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2018 Farm Bill Primer: Support for Local Food Systems

Over the past decade, food policy in the United States has addressed ongoing shifts in consumer preferences and producer trends that favor local and regional foods. The 2018 farm bill (Agriculture Improvement Act of 2018, P.L. 115-334) combines and expands existing programs administered by the U.S. Department of Agriculture (USDA) that provide financial and technical assistance for local and regional food production. The 2018 farm bill also provides additional support targeting urban agriculture, thus further expanding support for local food systems, if that food is sold and consumed nearby to where it is produced.

Local Food Producers

There is no established definition or broad consensus of what constitutes a local food or a local food system. In general, a local food system tends to be based on the location of where food production and its point of sale. This could include the number of miles the food may be transported from producer to consumer, or it may require that food be sold within the state where it is produced to be considered *local* by consumers. In addition, most USDA farm programs that support local food systems generally base eligibility upon the statutory definition of *locally or regionally produced agricultural food products*:

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. (7 U.S.C. §1932)

In practice, local foods 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 agricultural practices). A wide range of farm businesses may be considered to be engaged in producing 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 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. According to the *2017 Census of Agriculture*, USDA reports that the farm-level value of U.S. local food sales totaled about \$11.8 billion, reflecting sales from nearly 159,000 farmers (about 8% of U.S. farms). Local foods accounted for an estimated 3% of the value of total U.S. agricultural production in 2017. **Table 1** includes food sold from farms both directly to consumers as well as directly to retail markets,

institutions, and food hubs for local or regionally branded products. 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. Farms making less than \$75,000 in annual gross income accounted for 85% of all local food farms in 2017.

Table 1. Direct-to-Consumer Farm Sales, 2012 & 2017

	#Farms	Sales (\$mill.)	%Farms	%Sales
Food Sold Directly to Consumers				
2012	144,530	1,310	6.9%	0.3%
2017	130,056	2,805	6.4%	0.7%
Food Sold Directly to Retail Markets, Institutions, and Hubs for Local/Regionally Branded Products				
2012	N/A	N/A	N/A	N/A
2017	28,958	9,036	1.4%	2.3%
Total Direct-to-Consumer Farm Sales				
2017	159,014	11,841	7.8%	3.0%

Source: CRS from USDA *2017 Census of Agriculture* data. %Farms and %Sales represent the percentage of all farms and all farm sales.

Provisions in the 2018 Farm Bill

The 2018 farm bill builds on previous support for local food systems in the previous two farm bills—the Agricultural Act of 2014 (P.L. 113-79) and the Food, Conservation, and Energy Act of 2008 (P.L. 110-246). Programs administered by USDA may be grouped into broad categories: marketing and promotion, business assistance and agricultural research, rural and community development, and nutrition and education. Examples include USDA's farmers' market programs, rural cooperative grants, USDA's research and cooperative extension service, and child nutrition programs. Many of these programs are available to all U.S. farmers. For more information, see CRS Report R43950, *Local Food Systems: Selected Farm Bill and Other Federal Programs*.

One of the farm bill programs supporting local food systems is the Local Agriculture Market Program (LAMP) (§10102). LAMP combines and expands two competitive grant programs: (1) the Farmers Market and Local Food Promotion Program (FMLFPP, 7 U.S.C. §3005) and (2) the Value-Added Agricultural Product Market Development Grant program (VAPG, 7 U.S.C. §1632a(b)(7)). LAMP is intended to support regional partnerships, development grants, and cooperative extension. The 2018 farm bill simplifies USDA's application process and requires additional program reporting and evaluation. It authorizes LAMP to receive mandatory funding of \$50 million annually, to remain available until expended. Mandatory funding is provided via the Commodity Credit Corporation and is not subject to appropriations. Funding allocations are 10% for regional partnerships, 35% for producer grants, 47% for development grants for other eligible entities, and 8% for administrative expenses. The farm bill also authorizes appropriations of "such sums as are necessary."

By merging the existing stand-alone programs (FMLFPP and VAPG) into LAMP—while still maintaining the underlying activities of the individual programs—Congress addressed concerns regarding funding availability to continue these programs. Previously, both FMLFPP and VAPG were “programs without baseline.” Consolidation of these programs into LAMP provides both new funding and permanent baseline for these programs, thus ensuring that they have future funding if policymakers decide that the programs should continue beyond FY2023. For more information about baseline funding issues, see CRS Report R45425, *Budget Issues That Shaped the 2018 Farm Bill*.

Value-added producer grants support agricultural producers related to the processing and/or marketing of new products, with the goal of creating new products and expanding marketing opportunities. FMLFPP funds may also be used to fund local processing activities and cover processing, storage, distribution, and aggregation. However, by statute these programs may not be used for the purchase of general purpose equipment (e.g., trucks), or the construction of buildings or structures. One exception is food safety equipment and related upgrades, for which up to \$6,500 of the amount of the recipient’s grant may be used. Project proposals under FMLFPP must demonstrate a benefit to the local and regional food system rather than benefiting a single agricultural producer, vendor, or individual. According to USDA, currently, FMLFPP funds cover about 13% of the applications received each year.

Other farm bill programs supporting local food systems include loan programs supporting production as well as processing and storage facilities and also a range of rural and community development programs. For example, USDA’s Business and Industry Loan Guarantee program can target up to 5% of its annual appropriation for food-related projects in rural and urban areas. Such areas might include underserved food desert areas or areas with a substantial number or share of residents with low levels of access to retail outlets selling healthy and affordable foods, based on USDA’s definition. A similar program—the Healthy Food Financing Initiative—also supports local food development in underserved areas. Some food development projects might also be considered essential community facilities and be eligible for loan and grant funding under the Community Facilities program. USDA’s Rural Business-Cooperative Service supports funding for local and regional foods development projects, and the Rural Business Development Grant and Rural Microentrepreneur Assistance programs provide support for innovative community food projects. For food projects that are, or could be, organized under a cooperative charter, there are several loan and grant programs that specifically target rural producer and/or consumer cooperatives.

Some provisions of the farm bill’s Nutrition title revised local food system-related programs and policies. The Gus Schumacher Nutrition Incentive Program increased funding for projects that improve low-income households’ access to fruits and vegetables. The law streamlined the acceptance of Supplemental Nutrition Assistance Program (SNAP) benefits for farmers markets with multiple locations. The 2018 farm bill reauthorized and reduced funding for

Community Food Projects, a competitive grant program that may fund local food system projects and also reauthorized through FY2023 the Senior Farmers Market Nutrition Program.

The 2018 farm bill also creates several new authorities to specifically support *urban, indoor, and other emerging agricultural production*. These provisions would support local and regional food systems if that food is sold and consumed near where it is produced. These farm bill provisions establish an Office of Urban Agriculture and Innovative Production at USDA and an Urban Agriculture and Innovative Production Advisory Committee to encourage and promote urban, indoor, and other emerging agricultural practices (§12302). Other provisions establish new competitive grants and pilot programs and require USDA to conduct additional program reporting (§12302, §7212). For more information on these and other provisions in the 2018 farm bill, see CRS In Focus IF11210, *2018 Farm Bill Primer: Support for Urban Agriculture*. Finally, the 2018 farm bill includes numerous other provisions supporting new and beginning, limited resource, socially disadvantaged, and veteran farmers and ranchers, which also broadly support local and regional farming. For more information, see CRS In Focus IF11227, *2018 Farm Bill Primer: Beginning Farmers and Ranchers*. The **text box** below provides the name and farm bill section of each program.

Considerations for Congress

USDA is currently implementing the 2018 farm bill’s provisions supporting urban agriculture. Congress could continue to track USDA’s progress in implementing these provisions as part of its general farm bill oversight.

Selected Farm Bill Provisions Supporting Local Foods

Marketing and Promotion, and Business Assistance

- Local Agriculture Market Program (§10102)
- Specialty Crop Block Grant Program (§10107)
- Farming Opportunities Training and Outreach (§12301)
- USDA Microloan Program (§5202)
- Urban, Indoor, and Other Emerging Agricultural Production Research, Education, and Extension Initiative (§7212)
- Urban Agriculture (§12301)
- Food Safety Education Initiatives (§10106)

Rural and Community Development Programs

- Rural Cooperative Development Grant (§6412)
- Business and Industry Guaranteed Loans (local set-aside, §6416)
- Community Facilities Direct Loans and Grants (§6101)
- Rural Business Development Grants (§6411)
- Rural Microentrepreneur Assistance Program (§6422)
- Appropriate technology transfer for rural areas program (§6414)
- Under Secretary of Agriculture For Rural Development (§12407)

Nutrition Assistance Programs

- Gus Schumacher Nutrition Incentive Program (§4205)
- Senior Farmers Market Nutrition Program (§4201)
- SNAP Redemption at Farmers’ Markets (§4006(a))
- Community Food Projects (§4017)
- Healthy Food Financing Initiative (§4204)

Renée Johnson, rjohnson@crs.loc.gov, 7-9588

Tadlock Cowan, tcowan@crs.loc.gov, 7-7600