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Local Food Systems: Selected Farm Bill and Other Federal Programs

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Summary

Sales of locally produced foods comprise a small but growing part of U.S. agricultural sales. Estimates vary but indicate that local food sales total from \$4 billion to \$9 billion annually. The U.S. Department of Agriculture (USDA) estimates that local food sales totaled \$6.1 billion in 2012, reflecting sales from nearly 164,000 farmers selling locally marketed foods. This represents 8% of U.S. farms, and an estimated 1.5% of the value of total U.S. agricultural production. Most (85%) of all local-food farms are smaller in size, with gross revenues under \$75,000.

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 may use certain production practices that are perceived to be more environmentally sustainable.

Many existing federal programs benefiting U.S. agricultural producers may also provide support and assistance for local food systems. With few exceptions, these programs are not limited or targeted to local or regional food systems but are generally available to provide support to all U.S. farms and ranchers. These include farm support and grant programs administered by USDA, among other federal agencies. Programs administered by USDA may be grouped into several broad program categories: marketing and promotion; business assistance and agricultural research; rural and community development; nutrition and education; and farmland conservation. Examples include USDA's farmers' market programs, rural cooperative grants, and child nutrition programs, among myriad other grant and loan programs, as well as USDA's research and cooperative extension service.

In recent years funding for local and regional food systems has increased. Funding for these and other USDA programs were authorized in 2014 farm bill (P.L. 113-79, Agricultural Act of 2014). Other programs and program funding were authorized in the Healthy, Hunger-Free Kids Act of 2010 (P.L. 111-296). For 2014-2015, USDA has announced it was awarding nearly \$40 million in grants to support local food systems across several programs. In addition, nearly \$50 million in loans is available to support local and regional food enterprises. Other USDA programs often also support local and regional food systems; however, the share of available total spending attributable to local foods is not known.

In addition, the Obama Administration has also implemented departmental initiatives intended to support local food systems, including the so-called "Know Your Farmer, Know Your Food" (KYF2) Initiative and the Regional Innovation Initiative, among other USDA activities.

Only a few cases exist where there is a statutory requirement within a USDA or other federal program supporting local food production exclusively. In most cases, available funding for most programs supporting local food systems is part of funding for programs generally available to all U.S. farming operations and food distribution systems, regardless of size and location from market. Information is not available to determine share of available total funding for U.S. farm programs used to support local and regional food systems only, compared to all other types of farming systems. For many of these programs, most indications are that the share used to support local food systems is very small.

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Sales of locally produced foods comprise a small but growing part of U.S. agricultural sales. Estimates vary but they indicate that local food sales total between \$4 billion and \$9 billion annually.¹ The U.S. Department of Agriculture (USDA) estimates that local food sales totaled \$6.1 billion in 2012, reflecting sales from nearly 164,000 farmers selling locally marketed foods.² This represents 8% of U.S. farms, and an estimated 1.5% of the value of total U.S. agricultural production. Most (85%) of all local-food farms are smaller in size, with gross revenues under \$75,000.

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. However, no such standards or practices are required under federal programs that support local foods.

Many federal programs that support local foods generally define “local” based on the geographic distance between food production and sales based on the number of miles the food may be transported and requires that food be sold within the state where it is produced to be considered local. The most widely used definition is from the 2008 farm bill (P.L. 110-246, Food, Conservation, and Energy Act of 2008), which defined a “locally or regionally produced agricultural food product” as it pertains to eligibility under the Business and Industry (B&I) Guaranteed Loan Program, a USDA loan program.³ Under the definition, “locally or regionally produced agricultural food product” means “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.*”⁴ This report describes some of the federal programs that support local and regional food production.

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, 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-

¹ Estimates cited in S. A. Low, et al., *Trends in U.S. Local and Regional Food Systems: Report to Congress*, AP-068, January 2015, and ATKearney, *Ripe for Grocers: The Local Food Movement*, 2014, <http://www.atkearney.com/>.

² S. A. Low, et al., *Trends in U.S. Local and Regional Food Systems: Report to Congress*, AP-068, January 2015. The report was requested as part of the FY2014 agriculture appropriations in H.Rept. 113-116, directing “ERS to coordinate USDA’s agencies involved in data collection, analysis, and research to make available the best data related to the production, pricing, distribution, and marketing of locally and regionally produced agricultural products and to identify data gaps” and to “provide a report that assesses the scope and trends in local and regional food systems and to make that report publically available on the agency’s website.”

³ 7 U.S.C §1932(g). §310B of the ConAct, as amended by P.L. 104-127 (§747) and P.L. 107-171 (§6017).

⁴ Food, Conservation, and Energy Act of 2008, P.L. 110-246, §6015. Italics added for emphasis.

scale food processing and decentralized root cellars, and some agritourism or other types of on-farm recreational activities.

More background information on the role of local and regional food systems in the United States is available in CRS Report R42155, *The Role of Local Food Systems in U.S. Farm Policy*.

Introduction

Many existing federal programs benefiting U.S. agricultural producers provide support and assistance for local and regional food systems.⁵ With few exceptions, these programs are not limited or targeted to local or regional food systems, but are generally available to provide support to all U.S. farms and ranchers. These include farm support and grant programs administered by USDA as well as programs within other federal agencies, such as the Departments of Commerce; Health and Human Services; Housing and Urban Development; and the Treasury.

Programs administered by USDA may be grouped into several broad program categories: marketing and promotion; business assistance and agricultural research; rural and community development; nutrition and education; and farmland conservation. Examples include USDA's farmers' market programs, rural cooperative grants, and child nutrition programs, among myriad other grant and loan programs, as well as USDA's research and cooperative extension service. (See text box on page 4.) This listing does not include broad-based conservation and research and cooperative extension programs that also provide benefits to a range of agricultural producers, including producers engaged in local food production systems, either directly or indirectly.

In recent years funding for local and regional food systems has increased. USDA has announced it was awarding nearly \$40 million in grants to support local food systems across five programs. These included:⁶

- \$26.6 million in competitive grants to be equally divided between two grant programs. The Farmers Market Promotion Program (FMPP) supports projects for direct farmer-to-consumer marketing projects such as farmers' markets and other businesses. The Local Food Marketing Promotion Program (LFPP) supports projects that support intermediary supply chain activities for businesses that process, distribute, aggregate, and store locally- or regionally-produced food products;

⁵ 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.

⁶ USDA, "USDA Awards Over \$52 Million in Grants to Grow Organic and Local Food Economies," Release No. 0216.14, September 29, 2014; and USDA, "USDA Announces \$97 Million Available to Expand Access to Healthy Food, Support Rural Economies," Release No. 0064.15, March 16, 2015.

- \$4.8 million in Community Food Projects Competitive Grants to address basic food access for low-income families and individuals;
- \$1 million in matching Federal-State Marketing Improvement Program (FSMIP) grants to state departments of agriculture and state colleges and universities to support research addressing marketing and distribution of U.S. agricultural products; and
- \$6 million in funding for different types of USDA Farm to School grants.

USDA also claims that nearly \$50 million is available for loans to support local and regional food enterprises under its Business and Industry (B&I) Guaranteed Loan Program.⁷

In addition, USDA notes that projects funded as part of USDA's Specialty Crop Block Grant Program (SCBGP) often also fund local and regional food projects.⁸ Available total funding for the SCBGP is expected to reach more than \$63 million in FY2014; however, the share attributable to local and regional food systems is not known. Other USDA programs likely also fund local food systems but aggregate spending for local foods is also not reported.

In March 2015, USDA reported that in FY2013-FY2014, USDA made over “500 infrastructure investments that create new markets for local food—including food hubs, scale-appropriate processing, and distribution networks—that are connecting farmers and ranchers with new sources of revenue and creating jobs.”⁹ USDA also reported that since 2012, the Farm to School program has funded 221 projects across the United States, and that schools spent over \$385 million on local food purchases during the 2011-2012 school year. USDA also reported more than 5,000 farmers' markets now accept electronic benefits transfer (EBT) technology in order to redeem Supplemental Nutrition Assistance Program (SNAP, formerly the food stamp program) benefits. SNAP redemption at farmers' markets nationwide totaled \$18 million in 2014, up from \$4 million in 2009.¹⁰

Although additional funding in support of local and regional food systems is available through other programs, information is not available to determine the share of available total funding for U.S. farm programs used to support local and regional food systems only. In only a few cases statutory requirements governing USDA or other federal programs limit support to local food production exclusively. In most cases, available funding for most programs supporting local food systems is part of funding for programs generally available to all U.S. farming operations and food distribution systems, regardless of size and location from market. For many of these programs, most indications are that the overall share of total funding used to support local food systems is very small.

⁷ USDA, “USDA Announces \$78 Million Available for Local Food Enterprises Historic Investment Will Support Entire Local Food Supply Chain,” Release No. 0084.14, May 8, 2014.

⁸ Since the program is administered through state block grants, and most local food definitions generally include markets within a state, it could be argued that this constitutes funding for local foods. However, the program was originally authorized to provide support for specialty crops (such as fruits and vegetables and tree nuts); also local production includes foods other than specialty crops, including grains, dairy, and meat and poultry products.

⁹ USDA, “USDA Announces \$97 Million Available to Expand Access to Healthy Food, Support Rural Economies,” Release No. 0064.15, March 16, 2015.

¹⁰ USDA, “USDA Announces \$97 Million Available to Expand Access to Healthy Food, Support Rural Economies,” Release No. 0064.15, March 16, 2015.

Overview of Selected Federal Programs

Many existing federal programs benefiting U.S. agricultural producers may also provide support and assistance for local food systems, including:

Marketing and Promotion

- Specialty Crop Block Grant Program
- Farmers' Market Promotion Program
- Local Food Promotion Program
- Federal State Marketing Improvement Program

Business Assistance and Research

- Value-Added Agricultural Product Market Development Grants
- Beginning Farmer and Rancher Development Program
- USDA Microloan Program
- Small Business Innovation Research
- Sustainable Agriculture Research and Education
- Agricultural Management Assistance
- Community Outreach and Assistance Partnership Program
- Outreach/Assistance to Socially Disadvantaged Farmers/Ranchers

Rural and Community Development Programs

- Rural Cooperative Development Grants
- Business and Industry Guaranteed Loan Program
- Community Facilities Loans and Grants
- Rural Business Development Grants
- Rural Microentrepreneur Assistance Program

Nutrition Assistance Programs

- Farmers' Market Nutrition Programs
- Supplemental Nutrition Assistance Program (SNAP) at Farmers' Markets
- Farm to School Program
- Federal programs supporting school gardens and community gardens
- Commodity Procurement Through "DoD Fresh"
- Healthy Food Financing Initiative
- Community Food Projects
- Food Insecurity Nutrition Incentive Grants

For more information, see also USDA: "Know Your Farmer, Know Your Food" (www.usda.gov/knowyourfarmer) and "Know Your Farmer Compass" (www.usda.gov/kyfcompass).

Available funding to support local and regional food systems has been authorized within periodic farm bills and within the most recent reauthorization of the child nutrition programs.

Omnibus farm bills enacted in both 2008 and 2014 included a few provisions that directly support local and regional food systems, and reauthorized several programs that benefit all U.S. agricultural producers, including local and regional food producers. 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. The 2014 farm bill (P.L. 113-79, Agricultural Act of 2014) reauthorized and expanded many of these provisions. In the run-up to the 2014 farm bill, several bills were introduced in Congress broadly addressing local food systems. Some of

these bills were comprehensive “marker bills” addressing provisions across multiple farm bill titles and recommending changes that would have provided additional directed support for local and regional food systems. Other introduced legislation addressed specific issues. Some provisions from these bills were incorporated into the enacted 2014 farm bill. Although recent farm bills have authorized some specific programs that directly support local and regional food systems, the local impact of new and existing programs ultimately depends on appropriated funding and the nature of implementation.

Provisions supporting local food systems are also contained within certain child nutrition programs and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which together 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 the Healthy, Hunger-Free Kids Act of 2010 (P.L. 111-296). Many expect the 114th Congress to consider child nutrition reauthorization.

Other introduced legislation in previous Congresses would further expand upon these types of existing programs to create additional opportunities for local food systems. These include proposals providing targeted support for nontraditional and beginning farmers, focused at the farm production level, as well as proposals focused on nutrition and enhanced access to food.

Aside from established federal programs, the Obama Administration has implemented departmental initiatives intended to support local food systems. These include the “Know Your Farmer, Know Your Food” (KYF2) Initiative; Regional Innovation Initiative; and People’s Garden Initiative; and other USDA activities. In general, these initiatives are intended to leverage existing USDA activities and programs by eliminating organizational barriers among existing USDA programs and promoting enhanced collaboration among staff. KYF2, for example, acts to coordinate USDA’s support for local and regional food systems. These initiatives are not stand-alone programs, are not connected to a specific office or agency, and do not have separate operating budgets.¹¹

Despite gains in federal support for local food systems in recent years, some Members of Congress, as well as many community and farm advocacy groups, continue to argue that such food systems should play a larger role in U.S. farm policy and that the laws supporting agriculture should be revised to reflect broader, more equitable policies across a range of production systems, including local food systems. Those supporting the expansion of such policies often advocate for the creation of programs specifically targeting support for local food systems, as well as increasing funding for federal farm programs that support local foods. However, others in Congress oppose extending farm support programs to local food systems, which traditionally have not been a major constituency among other long-standing U.S. agricultural interests.

Those supporting an increased role for local food systems within U.S. farm policy cite the increasing popularity of local foods and a general belief that purchasing local foods helps support local farm economies and/or farmers that use certain production practices that may be considered more environmentally sustainable. Those opposed to extending farm bill benefits to local food

¹¹ For more information see CRS Report R42155, *The Role of Local Food Systems in U.S. Farm Policy*.

systems cite concerns about overall limited financial resources to support U.S. agricultural producers as well as concerns that the local food systems might not provide for the most efficient and productive use of natural resources be employed for producing food, among other criticisms.

Additional information is available in CRS Report R42155, *The Role of Local Food Systems in U.S. Farm Policy*.

Overview of Selected Federal Programs

Following are descriptions of generally available federal farm support and grant programs that may provide technical and financial support and assistance to local and regional food production systems. 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;¹² and
- nutrition and education.

These programs are summarized in **Table 1** at the end of this report. 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.¹³ 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.¹⁴ A primary source of information on these selected programs is the Catalog of Federal Domestic Assistance.¹⁵

The following is not 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 list provides 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.¹⁶ These programs are authorized by the

¹² For more information, see CRS Report RL31837, *An Overview of USDA Rural Development Programs*. USDA links to state or local office information are at 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)).

¹³ USDA, “Grants, Loans, and Support” (http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANTS).

¹⁴ NSAC’s report lists partnerships and university programs located in Iowa, Illinois, Michigan, Minnesota, New York, North Carolina, Ohio, Oregon, Washington, Wisconsin, and other states.

¹⁵ CFDA has detailed program descriptions for more than 2,000 federal assistance programs (<https://www.cfda.gov>).

¹⁶ For more information, see CRS Report R40763, *Agricultural Conservation: A Guide to Programs* and CRS Report (continued...)

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.¹⁷

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 the share of program funding used to support local and regional food systems, compared to all other types of farming systems. In only a few cases statutory requirements target assistance supporting local production. These include the Local Food Marketing Promotion Program (LFPP) and the Farmers Market Promotion Program (FMPP), a 5% set-aside of total Business and Industry (B&I) loans, and the option to make local purchases under USDA's Farm to School program. While most other programs discussed in this report are available to support local and regional food systems, often the share of total available funding used to support local food systems is very small overall.

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.¹⁸ 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)¹⁹ and is therefore mandatory, available without an annual (or discretionary) appropriation. Total available program funding is \$375 million over the FY2014-FY2018 period: \$72.5 million annually (FY2014-2017) and \$85 million for FY2018 and each year thereafter. Of this, funding for multistate project grants will increase from \$1 million (FY2014) to \$5 million (FY2018) and be available until expended.

(...continued)

R40819, *USDA's Research, Education, and Economics (REE) Mission Area: 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://www.usda.gov/documents/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>.

¹⁷ 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/>.

¹⁸ 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>).

¹⁹ 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 authorizations.

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.²⁰ California, Florida, and Washington have been the three largest recipients under this program, accounting for nearly one-half of all available funds. Although the statute identifies broad categories of eligible uses, how each state spends its allocation depends on its stated priorities. In FY2014, a total of 839 projects were funded covering marketing and promotion (24% of projects), education (22%), research (22%), pest and plant health (13%), food safety (7%), and production (6%), among other types of projects (6%).²¹ USDA's annual report describes the funded projects across all states.²² 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.²³ A report by the National Farm to School Network indicates that many states have funded farm-to-school programs using these program funds.²⁴

Farmers' Market and Local Food Promotion Program

USDA's farmers' market and various other direct-to-consumer marketing programs provide for market access and assistance to small and medium-size farmers, including fruit and vegetable growers. The intent of the Farmer-to-Consumer Direct Marketing Act of 1976 (P.L. 94-463) was to promote the "development and expansion of direct marketing of agricultural commodities from farmers to consumers" through a range of marketing channels including farmers' markets, farm stands, and roadside stands, community-supported agriculture (CSA), "pick-your-own" farms, Internet marketing, and other types of niche markets. The act originally authorized the Farmers' Market Promotion Program (FMPP), administered by AMS, which was amended in subsequent farm bills.²⁵ The 2014 farm bill reauthorized and expanded the program to include local and regional food enterprises that process, distribute, aggregate, store, and market locally or regionally produced food products, also renaming it the Farmers' Market and Local Food Promotion Program. Under the reauthorized program, two competitive grant programs are available: FMPP and the Local Food Promotion Program (LFPP).

The 2014 farm bill increased mandatory funding from previous funding levels of about \$10 million annually to \$30 million annually (FY2014-FY2018) and separately authorized appropriations of \$10 million each year. Each program receives half of available funding.

Other USDA-administered farmers' market programs geared more toward nutrition assistance are highlighted in the sections of the report titled "Farmers' Market Nutrition Programs" and also "Supplemental Nutrition Assistance Program (SNAP) at Farmers' Markets."

²⁰ 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 year. The base grant portion is about \$180,000 per state. The additional allocation is based on the value and acreage of specialty crop production in each state relative to national production.

²¹ AMS, "Funded Projects," <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5109130>.

²² Ibid. USDA's report provides a full listing of all program recipients by state, applicant name, and grant amount.

²³ USDA, "Grants, Loans, and Support," http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANTS.

²⁴ Farm to School Network, "Specialty Crop Block Grant Program Funded Projects Project SubType - Farm to School." The summary covers the FY2006-2009 period.

²⁵ P.L. 94-463, as amended; 7 U.S.C. §3005 (CFDA# 10.168).

Farmers' Market Promotion Program (FMPP)

FMPP provides more than \$13 million in annual mandatory funding plus authorized appropriations for marketing support for farmers markets and other direct-to-consumer outlets. Under FMPP, USDA provides grants to establish, improve, and promote farmers' markets and other direct marketing activities such as roadside stands, community supported agriculture (CSAs),²⁶ pick-your-own farms, agritourism, direct sales to schools, and other direct marketing activities. Activities may include promotion, outreach, and advertising; education for farmers and growers in marketing and business planning; and infrastructure purchases, such as refrigerated trucks, or equipment for a commercial kitchen for value-added products.²⁷ Grants are also available to bring local farm products into federal nutrition programs through electronic benefits transfer (EBT) technology at direct-market outlets in order to accept Supplemental Nutrition Assistance Program (SNAP, formerly the food stamp program) benefits. In addition to SNAP, USDA's Food and Nutrition Service (FNS) administers two other related programs: the WIC Farmers' Market Nutrition Program (WIC-FMNP)²⁸ and the Senior Farmers' Market Nutrition Program (SFMNP).²⁹ These two programs—discussed later in the section “Nutrition Assistance Programs”—allow for farmers' market purchases by low-income WIC applicants and recipients and also low-income seniors, usually through the use of redeemable coupons.

Eligible entities include farmer cooperatives, grower associations, nonprofit/public benefit corporations, local governments, economic development corporations, and regional farmers' market authorities, among others. Grant awards are limited to \$100,000, with a minimum award of \$15,000. Matching funds are not required. A listing of previous awards is at USDA's website.³⁰

Local Food Promotion Program (LFPP)

LFPP provides more than \$13 million in annual mandatory funding plus authorized appropriations for marketing and promotional support specifically for local food businesses, including food hubs, delivery and aggregation businesses, and processing and storage facilities along the local food supply chain. Two types of project applications are accepted under LFPP: planning grants and implementation grants. Applicants can apply for either project but will receive only one type of grant per cycle.

- LFPP Planning Grants are used for the planning stages of establishing or expanding a local and regional food business enterprise. Activities may include market research, feasibility studies, and business planning. A minimum of \$5,000 and a maximum of \$25,000 may be awarded per proposal, and the grants must be completed within a 12-month period; extension cannot exceed an additional 6 months.

²⁶ As is discussed in CRS Report R42155, *The Role of Local Food Systems in U.S. Farm Policy*, 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.

²⁷ USDA, “Grants, Loans, and Support,” http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANTS.

²⁸ FNS, “Grant Levels by State, FY 2006-2011,” <http://www.fns.usda.gov/wic/FMNP/FMNPgrantlevels.htm>.

²⁹ FNS, “SFMNP Grant Levels, FY 2006-2011,” <http://www.fns.usda.gov/wic/SeniorFMNP/SFMNPgrantlevels.htm>.

³⁰ AMS, <http://www.ams.usda.gov/AMSV1.0/fmpp>.

- LFPP Implementation Grants are intended to support the establishment of a new local and regional food business enterprise, or to improve or expand an existing local or regional food business enterprise. Activities may include training and technical assistance for the business enterprise and/or for producers working with the business enterprise; outreach and marketing to buyers and consumers; working capital; and non-construction infrastructure improvements to business enterprise facilities or information technology systems. A minimum of \$25,000 and a maximum of \$100,000 may be awarded per proposal, and the grants must be completed within a 24-month grant period; extension cannot exceed an additional 6 months.

Eligible entities include those entities that “support local and regional food business enterprises that process, distribute, aggregate, or store locally or regionally produced food products.”³¹ Such entities may include agricultural businesses, agricultural cooperatives, producer networks, producer associations, community-supported agriculture networks, community-supported agriculture associations, and other agricultural business entities (for-profit groups); nonprofit corporations; public benefit corporations; economic development corporations; regional farmers’ market authorities; and local and tribal governments. Grant funds require a 25% match.

Federal State Marketing Improvement Program

The Federal State Marketing Improvement Program (FSMIP) was authorized in the Agricultural Marketing Act of 1946.³² 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;³³ developing protocols for harvesting excess crops for local food banks; and developing business plans for food hubs.³⁴ A list of previously funded projects is at USDA’s website.³⁵ 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 approximately \$50,000 each.

³¹ AMS, <http://www.ams.usda.gov/AMSV1.0/lfpp>.

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

³³ Examples include MarketMaker, a national partnership of land grant institutions and State Departments of Agriculture. For more information, see <http://foodmarketmaker.com/>.

³⁴ USDA, “Grants, Loans, and Support,” 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>.

³⁵ USDA AMS, “FSMIP Projects: 1990-Present,” <http://www.ams.usda.gov/AMSV1.0/FSMIP>.

Business Assistance and Research

Value-Added Agricultural Product Market Development Grants

The Value-Added Agricultural Product Market Development Grants was originally authorized as the Value-Added Producer Grants (VAPG) program in the Agricultural Risk Act of 2000 and amended by subsequent farm bills.³⁶ The 2014 farm bill (P.L. 113-79, §6203) renamed the program and expanded its scope and available funding.

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 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. 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. The 2014 farm bill expanded eligibility to include veteran farmers and ranchers.

Available funding is both mandatory and subject to annual appropriations. The 2014 farm bill provided mandatory annual funding of \$63 million, which is available until expended. Discretionary funding is authorized at \$40 million annually from FY2012 to FY2018. 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. A full listing of previous program recipients by state, applicant name, and grant amount is available at USDA's website.³⁷

Beginning Farmer and Rancher Development Program

The Beginning Farmer and Rancher Development Program (BFRDP), administered by USDA's National Institute of Food and Agriculture (NIFA), was authorized in the 2002 farm bill.³⁸ 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

³⁶ P.L. 106-224, §6202; 7 U.S.C. §1621 note (CFDA# 10.352).

³⁷ USDA's website, http://www.rurdev.usda.gov/BCP_VAPG.html.

³⁸ P.L. 107-171, §7405; 7 U.S.C. §3319f (CFDA# 10.311). See USDA, "Plan for Beginning Farmer and Rancher Development Program," March 6, 2014; and USDA's website: <http://www.nifa.usda.gov/funding/bfrdp/bfrdp.html>.

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 program provides three types of grants. These include (1) standard grants for initiatives that directly serve beginning farmers and ranchers, each up to \$250,000 per year for a maximum of three years; (2) educational enhancements grants to develop resources and provide coordination and support to standard grants for a particular topic or region;³⁹ and (3) a clearinghouse grant for a national site to house curricula, training materials, and other information for new farmers and ranchers and organizations that work with them. The 2014 farm bill (P.L. 113-79, §7409) expanded mandatory funding to \$20 million per year (FY2014-FY2018), to be available until expended, and extended authority to appropriate \$30 million annually through FY2018. Not less than 5% of available funds are to be used to support beginning farmers who are military veterans.

USDA Microloan Program

In January 2013, USDA created a new microloan program within the existing direct farm operating loan program of FSA, using its statutory authority to “better serve the unique financial operating needs of beginning, niche and the smallest of family farm operations.”⁴⁰

FSA had found that small farm operations—including nontraditional farms, specialty crop producers, and operators of community-supported agriculture—had unique needs and limited financing options. FSA found these farms could face unintended barriers when applying for USDA operating loans, often because of experience requirements and pledging collateral. The microloan program simplifies and expedites the application process, and adds flexibility for meeting loan eligibility and security requirements. Microloans can be used for all approved operating expenses as authorized by the FSA Operating Loan Program, including initial start-up expenses; annual expenses (seed, fertilizer, utilities, land rents); marketing and distribution expenses; family living expenses; purchase of livestock, equipment, and other materials essential to farm operations; minor farm improvements such as wells and coolers; hoop houses to extend the growing season; essential tools; irrigation; and delivery vehicles. The maximum microloan size is \$35,000. As of March 2014, USDA had issued more than 4,900 microloans totaling \$97 million.⁴¹

The 2014 farm bill (P.L. 113-79, §5106) authorized a similar program to allow USDA to contract with community-based, state entities or other intermediaries to make or guarantee loans or to provide related services.

³⁹ Previous topics have included environmental stewardship, financial management, farm safety, “farm beginnings” curriculum, and individual development accounts.

⁴⁰ Farm and Rural Development Act, as amended, P.L. 92-419, 7 U.S.C. 1942 (CFDA# 10.406). FSA, “Microloan Fact Sheet,” January 2013. Also see 78 *Federal Register* 12: 3828-3836, January 17, 2013. A proposed rule was issued in May 2012. For other information see CRS Report RS21977, *Agricultural Credit: Institutions and Issues*.

⁴¹ USDA, “Microloan Gets Getting Growing,” March 25, 2014.

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.⁴² The program, administered by 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 or \$500,000 per project and limited to eight months or 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.⁴³ A summary of funded projects is at USDA's website. In recent years, program funding has totaled more than \$20 million.⁴⁴

Agricultural Management Assistance

The Agricultural Management Assistance (AMA) program was authorized in the Agricultural Risk Protection Act of 2000⁴⁵ 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 insurance⁴⁶ to mitigate financial risk through production or marketing diversification or resource conservation practices. AMA provides mandatory funding through the CCC at \$15 million annually from FY2008 to FY2014, and the funding is allocated in statute as follows: NRCS (50%), RMA (40%), and AMS (10%).⁴⁷ 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.⁴⁸ 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.⁴⁹ The AMS portion

⁴² P.L. 97-219; 15 U.S.C. §638 (CFDA# 10.212).

⁴³ USDA's website: <http://business.usa.gov/program/usda-small-business-innovation-research-grant-program-small-and-mid-size-farms>.

⁴⁴ See USDA's explanatory notes for NIFA, http://www.obpa.usda.gov/explan_notes.html.

⁴⁵ P.L. 106-224, §524b; 7 U.S.C. §1524 (CFDA# 10.917).

⁴⁶ States include Connecticut, Delaware, Hawaii, Maryland, Massachusetts, Maine, Nevada, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia, and Wyoming.

⁴⁷ P.L. 110-246, §2801.

⁴⁸ USDA's website: <http://www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/financial/ama>.

⁴⁹ 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. The AMA funding used for buy-up purchases is referred to as the Financial Assistance Program. For more information, see CRS Report R40532, *Federal Crop Insurance: Background*.

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.

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.⁵⁰ For purposes of this program, “priority commodities” are defined as:⁵¹ (1) agricultural commodities covered by (7 U.S.C. 7333) that are not covered by catastrophic risk protection crop insurance, are used for food or fiber (except livestock), and specifically include, but are not limited to, floricultural, ornamental nursery, Christmas trees, turf grass sod, aquaculture (including ornamental fish), and industrial crops; (2) specialty crops that may or may not be covered under a federal crop insurance plan and include, but are not limited to, fruits, vegetables, tree nuts, syrups, honey, roots, herbs, and highly specialized varieties of traditional crops, and (3) underserved commodities that include commodities and livestock that are covered by a federal crop insurance plan but where participation in an area is below the national average; and commodity and livestock producers with inadequate crop insurance coverage produced by limited resource, socially disadvantaged, and other traditionally underserved producers.

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 nonprofit organizations. Assistance is through a cooperative agreement, ranging from \$20,000 to \$100,000 per agreement. No matching funds are required. In 2013, RMA awarded cooperative agreements totaling nearly \$10 million from two RMA programs, the Targeted States Program and the Risk Management Education Partnership Program.⁵²

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.⁵³ 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, veterans, state-

⁵⁰ Federal Crop Insurance Act (P.L. 96-365), as amended; 7 U.S.C. §1522(d) (CFDA# 10.455). USDA’s website: <http://www.rma.usda.gov/aboutrma/civilrights/outreach.html>.

⁵¹ 73 *Federal Register* 241: 75990-75996, December 15, 2008.

⁵² “USDA Invests to Help Small and Underserved Producers Manage Risk and Remain Productive,” October 2013.

⁵³ 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’s website: <http://www.outreach.usda.gov/sdfr/index.htm>. See also CRS Report RS20430, *The Pigford Cases: USDA Settlement of Discrimination Suits by Black Farmers*.

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 to own and operate 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. Grants range from \$100,000 to \$400,000 per year for up to three years, with no matching requirements. The program is administered by USDA's new Office of Outreach and Advocacy.

Section 2501 was authorized at \$25 million a year in the 2002 farm bill; however, the program had not received a congressional appropriation of more than \$6 million in any year. The 2014 farm bill (P.L. 113-79, §12001) expanded funding for the program to provide \$10 million per year in mandatory funding (FY2014-FY2018), plus authorized appropriations of \$20 million annually through FY2018.

Sustainable Agriculture Research and Education

Sustainable Agriculture Research and Education (SARE) is managed by NIFA, originated in the research provisions in the 1985 farm bill, is aimed at enhancing low-input farming systems, and was expanded and renamed in the 1990 farm bill.⁵⁴ 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 others. 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.”⁵⁵ 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 also the Sustainable Agriculture Network, a coalition of leading non-profit conservation groups located in America, Africa, Asia, and Europe.

The program originated with a \$3.9 million appropriation in FY1988. In recent years, funding for project grants has totaled nearly \$23 million.⁵⁶ State-by-state summaries and profiles of the SARE grants portfolio are available at SARE's website.⁵⁷

⁵⁴ 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). Previously referred to as “Low-Input Sustainable Agriculture” (LISA).

⁵⁵ SARE's website: <http://www.sare.org/Grants>.

⁵⁶ See USDA's explanatory notes for NIFA, http://www.obpa.usda.gov/explan_notes.html.

⁵⁷ SARE, “Grant Summaries by State,” <http://www.sare.org/Grants/Grant-Summaries-by-State>. SARE's searchable database is at <http://www.sare.org/Project-Reports/Search-the-Database>.

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);⁵⁸ it was further amended in the 1996 and 2002 farm bills, and extended in subsequent farm bills. Administered by USDA's Rural Development (RD) office, 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.⁵⁹ 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.⁶⁰ 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.⁶¹

This grant program has a generally matching fund requirement of 25% of the total project cost for most eligible entities, but it varies in some cases. Funding is discretionary, with authorized appropriations of \$40 million annually (FY2014-FY2018); however, actual appropriated amounts have been lower than authorized levels.

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.⁶² 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.⁶³ 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

⁵⁸ 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's website: http://www.rurdev.usda.gov/BCP_RCDG.html.

⁵⁹ 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.

⁶⁰ USDA's website: http://www.rurdev.usda.gov/BCP_RCDG.html.

⁶¹ USDA, "Grants, Loans, and Support," http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANTS. Also, CRS communication with University of Illinois staff, September 15, 2011.

⁶² USDA, http://www.rurdev.usda.gov/BCP_SSDPG.html. Formerly the Small, Minority Producer Grant Program.

⁶³ 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's website: http://www.rurdev.usda.gov/rbs/buspb/b&i_gar.htm.

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

Additionally, USDA may guarantee 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 is not to exceed 30 years; machinery and equipment repayment is 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 is not to exceed seven years. Available program obligations are approximately \$1.6 billion.⁶⁴ 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 to FY2012 be used to support local and regional food production. This allocation of available funding is 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.”⁶⁵ Nearly \$50 million is available for local and regional food enterprises.⁶⁶ 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 processing facility to produce dairy products using locally sourced milk.⁶⁷

Community Facilities Direct Loan and Grant Program

Community Facilities loans and grants were authorized in the Consolidated Farm and Rural Development Act, as amended.⁶⁸ Administered by RD, the program provides direct loans, guaranteed/insured loans, and project grants for the construction, acquisition, or renovation of

⁶⁴ USDA, “Business and Industry Guaranteed Loan Program,” <http://www.rd.usda.gov/recovery/business.html>.

⁶⁵ P.L. 110-246, §6015.

⁶⁶ USDA, “USDA Announces \$78 Million Available for Local Food Enterprises Historic Investment Will Support Entire Local Food Supply Chain,” Release No. 0084.14, May 8, 2014.

⁶⁷ USDA, “Grants, Loans, and Support,” http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANTS.

⁶⁸ P.L. 92-419, §306; 7 U.S.C. §1926 (CFDA#10.766). USDA’s website: http://www.rd.usda.gov/HCF_CF.html.

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; guaranteed loans range from \$26,000 to \$20 million; and project grants range from \$300 to \$400,000. Eligible applicants include public and nonprofit organizations, and federally recognized Indian tribes. The proposed community facilities must be in rural areas, defined as areas with no more than 20,000 residents. In recent years, funding for project grants has totaled more than \$20 million.⁶⁹

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.⁷⁰

Rural Business Development Grants

The 2014 farm bill (P.L. 113-79, §6012) consolidated two previous USDA grant programs: the Rural Business Enterprise Grants (RBEG)⁷¹ and the Rural Business Opportunity Grants (RBOG)⁷² programs into a new Rural Business Development Grants program. Both programs were authorized under the ConAct, as amended, and reauthorized in the 2008 farm bill and administered by USDA's Rural Business-Cooperative Service. Both provided competitive grants to finance and facilitate a broad range of rural projects and promote sustainable economic development in rural communities. Eligible entities include rural public bodies, rural nonprofit corporations, rural Indian tribes, and cooperatives. The 2014 farm bill authorized appropriations of \$65 million annually (FY2014-FY2018) to remain available until expended.

Details of the new consolidated program will likely be subject to USDA rulemaking. Previously grants generally ranged from \$10,000 to \$150,000, with no matching requirements. Examples of past funding under the two previous programs are as follows. RBEG provided funding for the development of small and emerging rural businesses, and employment-related adult education programs, and also provided funding to acquire and develop land and construct buildings, plants, equipment, access, parking areas, and utility and service extensions, among other activities. A specific example of RBEG funds supporting local food systems involve 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.⁷³ RBOG funding has covered 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

⁶⁹ USDA's explanatory notes for Rural Development, http://www.obpa.usda.gov/explan_notes.html.

⁷⁰ USDA, "Grants, Loans, and Support," http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANTS.

⁷¹ 7 U.S.C. §1932(c)(2). §306 of the ConAct, as amended (CFDA#10.769).

⁷² P.L. 104-127, §741, amending §306 of the ConAct, as amended; 7 U.S.C. §1926(a)(19)(C)(ii) (CFDA#10.773).

⁷³ USDA, "Grants, Loans, and Support," http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANTS.

business incubators, including commercial kitchens.⁷⁴ An example of RBOG funds supporting local food systems involve a project grant to create FoodHub, an online marketplace based in Oregon that allows large-scale purchasers of food to connect with nearby growers.⁷⁵

Rural Microentrepreneur Assistance Program

The Rural Microentrepreneur Assistance Program (RMAP) was authorized in the 2008 farm bill.⁷⁶ Administered by RD, the program provides direct loans and project grants to a Microenterprise Development Organization (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, and 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.⁷⁷ Mandatory funding through the CCC, which remains available until expended, is \$3 million annually (FY2014-FY2018). In addition, appropriations are authorized at \$40 million annually (FY2014-FY2018). However, in recent years no funds have been appropriated, and the program has received mandatory funding for some years only.

Nutrition Assistance Programs⁷⁸

Farmers' Market Nutrition Programs

USDA's Food and Nutrition Service (FNS) administers two programs that provide benefits redeemable only at farmers' markets—the WIC Farmers' Market Nutrition Program (WIC-FMNP), and the Senior Farmers' Market Nutrition Program (SFMNP). FNS provides grants to state agencies, such as state health, agriculture, and other agencies and Indian Tribal Organizations (ITOs), in nearly all states.⁷⁹ 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.

The WIC-FMNP was first established in 1992 under the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) to provide fresh, locally grown produce to low-income

⁷⁴ 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.

⁷⁵ USDA, "Grants, Loans, and Support," http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANTS.

⁷⁶ P.L. 110-246, §6022, amending §306 of the ConAct; 7 U.S.C. §1926(a)(19)(C)(ii) (CFDA#10.870). USDA, http://www.rurdev.usda.gov/BCP_rmap.html.

⁷⁷ USDA, "Grants, Loans, and Support," http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANTS.

⁷⁸ For more direct assistance on programs targeting nutrition assistance, contact Randy Alison Aussenberg, CRS Specialist in Nutrition Assistance Policy (raussenberg@crs.loc.gov; 7-8641), who covers many of the programs discussed in this section.

⁷⁹ A map of participating states is at <http://www.fns.usda.gov/wic/SFMNP-FMNP-Map.pdf>.

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).⁸⁰ 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 FY2013, the program covered an estimated 1.56 million recipients and about 17,700 farmers, 3,300 farmers' markets, and 2,800 roadside stands. Coupons redeemed through the program resulted in an estimated \$13.2 million in revenue to farmers for FY2013. Total WIC-FMNP grant funding ranged from \$19 million to \$23 million per year between FY2010 and FY2013; grant amounts for individual states are at USDA's website.⁸¹ Appropriated funding for the WIC-FMNP totaled \$16.5 million in FY2014.

The SFMNP was authorized in the 2002 farm bill and reauthorized 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.⁸² 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 FY2013 covered an estimated 836,000 participants and about 20,600 farmers, 4,200 farmers' markets, 3,100 roadside stands, and 190 CSAs. The 2014 farm bill extended the annual mandatory funding, provided by a transfer from the CCC, of \$20.6 million annually through FY2018. State-by-state allocations of funds are at USDA's website.⁸³

Supplemental Nutrition Assistance Program (SNAP) at Farmers' Markets

Benefits under the FNS-administered Supplemental Nutrition Assistance Program (SNAP, formerly food stamps) similarly provide additional resources to patronize and support farmers markets.⁸⁴ 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.⁸⁵ Farmers' markets may become SNAP-licensed retailers. In March 2015, USDA reported more than 5,000 farmers' markets now accept EBT and SNAP redemption at farmers' markets nationwide totaled \$18 million in 2014, up from \$4 million in 2009.⁸⁶ Most direct-from-farm authorized retailers are in located in California, Iowa, Massachusetts, Michigan, Mississippi, Missouri, New York, Ohio, Oregon, and Pennsylvania.

⁸⁰ 42 U.S.C. 1786, amending the Child Nutrition Act (CFDA# 10.572). FNS, <http://www.fns.usda.gov/wic/fmnp/fmnpfaqs.htm>.

⁸¹ FNS, "WIC FMNP Profiles – Grants and Participation," <http://www.fns.usda.gov/wic/wic-fmnp-profiles-grants-and-participation>.

⁸² P.L. 107-171; §4402; 7 U.S.C. 3007 (CFDA# 10.576). USDA, <http://www.fns.usda.gov/wic/SeniorFMNP/SFMNPmenu.htm>.

⁸³ FNS, "SFMNP Profiles – Grants and Participation," <http://www.fns.usda.gov/sfmnp/sfmnp-profiles-grants-and-participation>.

⁸⁴ SNAP statutory provisions, however, do not require that benefits be redeemed at local establishments or in farm-to-consumer settings.

⁸⁵ 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 stating 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/eligible-food-items> and SNAPGardens.org, <http://www.snapgardens.org/>.

⁸⁶ USDA, "USDA Announces \$97 Million Available to Expand Access to Healthy Food, Support Rural Economies," Release No. 0064.15, March 16, 2015. See USDA's website: <http://www.fns.usda.gov/ebt/learn-about-snap-benefits-farmers-markets>.

The 2014 farm bill provided for SNAP Bonus Incentive Projects and other related grants. Some states, localities, and farmers' market networks have created SNAP bonus incentive programs to target the redemption of benefits at farmers' markets. These allow SNAP participants to redeem their benefits for more than "money on the dollar." For example, a participant may exchange \$3 of benefits for a \$6 voucher to redeem at the market. In the past, FNS required that the bonus funds be non-federal dollars; however, the 2014 farm bill creates a competitive grant program that provides some funding for bonus incentives (see "Food Insecurity Nutrition Incentive Grant Program"). Previously, markets had to apply to FNS for a waiver of the rules through the state SNAP agency. Beginning in 2010, FNS allowed farmers' markets that secured non-federal bonus incentive funding to be eligible through a blanket waiver; markets now just inform an FNS field office that they are conducting a bonus incentive program.

Farm to School Grant 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).⁸⁷ The 2010 law included \$5 million annually in mandatory funding for the program and also allows for additional discretionary funding. 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.⁸⁸ The program is administered by FNS.

The Farm to School program provides competitive grants and technical assistance to eligible schools,⁸⁹ state and local agencies, ITOs, agricultural producers or groups of agricultural 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.⁹⁰ 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 to exceed 75% of the total project cost.

USDA's grant program provides about \$6 million annually in available funding.⁹¹ Four different types of grants are available: planning grants help schools get started; implementation grants to

⁸⁷ 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/sites/default/files/F2Sleg_history.pdf.

⁸⁸ See USDA's website: <http://www.fns.usda.gov/farmtoschool/farm-school>. See also CRS Report R43783, *School Meals Programs and Other USDA Child Nutrition Programs: A Primer*, by Randy Alison Aussenberg.

⁸⁹ An "eligible school" means a school or institution that participates in a program under this act or the school breakfast program established under §4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773).

⁹⁰ See USDA's website: <http://www.fns.usda.gov/farmtoschool/farm-school>. See also USDA's fact sheets, <http://www.fns.usda.gov/farmtoschool/fact-sheets>.

⁹¹ USDA, "USDA Announces \$97 Million Available to Expand Access to Healthy Food, Support Rural Economies," (continued...)

enable schools to expand existing programs; support service grants to allow community partners to provide support to schools; and training grants to disseminate best practices and strategies.⁹²

In March 2015, USDA reported that, since the program began in 2012, the program has funded 221 projects in 49 states, the District of Columbia, and the Virgin Islands.⁹³ USDA also reported that schools spent over \$385 million on local food purchases during the 2011-2012 school year. Other information on farm-to-school programs is available through the National Farm to School Network, highlighting activities in each state.⁹⁴

School and Community Garden Projects

The 2008 farm bill 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.⁹⁵ The pilot program, administered by FNS, was 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 2008 law authorized a pilot program in not more than five states for either school-based programs or community-based summer programs that is part of, or coordinated with, a summer enrichment program at two or more eligible schools. Specifically, the pilot program provided for applications to enter into a:

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.⁹⁶

In 2011, USDA awarded a single grant to Washington State University (WSU) to serve an estimated 2,800 students attending 70 elementary schools in Washington, New York, Iowa, and Arkansas.⁹⁷ WSU extension is the lead institution on the project—called the “Healthy Gardens, Healthy Youth” pilot project—along with the cooperative extension services of Iowa State University, Cornell University, and the University of Arkansas.⁹⁸ The project was funded at

(...continued)

Release No. 0064.15, March 16, 2015.

⁹² See USDA's website: <http://www.fns.usda.gov/farmtoschool/farm-school-grant-program>.

⁹³ USDA, “USDA Announces \$97 Million Available to Expand Access to Healthy Food, Support Rural Economies,” Release No. 0064.15, March 16, 2015. Other more updated information is available at USDA's website: <http://www.fns.usda.gov/farmtoschool/census#/map>.

⁹⁴ National Farm to School Network, <http://www.farmtoschool.org/>.

⁹⁵ 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.

⁹⁶ FNS, “People's Garden School Pilot Overview,” October 14, 2010, webinar.

⁹⁷ 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 Garden-Based Learning Opportunities,” April 7, 2011.

⁹⁸ WSU, “\$1 Million Grant Funds WSU Extension ‘Healthy Gardens, Healthy Youth’ Project,” April 7, 2011.

\$1 million in FY2010 under the agency's People's Garden School Pilot Program as part of the USDA People's Garden Initiative to establish community and school gardens nationwide.⁹⁹

The 2008 farm bill authorized appropriations to carry out the program through FY2012. The 2010 reauthorization of the child nutrition programs (P.L. 111-296) further amended this section of the NSLA and extended the authority for appropriations to FY2015.

In previous years USDA has utilized available funding to continue a range of related activities. For example, for FY2011, USDA provided approximately \$725,000 in grants for its People's Garden Grant Program, administered by NIFA.¹⁰⁰ Activities under this program were authorized in the National Agricultural Research, Extension, and Teaching Policy Act to facilitate the initial investment needed to create produce, recreation, and/or wildlife gardens in urban and rural areas, and to provide opportunities for science-based non-formal education.¹⁰¹ The program funded ten projects in Alaska, Arizona, California, Colorado, Connecticut, Hawaii, Maryland, Michigan, and Ohio.¹⁰² Many of these projects include school gardens. Funding for "Visitor Center/People's Garden" is approximately \$0.9 million annually.¹⁰³

Commodity Procurement Through "DoD Fresh"

The Department of Defense Fresh Fruit and Vegetable Program (DoD Fresh) is a mechanism created by USDA to increase fresh produce offerings to schools. DoD Fresh, which uses the logistical capacity of the United States military to deliver food to U.S. military bases across the country and world, as well as other schools nationwide. States are able to allocate a portion of their commodity entitlement funds for school meals toward procurement of fresh produce through the DoD Fresh program. The DoD Fresh program began as a USDA pilot project in 1996, with eight states participating by allocating a portion of their commodity entitlement funds toward the program.¹⁰⁴ In 1996-1997, DoD Fresh delivered produce valued at about \$3.2 million to schools in eight states. DoD Fresh delivers produce valued at about \$70 million to schools in all 50 states.

The 2008 farm bill amended and further authorized policies governing USDA's purchase of fresh fruits and vegetables through DoD Fresh.¹⁰⁵ Specifically, 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

⁹⁹ USDA's budget justification for FY2011, <http://www.obpa.usda.gov/30fns2011notes.pdf>. See p. 30-10.

¹⁰⁰ USDA, "USDA Expands People's Garden Initiative to Sow Seeds for Community-Based Agriculture across the Country," November 10, 2011.

¹⁰¹ P.L. 95-113, 7 U.S.C 3318 (b); CFDA# 10.325.

¹⁰² Some limited information is available at CFDA, "People's Garden Grant Program," CFDA#10.325, <http://www.cfda.gov>.

¹⁰³ See, for example, USDA's budget justification for FY2015, <http://www.obpa.usda.gov/04da2015notes.pdf>, p. 4-3.

¹⁰⁴ The program followed discussions between USDA's FNS and the Department of Defense "to enter into a pilot project to supply fresh fruit and vegetables directly to schools along with their deliveries to military installations or other sites in the United States," leading to a formal agreement in August 1995 authorizing the program. For more information, see USDA, "Department of Defense Fresh Fruit and Vegetable Program," http://www.fns.usda.gov/sites/default/files/DOD_FreshFruitandVegetableProgram2011.pdf

¹⁰⁵ See USDA's website: <http://www.fns.usda.gov/fdd/dod-fresh-fruit-and-vegetable-program>.

practicable and appropriate.”¹⁰⁶ While the 2008 farm bill provision did not specifically define “locally grown and locally raised,” FNS and DoD have generally applied the definition of “locally or regionally produced agricultural food products” established elsewhere in the farm bill,¹⁰⁷ specifically, “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.”¹⁰⁸ As a condition allowing for a preference, DoD Fresh does not require states and school food authorities to purchase local products.

Section 4202 of the 2014 farm bill established a separate pilot program for up to eight states to explore procurement alternatives—including local procurement—for unprocessed fruits and vegetables, in place of those commodity purchases offered through DoD. USDA’s website has additional information on how this provision is being implemented.¹⁰⁹

Healthy Food Financing Initiative

Prior to the 2014 farm bill, the Administration administered a Healthy Food Financing Initiative (HFFI) by requesting appropriations for several existing statutory authorities in order to provide grants and tax credits to support development of food retailers in underserved communities. Since 2010, the Administration has operated related programs at USDA, Health and Human Services (HHS), and/or the U.S. Treasury.¹¹⁰

The 2014 farm bill (P.L. 113-79, §4206) created a legislatively mandated HFFI at USDA, modeled after existing HFFI programs at HHS and the U.S. Treasury, to expand access to healthy, fresh foods in low-income, under-served communities, among other objectives. The law established a new authority by the same name, Healthy Food Financing Initiative. The purpose of the initiative is to enhance USDA authorities to:¹¹¹

support efforts to provide access to healthy food by establishing an initiative to improve access to healthy foods in underserved areas, to create and preserve quality jobs, and to revitalize low-income communities by providing loans and grants to eligible fresh, healthy food retailers to overcome the higher costs and initial barriers to entry in underserved areas.

USDA is authorized to approve a community development financial institution as “national fund manager” that would administer these funds by supporting food retail projects that would “expand or preserve access to staple foods” (as defined within this section) and accept SNAP benefits. The law authorized up to \$125 million to be appropriated for a “Healthy Food Financing Initiative” to remain available until expended.

The Administration’s FY2016 budget request would provide \$13 million for loans and grants to support increased access to healthy foods in underserved areas under the agency’s portion of the

¹⁰⁶ NSLA, §9(j); 42 U.S.C. 1758(j)) amended in 2008 farm bill (P.L. 110-246, §4302). Covers also non-DoD schools.

¹⁰⁷ CRS communication with FNS staff, September 12, 2011.

¹⁰⁸ P.L. 110-246, §6015.

¹⁰⁹ See USDA’s website: <http://www.fns.usda.gov/fdd/pilot-project-procurement-unprocessed-fruits-and-vegetables>.

¹¹⁰ For more information, see CRS Report R42155, *The Role of Local Food Systems in U.S. Farm Policy*.

¹¹¹ P.L. 113-79, §4206. Amended Title II, Subtitle D of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. §§6951 *et seq.*).

HFFI, by providing “financial and technical assistance to support market planning and promotion efforts as well as infrastructure and operational improvements designed to enhance marketing and retail outlets for farm products, and increase the availability of locally and regionally produced foods.”¹¹² USDA has not yet announced which agency will oversee the Department’s HFFI activities. USDA’s efforts will be coordinated with activities at the U.S. Treasury through the Community Development Financial Institutions Fund.

Community Food Projects Competitive Grants Program

The Community Food Projects Competitive Grants Program (also known as the Community Food Projects program) was created in the 1996 and further amended in the 2008 and 2014 farm bills.¹¹³ 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. The 2008 farm bill reauthorized the competitive grants and funded them at \$5 million for FY2008 and each fiscal year thereafter. Activities supported by this program are a wide range of community-based projects and initiatives, including urban agriculture and targeted markets to address food desert communities. Grants are awarded for community food projects, planning projects, and training and technical assistance projects. The range of grant awards and their duration depend on the type of project, but all three types require a match in resources.¹¹⁴ The 2014 farm bill increased funds for this program by \$4 million to a total of \$9 million in FY2015 and each fiscal year thereafter. The 2014 law also included new types of eligible grantees, for example, “gleaners.”¹¹⁵

Food Insecurity Nutrition Incentive Grant Program

The 2014 farm bill significantly amended what had been the “hunger-free community grants” to “incentive grants” for projects that incentivize SNAP participants to buy fruits and vegetables, and renamed the incentive grant program the “Food Insecurity Nutrition Incentive.”¹¹⁶ The federal cost share under the program is limited to 50%. The Food Insecurity Nutrition Incentive (FINI) Grant Program supports three categories of projects: (1) FINI Pilot Projects (awards not to exceed \$100,000 over one year); (2) Multi-year, community-based FINI Projects (awards not to exceed \$500,000 over no more than four years); and (3) Multi-year, FINI Large-Scale Projects (awards of \$500,000 or more over no more than four years).¹¹⁷ The 2014 farm bill provided \$100 million in mandatory funding (FY2014-FY2018), plus discretionary authority of \$5 million per year. Available grant funding is estimated to total up to \$31.5 million (FY2014-FY2015). The program is administered by NIFA.

¹¹² USDA, “FY2016 Budget Summary and Annual Performance Plan,” February 2015, p. 43.

¹¹³ P.L. 110-246, §4402, 7 U.S.C 2034 (CFDA# 10.225), amending the Food Stamp Act of 1977. See USDA’s website: <http://www.csrees.usda.gov/program/community-food-projects-competitive-grant-program-cfpcgp>.

¹¹⁴ FY2012 Request for Applications: http://www.csrees.usda.gov/funding/rfas/pdfs/12_community_food.pdf.

¹¹⁵ Refers to the collection of leftover crops from farmers’ fields after harvest or crops that are not economically profitable to harvest. It also refers to the collection of foods from supermarkets that might otherwise be thrown away.

¹¹⁶ P.L. 113-79, §4208.

¹¹⁷ USDA’s website: <http://www.csrees.usda.gov/program/food-insecurity-nutrition-incentive-fini-grant-program>.

Table I. 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 and acreage of U.S. specialty crop production. In FY2013, grants ranged from \$180,000 to \$18 million. Also provides multistate project grants.	Mandatory, \$72.5 million annually (FY2014-2017) and \$85 million (FY2018 and each year thereafter). Funding for multistate project grants: \$1 million (FY2014) reaching to \$5 million (FY2018). Local share: Unknown.
AMS	Farmers' Market and Local Food Promotion Program, 10.168.	Project grants	Farmer coops, associations, nonprofit/public benefit corporations, local authorities, regional farmers' markets.	Limited to \$100,000, with a minimum award of \$5,000. Individual grants have averaged about \$50,000.	Mandatory, \$30 million annually (FY2014-FY2018), plus authorized appropriations of \$10 million each year. Local share: Unknown.
AMS	Federal State Marketing Improvement Program (FSMIP), 10.156.	Project grants	State agriculture departments and experiment stations, other state agencies.	Grants have ranged from \$21,000 to \$135,000, averaging \$51,385. Matching funds required.	Discretionary, about \$1.3 million annually. Local share: Unknown.
RD	Value-Added Agricultural Product Market Development Grants, 10.352.	Project grants	Individual farmers, agriculture producer groups, farmer and rancher cooperatives, and majority-controlled producer-based businesses, and veterans.	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, \$63 million, available until expended, plus authorized appropriations of \$40 million annually (FY2012-2018). Local share: Unknown.
NIFA	Beginning Farmer and Rancher Development Program (BFRDP), 10.311.	Project grants	State, tribal, local, or regionally based networks/partnerships of public and private entities. At least 5% funds for veterans.	Up to \$250,000 per year for up to 3 years. Matching funds are required.	Mandatory, \$20 million annually (FY2014-FY2018), plus authorized annual appropriations of \$40 million through FY2018). Local share: Unknown.
FSA	Microloan Program	Loans	Beginning, niche, and smaller family farm operations.	Up to \$35,000. Repayment term may vary and may not exceed seven years.	Administered through FSA's Operating Loan Program (CFDA# 10.406). 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. Funding ranges from about \$15 million to \$20 million annually. Local share: Unknown.

USDA agency	Program Name / CFDA#	Program Type	Eligible Applicants	Assistance Amount	Total Funding Type/Amount
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 (FY2014-FY2018), 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, state ag departments, community organizations, farmer/rancher associations, nonprofits.	Assistance is through a cooperative agreement, ranging from \$20,000 to \$100,000 per agreement. No matching funds are required.	Approximately \$10 million is awarded annually 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, veterans, 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.	Mandatory/discretionary. Mandatory funds of \$10 million per year (FY2014-FY2018), authorized appropriations of \$20 million annually through FY2018. 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 authorized \$40 million annually (FY2014-FY2018). 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 of about \$1.2 billion annually. Local share: At least 5% by law (estimated at about \$50 million annually).
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 and Guaranteed Loans: About \$500 million annually. Project Grants: About \$30 million annually. Local share: Unknown.

USDA agency	Program Name / CFDA#	Program Type	Eligible Applicants	Assistance Amount	Total Funding Type/Amount
RD	Rural Business Development Grants program (consolidating Rural Business Enterprise Grants and Rural Business Opportunity Grants)	Project grants.	Rural public entities (towns, communities, state agencies, and authorities), rural nonprofit corporations, rural Indian tribes, and cooperatives.	Details of new consolidated program subject to USDA rulemaking. Previously grants generally ranged from \$10,000 up to \$150,000, with no matching requirements.	Authorized appropriations of \$65 million annually (FY2014-FY2018) to remain available until expended. Local share: Unknown.
RD	Rural Microentrepreneur Assistance Program (RMAP), 10-870.	Loans and technical assistance grants.	Microenterprise Development Organizations (MDOs), or other nonprofit, Indian tribe or public institution of higher education serving 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. \$3 million annually (FY2014-FY2018), plus authorized appropriations of \$40 million annually (FY2014-FY2018). 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. Funding of about \$20 million annually. 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 FY2013, grants ranged from \$6,300 to \$3.1 million.	Discretionary. Funding of about \$16 million. 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 FY2013, grants ranged from \$9,900 to \$1.8 million.	Mandatory, \$20.6 million annually through FY2018. Local share: Unknown.
NIFA	Food Insecurity Nutrition Incentive (FINI) Grant Program	Project grants.	State health, agriculture and other agencies and Indian tribes.	Three project categories: (1) Pilot Projects (awards <\$100,000 over 1 year); (2) Multi-year, Community-based Projects (awards <\$500,000 over <4 years); and (3) Multi-year, Large-Scale Projects (awards >500,000 over <4 years).	Mandatory, \$100 million (FY2014-2018), plus discretionary authority of \$5 million per year. 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 may not exceed 75% of the total project cost.	Mandatory funding set at \$5 million starting on October 1, 2012, and each year thereafter, plus appropriations "such sums as necessary" (FY2011-FY2015). Local share: Unknown.

USDA agency	Program Name / CFDA#	Program Type	Eligible Applicants	Assistance Amount	Total Funding Type/Amount
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 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 to carrying out this provision. The 2014 farm bill requires USDA to pilot up to 8 states using local sourcing instead of DoD Fresh.
(TBD)	Healthy Food Financing Initiative (as authorized in the 2014 farm bill)	Loans, grants, tech. assistance.	Partnerships involving regional, state, or local public-private partnership.	To be determined.	The 2014 farm bill authorizes appropriations up to \$125 million, to remain available until expended.
NIFA	Community Food Projects (CFP), 10.225.	Project grants.	Private non-profit entities.	Amount and duration vary depending on type of grant all require a match in resources. (Separate grant for a healthy urban food enterprise development center.)	Mandatory, \$9 million in FY2015 and each year thereafter.

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. Program groupings are not intended to indicate any rank or importance.

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), Farm Service Agency (FSA), Agricultural Research Service (ARS), Natural Resources Conservation Service (NRCS), and Food and Nutrition Service (FNS).

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