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Support for Supply-Chain Resilience of Locally Sourced Foods

Over the past decade, food policy in the United States has responded to ongoing shifts in consumer preferences and producer trends that favor local food systems (including regional and urban food systems). Congress expanded support for a range of programs supporting local food systems in omnibus farm legislation, most recently in the Agriculture Improvement Act of 2018 (2018 farm bill; P.L. 115-334). Congress has provided additional financial support for U.S. agricultural producers, including local food systems, as part of pandemic assistance in response to economic upheaval and agricultural supply chain disruptions related to Coronavirus Disease 2019 (COVID-19). **Table 1** summarizes existing USDA program support and additional supplemental appropriations and other pandemic-related funding for selected programs across all agricultural products and markets, including local foods.

Currently, more than 30 grant and loan programs administered by the U.S. Department of Agriculture (USDA) provide support and assistance for local food producers and producer groups. These programs may be grouped into several broad program categories, including marketing and promotion; business assistance and agricultural research; rural and community development; urban and indoor production; nutrition and education; and farmland conservation. Examples include farmers' market and local food promotion programs, rural cooperative grant and loan programs, child nutrition programs, and USDA's research and extension activities. Other USDA grant programs provide specific support for urban agricultural systems and related research. Annually, roughly more than \$100 million is available in USDA grants and loans to support local and urban food systems. For information on these USDA programs, see CRS Report R46538, *Local and Urban Food Systems: Selected Farm Bill and Other Federal Programs*.

Market for Locally Sourced Foods

A wide variety of farm businesses are considered to be engaged in producing local foods. These include direct-to-consumer marketing, farmers' markets, community-supported agriculture (CSA), community/school gardens, and food hubs (referring to a centralized facility that supports the aggregation, storage, processing, distribution, and marketing of locally produced foods). Other types of operations include on-farms sales/stores, internet sales, food cooperatives and buying clubs, roadside stands, "pick-your-own" operations, urban farms, community kitchens, small-scale food processing, and agritourism activities. Urban farming operations also include a diverse range of systems and practices, including large-scale innovative systems and capital-intensive operations, vertical and rooftop farms, hydroponic greenhouses (e.g., soilless systems), and

aquaponic facilities (e.g., growing fish and plants together in an integrated system).

Limited data are available on the role of locally sourced foods in the U.S. food industry. Available data from USDA's *2017 Census of Agriculture* cover direct food sales including (1) direct-to-consumer sales (e.g., food sold from farms directly to consumers at farmers' markets, roadside stands, on-farms stores, and CSAs) and (2) direct-to-retail market sales (e.g., food sold from farms directly to retail markets, institutions, and food hubs for locally or regionally branded products). Based on these data, USDA reports the farm-level value of these direct food sales totaled \$11.8 billion in 2017 (3% of the total value of U.S. agricultural production), reflecting sales from nearly 159,000 farmers (8% of all U.S. farms). More than 90% of farms selling food products directly to consumers are considered *small* farms (i.e., annual sales of less than \$50,000).

COVID-19 Supply Chain Disruptions

The pandemic caused unprecedented shifts and disruptions in economic activity and supply chains in the U.S. food and agricultural sectors, affecting farmers, farm-input suppliers, value-added food processors, marketing and distribution channels, and the food system infrastructure. In a June 2021 press release, USDA stated that the pandemic "exposed a food system that was rigid, consolidated, and fragile." However, a study by researchers at Colorado State University indicated that "in some cases local and regional food systems innovated more quickly to respond to market demand and policy changes when compared to national food systems during the pandemic." The **text box** below summarizes the study's findings, highlighting some of the leading factors thought to have contributed to greater resiliency of the local food system, in some cases.

Local Food Systems During COVID-19

A Colorado State University study identified the following factors thought to have contributed to the ability of some local food systems to innovate and respond during COVID-19:

- Local food markets often have shorter supply chains that allow for greater flexibility and quicker response times, as well as the ability to communicate directly with the local food customer base and adapt quickly to changing needs.
- Many local producers moved online to better serve consumers during the pandemic (e.g., using an order-and-deliver model similar to national grocery chains), allowing local food markets to streamline the purchase process, which often resulted in larger orders from local buyers.
- Regulatory agencies relaxed policies in response to the pandemic, allowing for new flexibilities by moving some USDA program benefits online and allowing products that originally had been marked for wholesale (e.g., larger product boxes) to be sold directly to consumers.

Source: Adapted from D. Thilmany et al., “Local Food Supply Chain Dynamics and Resilience during COVID-19,” *Applied Economic Perspectives and Policy*, vol. 43, issue 1, October 2020.

Table 1. Selected Farm Bill Authorizations and COVID-19 Pandemic Assistance

Selected Programs: Agriculture Improvement Act of 2018 (2018 farm bill; P.L. 115-334)	Mandatory Funding	Discretionary Authorizations	Notes
	(\$millions, FY2022)		
Local Agriculture Market Program (LAMP)	50.00^a	SSAN	P.L. 115-334, §10102
Specialty Crop Block Grant Program (SCBGP)	11.75	—	
Local Agriculture Market Program (LAMP)	11.75	—	
Value Added Producer Grants (VAPG)	17.50	—	
Regional Food System Partnerships (RFSP)	5.00	—	
Specialty Crop Block Grant Program (SCBGP)	85.00^b	—	P.L. 115-334, §10101
Farming Opportunities Training and Outreach (FOTO)	40.00^a	50.00	P.L. 115-334, §12301
Section 2501 Program	20.00	25.00	
Beginning Farmer and Rancher Development Program	20.00	25.00	
The Emergency Food Assistance Program (TEFAP) Farm to Food Bank Projects	4.00	—	P.L. 115-334, §4018(b)
Selected Supplemental COVID-19 Assistance	Appropriations (\$millions, years vary)		Notes
Coronavirus Aid, Relief, and Economic Security Act (CARES Act; P.L. 116-136)			
Office of the USDA Secretary ^c		9,500.00 (TRAUE)	Division B, Title I
Agricultural Marketing Service, Marketing Services	45.00 (available until Sept. 30, 2021)		Division B, Title I
Consolidated Appropriations Act, 2021 (P.L. 116-260)			
Office of the USDA Secretary ^d		11,187.50 (TRAUE)	Division N, Title VII, §751
Specialty Crop Block Grant Program (SCBGP)		100.00 (TRAUE)	Division N, Title VII, §752
Local Agriculture Market Program (LAMP)		100.00 (TRAUE)	Division N, Title VII, §753
Farming Opportunities Training and Outreach (FOTO)		75.00 (TRAUE)	Division N, Title VII, §754
Emergency Food Assistance Program	400.00 (available until Sept. 30, 2021)		Division N, Title VII, §711
American Rescue Plan Act of 2021 (ARPA; P.L. 117-2)			
Food Supply Chain and Agriculture Pandemic Response ^e		4,000.00 (TRAUE)	Title I, Subtitle A, §1001
Farm Loan Assistance for SDFRs		SSAN (TRAUE)	Title I, Subtitle A, §1005
Assistance and Support for SDFRs, Forestland Owners, etc.		1,010.00 (TRAUE)	Title I, Subtitle A, §1006

Source: CRS from the 2018 farm bill (P.L. 115-334), ARPA (P.L. 117-2), FY2021 Appropriations (P.L. 116-260), and the CARES Act (P.L. 116-136). Excludes certain pandemic assistance, including most nutrition and domestic food program assistance, assistance for specific commodities (including use of Commodity Credit Corporation funds), research and rural business assistance, and USDA administration and oversight funds.

Notes: TRAUE=To Remain Available Until Expended; SSAN=Such Sums As Necessary; SDFRs=Socially Disadvantaged Farmers or Ranchers.

- LAMP and FOTO allocations across subprograms are based on formulas specified in the 2018 farm bill (excluding administrative expenses).
- SCBGP does not explicitly support locally produced foods. However, previous state-level program awards often have supported local food systems (such as local food production/processing and agritourism), and some state programs have supported locally branded products.
- This funding covered all U.S. agricultural products and markets while targeting an unspecified amount for “producers that supply local food systems, including farmers markets,” among other groups. See CRS Report R46347, *COVID-19, U.S. Agriculture, and USDA’s Coronavirus Food Assistance Program (CFAP)*.
- This funding covered all U.S. agricultural products and markets while targeting an unspecified amount for “producers and growers of specialty crops, non-specialty crops, dairy, livestock, and poultry, and producers that supply local food systems, including farmers markets,” among others.
- This funding targeted all types of USDA purchases of food and agricultural commodities to “individuals in need” while targeting “grants and loans for small or midsized food processors or distributors, seafood processing facilities and processing vessels, farmers markets, producers” and other assistance. For more background, see CRS Report R46432, *Food Banks and Other Emergency Feeding Organizations: Federal Aid and the Response to COVID-19*.

Considerations for Congress

Supplemental pandemic-related assistance shown in **Table 1** covers all U.S. agricultural products and markets and does not exclusively support local food systems. However, legislative language regarding this supplemental assistance often specifically highlighted the need to support local food systems (see **Table 1** notes). USDA’s ongoing efforts to address pandemic-related disruptions in the U.S. food and agricultural sectors similarly include local food systems among other products and markets. In April 2021, USDA announced it was evaluating ways to strengthen food and agricultural supply chains (86 *Federal Register* 75), stating it was “particularly interested in comments addressing local and regional food systems.” USDA’s Build Back Better

initiative is expected to use \$4 billion in enacted pandemic-related assistance to examine food production, processing, distribution, and consumer markets. USDA’s stated priorities related to food distribution and aggregation will support investments in food system infrastructure to improve resiliency, flexibility, and responsiveness (including an unspecified portion for local food systems). USDA’s initiative also seeks to expand access to markets for a diversity of growers (including socially disadvantaged, and small and mid-sized producers) and consumer access to healthy foods. Congress is likely to continue to oversee these and other pandemic-related initiatives at USDA. Congress also could consider other policy options to strengthen supply chains in the food and agriculture sectors.

This could involve changes to existing USDA programs or proposals for new programs, including a review of federal procurement authorities related to USDA food purchases to grant preference for locally sourced foods and products.

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