Congressional Research Service
Informing the legislative debate since 1914

Local Food Systems: Selected Farm Bill and Other Federal Programs

Updated February 24, 2016

Congressional Research Service
https://crsreports.congress.gov
R43950

CRS REPORT
Prepared for Members and
Committees of Congress

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 between $4 billion to $12 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). 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, community kitchens, small-scale food processing and decentralized root cellars, and some agritourism or other types of on-farm recreational activities.

In recent years federal 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 were authorized in 2010 as part of most recent child nutrition reauthorization (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 total spending available to support local food system only (compared to all other types of farming systems) is not known. For many of these programs, most indications are that the share used to support local food systems is very small.

A number of existing federal programs benefiting all U.S. agricultural producers 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 addition, the Obama Administration has also implemented departmental initiatives intended to support local food systems, including the "Know Your Farmer, Know Your Food" Initiative, among other USDA activities. These initiatives are intended to eliminate organizational barriers between existing USDA programs and promote enhanced collaboration among staff, leveraging existing federal 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.

Contents

Federal Support for Local Food Systems 1
Major Laws Supporting Local Food Systems 1
Funding For Local and Regional Foods 2
Overview of Selected Federal Programs 4
Marketing and Promotion 6
Specialty Crop Block Grant Program 6
Farmers' Market and Local Food Promotion Program 7
Federal State Marketing Improvement Program 9
Business Assistance and Research 9
Value-Added Agricultural Product Market Development Grants 9
Beginning Farmer and Rancher Development Program 10
USDA Microloan Program 10
Small Business Innovation Research 11
Agricultural Management Assistance 11
Community Outreach and Assistance Partnership Program 12
Outreach and Assistance to Socially Disadvantaged Farmers and Ranchers 13
Sustainable Agriculture Research and Education 13
Rural and Community Development Programs 14
Rural Cooperative Development Grant 14
Business and Industry Guaranteed Loan Program 15
Community Facilities Direct Loan and Grant Program 16
Rural Business Development Grants 16
Rural Microentrepreneur Assistance Program 17
Nutrition Assistance Programs 17
Farmers' Market Nutrition Programs 17
Supplemental Nutrition Assistance Program (SNAP) at Farmers' Markets 18
Farm to School Grant Program 19
School and Community Garden Projects 20
Local Food Purchases in Child Nutrition Programs 21
Commodity Procurement Through "DoD Fresh" 22
Healthy Food Financing Initiative 23
Community Food Projects Competitive Grants Program 23
Food Insecurity Nutrition Incentive Grant Program 24
Other Federal Programs 24
Administration Initiatives 25
"Know Your Farmer, Know Your Food" Initiative 25
"Local Foods, Local Places" Initiative 27
Regional Innovation Initiative 28
Healthy Food Financing Initiative 28
People's Garden Initiative 30

Tables

Table 1. Selected USDA Programs That Potentially Support Local and Regional Food Systems 31

Contacts

Author Information..... 36

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 $12 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.

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). 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, community kitchens, small-scale food processing and decentralized root cellars, and some agritourism or other types of on-farm recreational activities. For more background information, see CRS Report R44390, *The Role of Local and Regional Food Systems in U.S. Farm Policy*.

A number of existing federal programs benefiting all U.S. agricultural producers also provide support and assistance for local food systems. These include farm support and grant programs administered by the U.S. Department of Agriculture (USDA). Examples include USDA's farmers' market programs, rural cooperative grants, and selected child nutrition programs, among myriad other grant and loan programs, as well as USDA's research and cooperative extension service. These programs cover a wide range of USDA programs contained within various titles of the 2014 farm bill (P.L. 113-79, Agricultural Act of 2014) and the most recent reauthorization of the child nutrition programs (P.L. 111-296). In addition, the Obama Administration has also implemented departmental initiatives intended to support local food systems, including the "Know Your Farmer, Know Your Food" Initiative, among other USDA activities.

Federal Support for Local Food Systems

Major Laws Supporting Local Food Systems

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

[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 AT Kearney, *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."

Act of 2014) reauthorized and expanded many of these provisions.[3] 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).[4] Many expect the 114th Congress to consider child nutrition reauthorization.[5]

In the farm bill, an array of farm assistance programs that might be considered to support local food systems are contained within several titles, including conservation (Title II); nutrition (Title IV); farm credit (Title V); research (Title VI); rural development (Title VII); horticulture (Title X); and disaster assistance (Title XI). 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.

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. For more information on previous Congressional proposals, see CRS Report R44390, *The Role of Local and Regional Food Systems in U.S. Farm Policy*.

Funding For Local and Regional Foods

Funding for local and regional foods has increased in recent years and totals roughly $90 million annually in selected grants and loans. Reported total estimates may differ depending on whether estimates include funding for other programs, such as USDA programs that support specialty crops and organic agriculture.[6]

Annual funding for grants that support local food systems across five programs include

[3] For information on the omnibus farm bill, see CRS Report R43076, *The 2014 Farm Bill (P.L. 113-79): Summary and Side-by-Side*.

[4] For information on the child nutrition reauthorization, see CRS Report R41354, *Child Nutrition and WIC Reauthorization: P.L. 111-296*.

[5] For more information, see CRS In Focus IF10266, *An Introduction to Child Nutrition Reauthorization* and CRS Report R41354, *Child Nutrition and WIC Reauthorization: P.L. 111-296*.

[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. For more information on funding for specialty crops and organic production, see CRS Report R42771, *Fruits, Vegetables, and Other Specialty Crops: Selected Farm Bill and Federal Programs*.

- $26.6 million in competitive grants to be equally divided between two grant programs: (1) the Farmers Market Promotion Program (FMPP) supports projects for direct farmer-to-consumer marketing projects such as farmers' markets and other businesses; and (2) 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;
- $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.

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

[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.

programs, most indications are that the overall share of total funding used to support local food systems is very small.

Overview of Selected Federal Programs

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. 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 farmers' market programs, rural cooperative grant and loan programs, and child nutrition programs, as well as other farm support and grant programs administered by USDA and/or other federal agencies. (See listing of selected programs in text box below.) 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.

A summary of selected federal programs supporting local and regional food systems within each of these broader categories is provided in the following text. **Table 1**at the end of this report provides a summary of many of the individual federal programs that potentially support local and regional food systems. These selected programs are administered by various USDA agencies, including the Agricultural Marketing Service (AMS), Rural Development (RD), Risk Management Agency (RMA), National Institute of Food and Agriculture (NIFA), Agricultural Research Service (ARS), Natural Resources Conservation Service (NRCS), and Food and Nutrition Service (FNS). Other types of USDA programs not listed here include selected USDA research and cooperative extension programs, as well as USDA conservation programs, among others. In addition, some programs are administered by agencies other than or in conjunction with USDA, such as the Healthy Food Financing Initiative (HFFI), which involves USDA, the Department of Health and Human Services (HHS), and the U.S. Treasury.

Many of the programs supporting local and regional food systems are those highlighted as part of USDA's "Know Your Farmer, Know Your Food" Initiative,[10] as well as in USDA's Building Sustainable Farms, Ranches and Communities guide.[11] Additional resources are available in the National Sustainable Agriculture Coalition (NSAC) *Guide to USDA Funding for Local and Regional Food Systems*, which includes selected state or regional initiatives listed in the report's

[10] See USDA's websites (http://www.usda.gov/kyfcompass; http://www.usda.gov/knowyourfarmer). USDA's 2012 report, *Know Your Farmer, Know Your Food* ("Compass"), highlights the agency's support for local and regional food projects. USDA has identified at least 27 programs—mostly grant, loan, and loan guarantee programs—administered by nine different USDA agencies supporting local and regional food producers and businesses. USDA, "Know Your Farmer, Know Your Food," p. 17, http://www.usda.gov/documents/KYFCompass.pdf. See also "USDA Unveils the Know Your Farmer, Know Your Food Compass," Release No. 0072.12, February 29, 2012.

[11] USDA, *Building Sustainable Farms, Ranches and Communities: A Guide to Federal Programs for Sustainable Agriculture, Forestry, Entrepreneurship, Conservation, Food Systems and Community Development*, 2014.

appendix.[12] Many community and rural development groups and small-farm advocacy organizations have promoted initiatives intended to support the development of local food markets by building on the existing USDA programs to create new market opportunities for small and medium-sized farms.[13]

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*. See also USDA's websites (http://www.usda.gov/kyfcompass; http://www.usda.gov/knowyourfarmer).

Various state and local programs also provide support and incentives for producers and consumers of locally-grown agricultural products, but compiled information is not readily available.

Aside from established federal programs, the Obama Administration has implemented departmental initiatives intended to support local food systems. These include the "Know Your

[12] NSAC, *Guide to USDA Funding for Local and Regional Food Systems*, April 2010.

[13] See, for example, NSAC, "Guide to USDA Funding for Local and Regional Food Systems," April 2010.

Farmer, Know Your Food" (KYF2) Initiative; "Local Foods, Local Places" 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. For other background information, see CRS Report R44390, *The Role of Local and Regional Food Systems in U.S. Farm Policy*.

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.[14] 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)[15] 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.

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.[16] 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%).[17] USDA's annual report describes the funded projects across all states.[18] 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

[14] 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).

[15] 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.

[16] 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.

[17] AMS, "Funded Projects," http://www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELPRDC5109130.

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

crops in underserved communities.[19] A report by the National Farm to School Network indicates that many states have funded farm-to-school programs using these program funds.[20]

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.[21] 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."

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),[22] 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.[23] 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,

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

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

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

[22] As is discussed in CRS Report R44390, *The Role of Local and Regional 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.

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

USDA's Food and Nutrition Service (FNS) administers two other related programs: the WIC Farmers' Market Nutrition Program (WIC-FMNP)[24] and the Senior Farmers' Market Nutrition Program (SFMNP).[25] 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.[26]

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.
- 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."[27] 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.

[24] FNS, "Grant Levels by State, FY 2006-2011," http://www.fns.usda.gov/wic/FMNP/FMNPgrantlevels.htm.

[25] FNS, "SFMNP Grant Levels, FY 2006-2011," http://www.fns.usda.gov/wic/SeniorFMNP/SFMNPgrantlevels.htm.

[26] AMS, http://www.ams.usda.gov/AMSv1.0/fmpp.

[27] AMS, http://www.ams.usda.gov/AMSv1.0/lfpp.

Federal State Marketing Improvement Program

The Federal State Marketing Improvement Program (FSMIP) was authorized in the Agricultural Marketing Act of 1946.[28] 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;[29] developing protocols for harvesting excess crops for local food banks; and developing business plans for food hubs.[30] A list of previously funded projects is at USDA's website.[31] 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.

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.[32] 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

[28] 7 U.S.C. §1621-1627 (CFDA# 10.156). See USDA, AMS, http://www.ams.usda.gov/AMSv1.0/FSMIP.

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

[30] 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.

[31] USDA AMS, "FSMIP Projects: 1990-Present," http://www.ams.usda.gov/AMSv1.0/FSMIP.

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

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.[33]

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.[34] The program provides competitive grants to new and established local and regional training, education, outreach, and technical assistance initiatives that address the needs of beginning farmers and ranchers. Grants are awarded to state, tribal, local, or regional networks or partnerships of public and private entities. Eligible project areas include production and land management strategies that enhance land stewardship; business management and decision support strategies that improve financial viability; marketing strategies for increased competitiveness; and legal strategies that assist with farm or land acquisition and transfer. The maximum amount of a grant is $250,000 per year and is limited to three years, with a 25% match in resources.

The 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;[35] 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."[36]

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

[33] USDA's website, http://www.rurdev.usda.gov/BCP_VAPG.html.

[34] 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.

[35] Previous topics have included environmental stewardship, financial management, farm safety, "farm beginnings" curriculum, and individual development accounts.

[36] 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*.

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.[37]

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.

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.[38] 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.[39] A summary of funded projects is at USDA's website. In recent years, program funding has totaled more than $20 million.[40]

Agricultural Management Assistance

The Agricultural Management Assistance (AMA) program was authorized in the Agricultural Risk Protection Act of 2000[41] and amended by subsequent farm bills. AMA is managed by three USDA agencies—NRCS, AMS, and the Risk Management Agency (RMA). The program provides assistance for producers in states traditionally underserved by federal crop insurance[42] 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%),

[37] USDA, "Microloan Gets Getting Growing," March 25, 2014.

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

[39] USDA's website: http://business.usa.gov/program/usda-small-business-innovation-research-grant-program-small-and-mid-size-farms.

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

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

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

and AMS (10%).[43] 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.[44] 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.[45] The AMS portion provides support for transition to organic farming through organic certification cost-share assistance. Total AMA payments from all three agencies cannot exceed $50,000 per participant for any fiscal year.

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.[46] For purposes of this program, "priority commodities" are defined as[47] (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

[43] P.L. 110-246, §2801.

[44] USDA's website, http://www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/financial/ama.

[45] 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*.

[46] 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.

[47] 73 *Federal Register* 241: 75990-75996, December 15, 2008.

agreements totaling nearly $10 million from two RMA programs, the Targeted States Program and the Risk Management Education Partnership Program.[48]

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.[49] 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-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.[50] 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."[51] No individual organization matching funds are required. Program

[48] "USDA Invests to Help Small and Underserved Producers Manage Risk and Remain Productive," October 2013.

[49] 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*.

[50] 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).

[51] SARE's website: http://www.sare.org/Grants.

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.[52] State-by-state summaries and profiles of the SARE grants portfolio are available at SARE's website.[53]

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);[54] 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.[55] 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.[56] 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.[57]

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.[58] SSDPG provides technical assistance to small, socially disadvantaged agricultural producers through eligible cooperatives

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

[53] 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.

[54] 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.

[55] 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.

[56] USDA's website: http://www.rurdev.usda.gov/BCP_RCDG.html.

[57] 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.

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

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.[59] Administered by RD, the program provides guaranteed loans to help new and existing businesses in rural areas gain access to affordable capital. By issuing a guarantee to a private lender, USDA essentially co-signs the loan to a business owner, promising to pay a portion of any loss that might result if the business owner is unable to repay the loan. Having the guarantee reduces the lender's risk, allowing more favorable interest rates and terms. An eligible borrower may be an individual, a cooperative organization, corporation, partnership, or other legal entity (both for profit 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.[60] 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."[61] Nearly $50 million is available for local and regional food enterprises.[62] An example of a local enterprise

[59] 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/busp/b&i_gar.htm.

[60] USDA, "Business and Industry Guaranteed Loan Program," http://www.rd.usda.gov/recovery/business.html.

[61] P.L. 110-246, §6015.

[62] 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.

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.[63]

Community Facilities Direct Loan and Grant Program

Community Facilities loans and grants were authorized in the Consolidated Farm and Rural Development Act, as amended.[64] Administered by RD, the program provides direct loans, guaranteed/insured loans, and project grants for the construction, acquisition, or renovation of community facilities or for the purchase of equipment for community facilities for public use in rural areas. Examples include but are not limited to water and environmental projects, including water systems, waste systems, solid waste, and storm drainage facilities, as well as hospitals, fire protection, safety, and other community-based initiatives. Matching funds are not required. The size of the award varies by project, applicant's financial feasibility, and community size. Direct loans range from $5,000 to $9 million; 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.[65]

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.[66]

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)[67] and the Rural Business Opportunity Grants (RBOG)[68] 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,

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

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

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

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

[67] 7 U.S.C. §1932(c)(2). §306 of the ConAct, as amended (CFDA#10.769).

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

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.[69] 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 business incubators, including commercial kitchens.[70] 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.[71]

Rural Microentrepreneur Assistance Program

The Rural Microentrepreneur Assistance Program (RMAP) was authorized in the 2008 farm bill.[72] 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.[73] 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 Programs[74]

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.[75] Participating state agencies must submit a plan

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

[70] 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.

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

[72] 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.

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

[74] For more direct assistance on programs targeting nutrition assistance, contact Randy Alison Aussenberg, CRS Specialist in Nutrition Assistance Policy, who covers many of the programs discussed in this section.

[75] A map of participating states is at http://www.fns.usda.gov/wic/SFMNP-FMNP-Map.pdf.

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 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).[76] 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.[77] 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.[78] 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.[79]

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.[80] 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.[81] 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.[82] Most

[76] 42 U.S.C. 1786, amending the Child Nutrition Act (CFDA# 10.572). FNS, http://www.fns.usda.gov/wic/fmnp/fmnpfaqs.htm.

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

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

[79] FNS, "SFMNP Profiles – Grants and Participation," http://www.fns.usda.gov/sfmnp/sfmnp-profiles-grants-and-participation.

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

[81] 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/.

[82] 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.

direct-from-farm authorized retailers are in located in California, Iowa, Massachusetts, Michigan, Mississippi, Missouri, New York, Ohio, Oregon, and Pennsylvania.

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).[83] 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.[84] The program is administered by FNS.

The Farm to School program provides competitive grants and technical assistance to eligible schools,[85] 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.[86] 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.

[83] 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.

[84] 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.

[85] 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).

[86] 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.

USDA's grant program provides about $6 million annually in available funding.[87] Four different types of grants are available: planning grants help schools get started; implementation grants to 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.[88]

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.[89] 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.[90]

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.[91] 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.[92]

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.[93] 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.[94] The project was funded at

[87] USDA, "USDA Announces $97 Million Available to Expand Access to Healthy Food, Support Rural Economies," Release No. 0064.15, March 16, 2015.

[88] See USDA's website: http://www.fns.usda.gov/farmtoschool/farm-school-grant-program.

[89] 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.

[90] National Farm to School Network, http://www.farmtoschool.org/.

[91] 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.

[92] FNS, "People's Garden School Pilot Overview," October 14, 2010, webinar.

[93] 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.

[94] 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.[95]

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.[96] 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.[97] The program funded ten projects in Alaska, Arizona, California, Colorado, Connecticut, Hawaii, Maryland, Michigan, and Ohio.[98] Many of these projects include school gardens. Funding for "Visitor Center/People's Garden" is approximately $0.9 million annually.[99]

Local Food Purchases in Child Nutrition Programs

While specific grant programs may support farm-to-school work, it is possible—within the framework of procurement law—for schools and child-care institutions to use per-meal cash reimbursements (from participating in the USDA FNS child nutrition programs) to purchase foods from local and regional food systems. The 2008 farm bill amended existing child nutrition programs to include language that would encourage school food authorities to purchase fresh produce and would require USDA to allow school food authorities receiving child nutrition funds under programs to use a geographic preference.[100] The law required USDA "to encourage institutions receiving funds under the National School Lunch Act and the Child Nutrition Act to purchase unprocessed agricultural products, both locally grown and locally raised, to the maximum extent practicable and appropriate."[101] This provision is structured as a preference and does not require states and school food authorities to include geographic preference in their procurement. Because geographic preference still operates within the framework of existing procurement law, schools can face barriers to purchasing when a local product is not the lowest-cost bid. USDA has provided guidance, suggesting that applying geographic preference points may enable a local product to still win a contract.[102]

[95] USDA's budget justification for FY2011, http://www.obpa.usda.gov/30fns2011notes.pdf. See p. 30-10.

[96] USDA, "USDA Expands People's Garden Initiative to Sow Seeds for Community-Based Agriculture Across the Country," November 10, 2011.

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

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

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

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

[101] Ibid.

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

Commodity Procurement Through "DoD Fresh"

In addition to the cash reimbursements that states and schools receive, they also receive federal assistance in the form of USDA commodity foods.[103] The 2008 farm bill revised but retained a requirement that $50 million per year of commodity procurement funds be used to purchase fresh fruits and vegetables for schools. USDA uses a partnership with the Department of Defense to procure and distribute fresh produce to schools; this program offers fruits and vegetables labeled as "local" for schools to select.[104] The 2014 farm bill continued this funding requirement and added a requirement for USDA to carry out a pilot project that would allow up to eight states to use this funding for their own local sourcing of fresh fruits and vegetables to schools.

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.[105] 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.[106] 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 practicable and appropriate."[107] 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,[108] 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."[109] As a condition allowing for a preference, DoD Fresh does not require states and school food authorities to purchase local products.

---

[103] For more information on the purchase of USDA Commodity Foods, see CRS Report RL34081, *Farm and Food Support Under USDA's Section 32 Program*. For information on food distribution to schools, see USDA, FNS "Frequently Asked Questions" on USDA's website.

[104] USDA and DOD websites communicate that the procurement program's advantages include "greater buying power, consistent deliveries, emphasis on high quality, a large variety of produce items including pre-cuts and *locally grown*, and an easy-to-use ordering website with funds tracking" (emphasis added).

[105] 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" document.

[106] See USDA's website: http://www.fns.usda.gov/fdd/dod-fresh-fruit-and-vegetable-program.

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

[108] CRS communication with FNS staff, September 12, 2011.

[109] P.L. 110-246, §6015.

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.[110]

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.[111]

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:[112]

> 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 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."[113] To date, Congressional appropriators have not provided funding for HFFI, and it remains unclear which USDA agency would 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

[110] P.L. 113-79, §4202. See USDA's website: http://www.fns.usda.gov/fdd/pilot-project-procurement-unprocessed-fruits-and-vegetables.

[111] For more information, see CRS Report R44390, *The Role of Local and Regional Food Systems in U.S. Farm Policy*.

[112] 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.*).

[113] USDA, "FY2016 Budget Summary and Annual Performance Plan," February 2015, p. 43.

bills.[114] 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.[115] 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."[116]

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."[117] 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).[118] 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.

Other Federal Programs

Aside from USDA, resources that can be used to support local and regional food systems exist at other U.S. federal agencies. For example, the U.S. Department of the Treasury's New Markets Tax Credit (NMTC) is a non-refundable tax credit intended to encourage private capital investment in eligible, impoverished, low-income communities. These include communities that have limited access to fresh and nutritious foods ("food deserts"). The program was authorized by the Community Renewal Tax Relief Act of 2000 (P.L. 106-554) to stimulate investment in low-income communities. NMTCs are allocated by the Community Development Financial Institutions (CDFI) fund, a bureau within U.S. Treasury, under a competitive application process.[119]

---

[114] 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.

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

[116] 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.

[117] P.L. 113-79, §4208.

[118] USDA's website: http://www.csrees.usda.gov/program/food-insecurity-nutrition-incentive-fini-grant-program.

[119] For more information, see CDFI's website (http://www.cdfifund.gov/). See also CRS Report RL34402, *New Markets Tax Credit: An Introduction*.

Treasury's CDFI Fund is also part of what has been a multi-agency Administration initiative to support the development of healthy, fresh food retail in areas lacking such options, the Healthy Food Financing Initiative (HFFI). Since FY2011, the Administration has pursued food retail development through preexisting authorities and programs at Treasury, HHS, and USDA, but focused these authorities on increasing access to healthy, affordable food in "food deserts." The 2014 farm bill 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.[120] The law established a new authority by the same name, Healthy Food Financing Initiative. To date, Congressional appropriators have not provided funding to USDA for HFFI.

Other programs supporting local food producers within other federal agencies might also include the Department of Housing and Urban Development, the Commerce Department's Economic Development Administration, and the Small Business Administration. In addition, most states are active in direct marketing and farmers' market activities, usually through their state departments of agriculture.[121]

Administration Initiatives

As part of USDA's *Strategic Plan FY2010-2015*, the core strategic goals and the primary objectives outlined by USDA included enhancing rural prosperity, supporting sustainable and competitive agricultural systems, and increasing access to nutritious food are among these goals and objectives.[122] Many of these same priorities are reflected in the department's various initiatives, such as the "Know Your Farmer, Know Your Food" Initiative, the Regional Innovation Initiative, the Healthy Food Financing Initiative, and the People's Garden Initiative.

Aside from established federal programs, the Obama Administration has implemented departmental initiatives intended to support local food systems. 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.[123] These initiatives are also 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.

"Know Your Farmer, Know Your Food" Initiative

"Know Your Farmer, Know Your Food" (KYF2) is a USDA-wide management initiative that was launched by USDA in September 2009 to "begin a national conversation to help develop local and regional food systems and spur economic opportunity."[124] The initiative was designed to

[120] P.L. 113-79, §4206.

[121] USDA and farmers' market websites provide state contacts (http://www.ams.usda.gov/AMSv1.0/FMPP). Other information is available from the National Association of State Departments of Agriculture (http://www.nasda.org/).

[122] USDA, *Strategic Plan FY2010-2015* (http://www.ocfo.usda.gov/usdasp/sp2010/sp2010.pdf).

[123] For more information, see CRS Report R44390, *The Role of Local and Regional Food Systems in U.S. Farm Policy*.

[124] USDA, "USDA Launches 'Know Your Farmer, Know Your Food' Initiative to Connect Consumers with Local

eliminate organizational barriers between existing USDA programs and promote enhanced collaboration among staff, leveraging existing USDA activities and programs, and thereby "marshalling resources from across USDA to help create the link between local production and local consumption."[125] It is not a stand-alone program and does not have its own budget;[126] instead, it is a departmental initiative, and not connected to a specific office or subagency. This is done by highlighting various existing programs within USDA that are available to support local farmers; strengthen rural communities; promote healthy eating; protect natural resources; and provide grants, loans, and support.[127] Linking local production with local consumption of farm products also is one of the primary goals of USDA's Regional Innovation Initiative (see below).

Among the programs mentioned for leveraging local and regional food production systems are marketing and promotion programs; rural business and community development programs; and selected USDA research and cooperative extension programs.[128] In response to demand for farm-to-school activities, certain USDA nutrition and domestic food programs, such as the farm-to-school and some fresh fruit and vegetable programs, also have been associated with the initiative. Since its launch, USDA has announced funding for various projects under these and other programs identified as promoting local-scale sustainable operations.[129]

USDA's website lists many other existing agency programs that might be available to provide assistance to eligible farming businesses. Accordingly, the initiative spans existing, mostly long-standing programs within most USDA's agencies, including Rural Development (RD), Research, Education and Economics (REE), Farm Service Agency (FSA), and Agricultural Marketing Service (AMS).[130] USDA's websites provide additional information on the initiative, including (1) information on financial and technical assistance resources from USDA for local food enterprises (http://www.usda.gov/knowyourfarmer); and (2) information on USDA resources for community-level projects and a mapping of funded projects (http://www.usda.gov/kyfcompass).

As part of the "Know Your Farmer, Know Your Food" initiative, for FY2010, USDA established by administrative notice that each state must fund at least one project that supports the USDA's "Know Your Farmer, Know Your Food" initiative (discussed below), as part of the agency's Rural Housing Service Strategic Plan.[131] This notice applied to available funding for USDA's

Producers to Create New Economic Opportunities for Communities," September 15, 2009.

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

[126] Letter to Senators McCain, Roberts, and Chambliss from USDA Secretary Vilsack, April 30, 2010.

[127] USDA, http://www.usda.gov/wps/portal/usda/knowyourfarmer?navid=KNOWYOURFARMER; see also USDA memos at http://www.usda.gov/wps/portal/usda/knowyourfarmer?navtype=KYF&navid=KYF_GRANTS.

[128] See USDA, "Our Mission"; and NSAC, "Guide to USDA Funding for Local and Regional Food Systems."

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

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

[131] Letter to State Directors, Rural Development, from Tammye Treviño, administrator, Housing and Community Facilities Programs, regarding the Community Facilities Funding for Local and Regional Food Systems Projects and

Community Facilities programs, which include loans and grants for water and environmental projects, and community facilities projects.[132] The types of eligible projects include food banks (e.g., certain building purchases, construction and renovations, and equipment and vehicle purchases); school cafeterias (e.g., certain equipment, renovations, and central processing/distribution centers); farmers' markets that primarily sell fruits and vegetables (e.g., certain new construction, building purchases, and renovations); community gardens (e.g., real estate purchases and water source access and infrastructure); and community kitchens that provide classes for families to learn how to prepare healthy meals (e.g., certain renovations, equipment, and new construction).

"Local Foods, Local Places" Initiative

In June 2014 the Administration launched the "Local Foods, Local Places" (LFLP) initiative to provide direct technical and financial support to develop and implement action plans that integrate local food systems into community's economic development plans, such as promoting production of and improving access to local food while also supporting downtown and neighborhood revitalization in rural and urban areas. The effort is supported by USDA and other federal agencies, including the U.S. Environmental Protection Agency (EPA), the U.S. Department of Transportation (DOT), Appalachian Regional Commission (ARC) and the Delta Regional Authority (DRA), and the U.S. Centers for Disease Control and Prevention (CDC).[133] According to USDA, LFLP aims to:[134]

> "boost economic opportunities for local farmers and businesses, and foster entrepreneurship; improve access to healthy local food, particularly among disadvantaged groups with limited access to fresh fruits and vegetables; and revitalize downtowns, main street districts, and traditional neighborhoods by supporting farmers' markets, food hubs, community gardens, community kitchens, and other kinds of local food enterprises, and by providing people with affordable choices for accessing those amenities, such as walking, biking, or taking transit."

In 2015, a reported $800,000 was invested in 26 small-town, urban, and rural partner communities in 19 states.[135] Examples of supported projects include launching business incubators and community kitchens to support food entrepreneurs; creating food hubs to aggregate and market local foods; starting cooperative grocery stores to help main street revitalization; and providing hands-on nutrition education through school and community programs and increasing access to local foods through the Supplemental Nutrition Assistance Program (SNAP).[136] In January 2016, the Administration announced plans to support 27 projects in 22 states, totaling a reported $650,000, as part of the initiative.[137]

Know Your Farmer Know Your Food Initiative, June 2010.

[132] USDA, "Community Facilities Loans and Grants," http://www.rurdev.usda.gov/HCF_CF.html.

[133] USDA, "Obama Administration Announces Additional Support to Help Communities Boost Local Food Economies," Release No. 0114.14, June 9, 2014. The effort builds on the ARC-EPA-USDA Livable Communities in Appalachia partnership (see http://www.epa.gov/smartgrowth).

[134] See USDA's announcement, "Local Foods, Local Places Announcement of Federal Assistance for Sustainable Communities," 2014.

[135] USDA, "Local Foods, Local Places: Revitalizing Communities by Growing Local Food Economies," Summary Report, June 2015.

[136] USDA, "Obama Administration to Partner with 27 Communities to Boost Neighborhood Revitalization Through Local Food Enterprises," Release No. 0024.16, January 25, 2016.

[137] See USDA's press release, "Obama Administration to Partner with 27 Communities to Boost Neighborhood

Regional Innovation Initiative

The "Regional Innovation Initiative" (RII) was launched in 2010 and funding was requested as part of the Administration's FY2011 and FY2012 funding requests to "focus on the planning and coordination of USDA and other sources of assistance for rural communities."[138] These five rural development pillars are also outlined in USDA's *Strategic Plan FY2010-2015*.[139] The initiative is intended as the agency's "different direction as it relates to rural development," and spans five rural development pillars: rural broadband; biofuels and biobased products; linking local production and consumption of farm products; ecosystem markets to pay producers for sequestering carbon; and forest restoration and private land conservation.[140] The Administration's FY2012 budget proposal endorsed "strategic leveraging of existing resources to strengthen rural communities" through the initiative. However, Congress provided no funding to USDA for the initiative in the enacted FY2012 Agriculture appropriations.[141]

Although funding was not provided, Congress did address this initiative during the appropriations debate. The House-passed Agriculture appropriations report stated that the committee is "unable to provide any funding or authorization for the initiative as requests for additional information on the specific purpose, need, and plans for the initiative have gone unanswered" and directed USDA not to spend any of its funding for the Rural Community Development Initiative (RCDI) on the initiative without Congress's approval.[142] The Senate bill did not put restrictions on the use of USDA funds to support USDA's initiative. The enacted FY2012 appropriations law also did not specifically address this initiative.

Healthy Food Financing Initiative

The Administration's version of "Healthy Food Financing Initiative" (HFFI) was launched in 2010, and funding was requested as part of the President's FY2011-FY2015 funding requests to "support local and regional efforts to increase access to healthy foods, particularly for the development of grocery stores and other healthy food retailers in urban and rural food deserts and other underserved areas."[143] HFFI is based on the Pennsylvania Fresh Food Financing Initiative and similar efforts in other states to attract fresh-food retail investment in underserved communities through one-time grants and loan financing.[144]

Since the beginning of HFFI, it has included programs at USDA, HHS, and/or the Treasury; funding amounts and agencies have varied depending on annual appropriations. Programs making up the HFFI have been:

Revitalization Through Local Food Enterprises," January 25, 2016.

[138] USDA, "FY2011 Budget Summary and Annual Performance Plan," http://www.obpa.usda.gov/.

[139] USDA, *Strategic Plan FY2010-2015*, http://www.ocfo.usda.gov/usdasp/sp2010/sp2010.pdf.

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

[141] See CRS Report R41964, *Agriculture and Related Agencies: FY2012 Appropriations*.

[142] H.Rept. 112-101.

[143] USDA, "FY2011 Budget Summary and Annual Performance Plan," http://www.obpa.usda.gov/.

[144] CDFI Fund, Healthy Food Retail Financing at Work: *Pennsylvania Fresh Food Financing Initiative*, September 30, 2011, http://www.cdfifund.gov/. Illinois and New York have similar policies, along with Detroit, New York City, New Orleans, and Washington, DC. For other information, see comments from John Weidman, The Food Trust, at a hearing before the Senate Committee Agriculture on Agriculture, Nutrition, and Forestry, "Healthy Food Initiatives, Local Production, and Nutrition," March 7, 2012.

- Treasury's CDFI Fund allocates the New Market Tax Credits (discussed earlier) and also administers related Healthy Food Financing Initiative grants. The Fund reported that it awarded 10 HFFI awards (totaling $22 million) in FY2013, on top of the more than $172 million in Financial Assistance and Technical Assistance awards through its core CDFI program.[145]
- HHS's Community and Economic Development (CED) program provides competitive discretionary grants authorized by the Community Services Block Grant Act (P.L. 105-285).[146] An existing program that predated the Administration's HFFI, the portion of the CED program dedicated to HFFI since FY2011. The CED program support projects that finance grocery stores, farmers' markets, and other retail outlets for fresh nutritious food.[147] The program provides funding for projects designed to address the healthy food access needs of low-income individuals and families through the creation of employment and business opportunities. Among its goals are to revitalize communities and to eliminate food deserts. Eligible uses include startup or expansion of businesses or physical or commercial activities; capital expenditures such as purchases of equipment or real property; allowable operating expenses; and loans or equity investments. Eligible applicants include private, nonprofit organizations that are community development corporations (CDCs), including faith-based organizations and tribal organizations.
- USDA's Rural Business Services had supported businesses through its existing loan, grant, and technical assistance programs. This HFFI-related authority was last funded in FY2011.[148]

The 2014 farm bill (P.L. 113-79, §4206) has the potential to change the administration of HFFI in FY2015 or subsequent years, depending in part on appropriations action. This provision authorizes up to $125 million to be appropriated for HFFI at USDA, to remain available until expended. Under this provision, 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 "expand or preserve access" to staple foods listed in the law and accept SNAP benefits. The FY2015 President's budget requests funding for USDA—citing the 2014 farm bill's authority—and CDFI, but none for HHS.[149] To date, Congressional appropriators have not provided funding to USDA to for HFFI.

For other related program information, see "Healthy Food Financing Initiative" and also "Other Federal Programs."

---

[145] Community Development Financial Institutions Fund, "Treasury Awards over $172 Million to Organizations Serving Low-Income Communities," September 24, 2013, at http://www.cdfifund.gov/news_events/CDFI-2013-40-TREASURY_AWARDS_OVER_$172_MILLION_TO_ORGANIZATIONS_SERVING_LOW-INCOME_COMMUNITIES.asp.

[146] For more information, see CED's website (http://www.acf.hhs.gov/programs/ocs/programs/ced).

[147] Ibid. Also, Debra Tropp, "Support of Local Food Initiatives," USDA AMS, October 2010.

[148] Among the stated reasons for not funding USDA's HFFI program was that HFFI "has yet to prove that any expenditures made for this initiative have been effective" in meeting the goal of ensuring that more people have access to nutritious foods. H.Rept. 112-284. See also CRS Report R41964, *Agriculture and Related Agencies: FY2012 Appropriations*.

[149] FY2015 President's budget requested $13 million for USDA loans and grants under the authority of P.L. 113-79, Section 4206, along with $35 million for CDFI Fund technical assistance and financial assistance. No funds were requested for HHS. See Office of Management, The Appendix, FY2015 Budget for selected agencies.

People's Garden Initiative

In February 2009, USDA announced its plans to develop a People's Garden at USDA facilities.[150] Since then, USDA has funded a number of other initiatives and programs to help communities establish community and school gardens nationwide "through collaborative efforts."[151] To date, USDA claims that more than 1,600 gardens are recognized as People's Gardens, involving more than 750 partnering organization.[152] These efforts often mirror similar activities promoted through First Lady Michelle Obama's *Let's Move!* initiative.[153]

In FY2010, USDA provided $1 million in funding for the People's Garden School Pilot Program.[154] This pilot program was authorized by Congress in the 2008 farm bill, which provided for grants to high-poverty schools to promote healthy food education and hands-on gardening in the school curriculum. The program is administered by FNS. The FY2010 funding was awarded to Washington State University, which is expected to serve an estimated 2,800 students attending 70 elementary schools in Washington, New York, Iowa, and Arkansas.[155]

In FY2011, USDA provided approximately $725,000 in grants for its People's Garden Grant Program, administered by NIFA.[156] Activities under this program were authorized in the National Agricultural Research, Extension, and Teaching Policy Act (P.L. 95-113) to facilitate the initial investment needed to create produce, recreation, and/or wildlife gardens in urban and rural areas, and provide opportunities for science-based non-formal education. In 2011, projects were funded in Alaska, Arizona, California, Colorado, Connecticut, Hawaii, Maryland, Michigan, and Ohio.[157]

Reports from USDA indicate other People's Garden efforts and volunteerism within other USDA agencies, including NRCS and FSA.[158] For FY2015, funding for "Visitor Center/People's Garden" is reported at $0.9 million.[159]

---

[150] USDA, "Vilsack Establishes the People's Garden Project on Bicentennial of Lincoln's Birth," February 12, 2009.

[151] USDA, People's Garden Initiative FAQ, http://www.usda.gov/documents/Common_Questions_feb2012.pdf.

[152] To qualify, gardens must (1) benefit the community, (2) be collaborative, and (3) incorporate sustainable practices. USDA, "Find a Garden in Your Area," http://www.usda.gov/wps/portal/usda/usdahome?navid=PEOPLES_GARDEN.

[153] See, for example, *Let's Move!* press releases: "School Garden Concept Plan Revealed to Students at Powell Elementary School," March 14, 2011; and "Let's Move! to Grow More Community Gardens," April 28, 2011, http://www.letsmove.gov/blog/.

[154] USDA's budget justification for FY2011, http://www.obpa.usda.gov/30fns2011notes.pdf. See p. 30-10.

[155] USDA, "USDA Announces Funding to Expand School Community Gardens and Garden-Based Learning Opportunities," August 25, 2010.

[156] NIFA, "People's Garden Grant Program," http://www.csrees.usda.gov/fo/peoplesgardengrantprogram.cfm.

[157] NIFA, "Abstracts of Funded Projects," http://www.csrees.usda.gov/fo/peoplesgardengrantprogram.cfm.

[158] USDA blog, "The People's Garden Initiative Celebrates 3 Years of Growth," February 17, 2012.

[159] USDA's budget justification for FY2015, http://www.obpa.usda.gov/04da2015notes.pdf. See p. 4-3.

Table 1. 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.

USDA agency	Program Name / CFDA#	Program Type	Eligible Applicants	Assistance Amount	Total Funding Type/Amount
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.
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).

USDA agency	Program Name / CFDA#	Program Type	Eligible Applicants	Assistance Amount	Total Funding Type/Amount
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.
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.

USDA agency	Program Name / CFDA#	Program Type	Eligible Applicants	Assistance Amount	Total Funding Type/Amount
NIFA	Food Insecurity Nutrition Incentive (FINI) Grant Proram	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.
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).

Author Information

Renée Johnson
Specialist in Agricultural Policy

Tadlock Cowan
Analyst in Natural Resources and Rural Development

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.