>; and USDA, [http://www.usda.gov/wps/portal/usda/usdahome?contentid=kyf\\_grants\\_nifa4\\_content.html](http://www.usda.gov/wps/portal/usda/usdahome?contentid=kyf_grants_nifa4_content.html).

<sup>223</sup> An "underserved community" is defined in 7 U.S.C 2034 as a community "with limited access to affordable, healthy foods, including fresh fruits and vegetables; a high incidence of a diet-related disease (including obesity) as compared to the national average; a high rate of hunger or food insecurity; or severe or persistent poverty."