

May 28, 2015

U.S. Farm Policy: Local and Regional Food Systems

What Are “Local Food Systems”? 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 or believe that purchasing local foods helps support local farm economies and/or farmers that use production practices that are perceived to be more environmentally sustainable.

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/or require that food be sold within the state where it is produced to be considered local. 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 (CSA), community gardens, school gardens, and food hubs. Other types of operations may include on-farm sales/stores, internet marketing, food cooperatives and buying clubs, roadside stands, “pick-your-own” operations, urban farms, community kitchens, small-scale food processing and decentralized root cellars, and some agritourism or on-farm recreational activities.

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 between \$4 billion to \$12 billion annually. Estimates reported by the U.S. Department of Agriculture (USDA) show the extent to which local food sales have increased in recent years. For 2008, USDA estimated that the farm-level value of U.S. local food sales totaled about \$4.8 billion (**Figure 1**). An estimated total of 107,000 farms were engaged in local food systems, about 5% of all U.S. farms. USDA’s most recent estimates, for 2012, put U.S. local food sales at \$6.1 billion, reflecting sales from nearly 164,000 farmers (about 8% of U.S. farms). Local foods accounted for an estimated 1.5% of the value of total U.S. agricultural production.

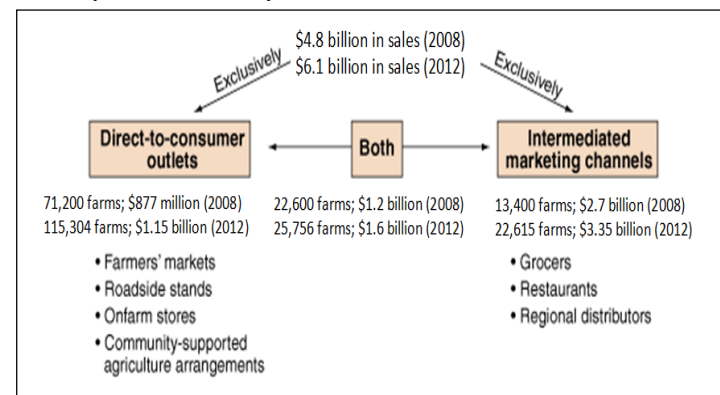
USDA further reports that small farms rely more on direct-to-consumer marketing channels (such as farmers’ markets, roadside stands, on-farm stores, and CSAs) as compared to larger farms. Farms making less than \$75,000 in annual gross income account for 85% of all local food farms.

Does the Federal Government Support Local Foods?

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 as well as programs within other federal agencies, such as the Departments of Commerce; Health and Human Services; and the Treasury.

Figure 1. USDA Estimates of Local Food Sales, Farm Value (2008 and 2012)



Source: CRS from USDA data: 2012 (S. A. Low, et al., *Trends in U.S. Local and Regional Food Systems: Report to Congress*, AP-068, January 2015) and 2008 (S. Low and S. Vogel, “Local Foods Marketing Channels Encompass a Wide Range of Producers,” *Amber Waves*, December 2011).

Programs administered by USDA may be grouped into broad 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, as well as USDA’s research and cooperative extension service. (See listing of selected programs in text box on next page.) This listing does not include broad-based conservation or 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.

The most widely used definition of what constitutes “local” foods for the purposes of U.S. federal support programs is from the 2008 farm bill (P.L. 110-246), which defined a “locally or regionally produced agricultural food product” as it pertains to eligibility under USDA’s Business and Industry (B&I) Guaranteed Loan Program. 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” (§6015).

Selected Federal Programs Supporting Local Foods

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 Agric. 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/Assist. to Socially Disadvantaged Farmers/Ranchers

Rural and Community Development Programs

- Rural Cooperative Development Grant
- 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
- Programs supporting School and Community Gardens
- Commodity Procurement programs (e.g., "DoD Fresh")
- Healthy Food Financing Initiative
- Community Food Projects
- Food Insecurity Nutrition Incentive grants

For information on these programs, see CRS Report R43950, *Local Food Systems: Selected Farm Bill and Other Federal Programs*.

The Obama Administration has implemented departmental initiatives intended to support local food systems, such as the "Know Your Farmer, Know Your Food" (KYF2) Initiative, among other activities. In general, these initiatives are intended to eliminate organizational barriers among existing USDA programs and promote enhanced collaboration among staff, leveraging existing USDA activities and programs. These are not stand-alone programs, are not connected to a specific office or agency, and do not have separate operating budgets.

Federal program funding for local foods has increased in recent years, and estimates of reported spending can often vary widely depending on which programs are included. USDA allocated more than \$80 million in program-level funding for local foods in FY2015. This estimate includes \$26.6 million for two grant programs (the Farmers Market Promotion Program and the Local Food Marketing Promotion Program); \$4.8 million for Community Food Projects Competitive Grants; \$1 million for matching Federal-State Marketing Improvement Program grants; and roughly \$50 million for loans under USDA's B&I program. This estimate does not include funding for state block grants for specialty crops or funding for certified organic production since the original intent of these programs was to support fruit and vegetable production and also organic agriculture, respectively, and not local foods specifically. Other federal programs may provide support, but the share of available spending for local foods is not known.

Which U.S. Laws Address Local Food Systems?

Authorizations for many of the selected programs listed here are contained within periodic farm bills or within the most recent reauthorization of the child nutrition programs.

- ***Farm Bill Programs.*** The 2014 farm bill (Agricultural Act of 2014, P.L. 113-79) is the most recent omnibus farm bill. In the run-up to the 2014 farm bill, several bills were introduced in Congress broadly addressing local food systems. Some were "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. Others addressed specific issues. Some provisions from these bills were incorporated into the 2014 farm bill. Although recent farm bills have contained some specific programs that directly support local and regional food systems, the local impact of new and existing programs may depend on appropriated funding and the nature of implementation.
- ***Child Nutrition Programs.*** Child nutrition programs and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) provide cash, commodity, and other assistance under the Richard B. Russell National School Lunch Act and the Child Nutrition Act. Local foods are sometimes promoted under these programs. Section 32 of the act of August 24, 1935 (7 U.S.C. §612c) may provide for additional program funding in some cases. 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).

Other legislation introduced in past Congresses has addressed specific issues, including proposals to provide targeted support for non-traditional and beginning farmers, focused at the farm production level, as well as proposals focused on nutrition and enhanced access to food.

What Issues Are Influencing the Debate in Congress?

Some in Congress continue to express the need to change farm policies in ways that might further enhance support for local food systems and rural communities, arguing that U.S. farm policy should be modified to reflect broader, more equitable treatment across a range of production systems, including local food systems. Supporters often 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 some consider more environmentally sustainable.

Others in Congress oppose extending farm bill support to explicitly support local food producers, who are already eligible for many farm bill programs. Other issues include overall limited financial resources to support U.S. agricultural producers as well as concerns that local food systems might not provide for the most efficient and productive use of available natural resources for producing food, among other criticisms.

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