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Sustainability and the Food System Session

“Policy Considerations in Revitalizing Local and Regional Food Systems”

Remarks by Ferd Hoefner, Policy Director
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Carol, thank you for that introduction and for the invitation to speak, and to everyone, good afternoon.

I have been asked by USDA to make comments on policy barriers and opportunities for building stronger local and regional food systems.

Clearly, there are many indications that interest and activity in this area has building rapidly, from the ground up. There is now clear evidence that policymakers are beginning to respond to this growing grassroots phenomenon.

That has certainly been true at the National Sustainable Agriculture Coalition. We are a nationwide coalition of grassroots and regional farm, rural, and conservation non-profit organizations that have been working together on federal policy reform for the past 22 years. Our policy work on agricultural research and extension, conservation and environment, farm programs, and marketing and rural development has, in recent years, paid more and more attention to rebuilding local and regional food systems, in direct response to the interests and concerns of our farmer-based constituency.

We address this issue, like all others, from our overarching interest in improving the sustainability of agriculture and creating a more productive, resource-enhancing, and community-oriented farming system that delivers for the triple bottom line of profitability, environment, and social justice. So we continue with a strong focus on policy change to --

- support cropping systems that incorporate perennials and forages,
- grazing based livestock systems,
- conservation buffers and advanced land management conservation systems,
- increased economic opportunity to own resources and to enter and participate in agriculture,
- new ways to increase rewards to skilled farm labor and management and maximum utilization of on-farm biological resources,
- and all the other hallmarks of the sustainable agriculture movement.

However, we now focus also on policies that can connect farmers to local and regional markets.

We have certainly been interested in local direct marketing, by, for instance, leading the drive to develop and win congressional approval of, and eventually funding for, the USDA Farmers

Market Promotion Program. We hope to see that program and related federal direct marketing efforts grow in the next few years.

But we are also very keenly involved in policies that might support not just local but also regional markets, particularly those that might be of greatest service to the mid-scale family farm. As part of the Policy Committee of the Agriculture of the Middle Project, we believe, with others, that there is a strong future for moderate-scale family farms operated by sustainable agriculture practitioners providing unique, value-added products for growing local and particularly regional markets made possible by consumers who want to buy food consistent with their values.

The question for us then becomes how can policy help create and support those new markets? Going into the last farm bill debate, we looked for appropriate policy levers and found several.

One was the Value-Added Producer Grants program. Back in 2000 and 2002, we played an important role in creating this program that awards competitive planning and working capital grants to farmers or groups of farmers starting up value-adding enterprises on their farms or in their local communities. In reauthorizing the program in 2008, Congress added three important new features.

- Developing products for the local food market is now an acceptable project grant category.
- The program as whole is now to give priority in awarding grants to projects that target small and medium size family farms and that encourage participation by beginning and minority farmers.
- And last but not least, the program now set-asides a pot of funding to specifically fund projects that link farmers to mid-tier value chains in which they have a clear voice and role in the actions of the complete supply chain all the way from the farm to the final retail or institutional sale.

We hold out great hope for these three new thrusts in the Value-Added Producer Grants program and encourage the Department to create a 2010 notice of funding availability fully consistent with these ends and to get it out the door quickly, without further delay.

Another NSAC 2008 Farm Bill initiative involved pushing for language to set-aside at least five percent of the Business and Industry loan program funds for loans to local and regional food enterprises. Clearly a major impediment to growing the local and regional market is reversing the decades-long decline in local and regional aggregation, processing, and distribution facilities. The new B&I set-aside is the first of what we hope will be many USDA tools to address this huge gap. We encourage its full utilization through robust USDA promotion and outreach.

A recent B&I loan guarantee made under the new set-aside will make the concept perhaps a bit more concrete. A Massachusetts company is receiving a \$450,000 loan guarantee to facilitate the provision of fresh, locally grown farm products to restaurants, retailers and other buyers. The facility will be centrally located to serve farmers in Massachusetts, southern New Hampshire and Vermont, and northern Connecticut to serve the greater Boston market. The intent is to reduce

shipping costs and enable cost-effective distribution of farm fresh produce by local rural businesses, increasing rural employment and supporting regional farms.

With inspiration from these initial grants and loans from the new farm bill initiatives, we are doubly heartened by the new USDA budget request for a rural regional innovation initiative that includes local and regional food system development as a key area to develop. This new initiative has the potential of taking the B&I program set-aside concept we initiated and extending it to a wide variety of existing rural development and marketing programs, while at the same time encouraging regional planning and rewarding innovation.

NSAC intends to stay very involved with this effort as it evolves. There is much to be done with USDA marketing and rural development programs to streamline regulations and make them more user-friendly, encourage regional collaborations, and find better ways to provide technical assistance, especially in underserved areas.

I would note in particular that all rural development program rules need to be reviewed with an eye to ensuring that the multiple statutory and regulatory definitions of “rural” do not impede the needed enhanced investments in agricultural and food system development. Marketing systems and value chain development by definition needs to include the full supply chain. Program rules that prohibit projects that would support and undergird local and regional farmers seeking these new markets simply because part of the project is in an urban area need to be ferreted out and eliminated.

There are other related farm bill stories and programs that address my theme today, but I will stop with just those two examples and turn now to a very brief exploration of what might come next in addressing barriers and creating opportunities for local and regional food systems within the federal policy arena.

Two issues pending before Congress this year are highly relevant. The first is the upcoming reauthorization of the Child Nutrition Act, including the school feeding programs. During the last reauthorization in 2004, Congress established a Farm to School grant program to be housed at USDA. However, in the intervening years, there has been no USDA budget request to actually fund the program.

We hope Congress will fix the problem by enacting at least \$10 million a year in mandatory funding for farm to school grants in the new reauthorization bill. Farm to School efforts, and indeed farm to institutional kitchen efforts more broadly, offer a win-win solution to improving public health and nutrition while supporting the development of local and regional food systems, increasing farming opportunities, and creating local jobs and economic development.

Closely related to the Farm to School program itself is the issue of state and federal procurement regulations. We applaud the Department for recently making advances to support increased local food procurement in the various feeding program, and urge continued oversight to make sure the new rules are working on the ground as intended.

Another matter before Congress this year is food safety legislation. There is no question that the food system in the U.S. needs to be made safer and that federal oversight and enforcement must be strengthened. Making our food safer, however, should not come at the expense of sustainable and organic producers' livelihoods -- those farmers who best model the production and marketing methods necessary for ensuring a resilient landscape and healthy human society.

In our view, the primary legislative vehicles introduced into the House and Senate in 2009 have largely failed to acknowledge the diversity of agriculture or the different risks associated with various production and processing practices. As a result, NSAC member groups have led an effort to ensure that new food safety measures do not create additional barriers to the adoption of sustainable and organic practices, on-farm, or to consumers' access to healthy, local foods.

As the Senate bill heads toward floor consideration later this year, we are working closely with Senate offices to support a variety of anticipated amendments to help achieve precisely this result, and we urge the Department to play a much stronger role than it has to date in assuring a positive outcome for local and regional food systems during Senate debate and later when the bill goes to conference with the House-passed bill.

Once the new bill becomes law, or even if it does not, it will be critical for USDA, farm groups, and agricultural institutions to intensify efforts to create group food safety training and certification programs for farmers. Passage of Senator Debbie Stabenow's *Growing Safe Food Act* this year could help kick start that effort. Many farm and consumer groups support the Stabenow bill, and we would urge the Administration to help work to secure its inclusion in any final food safety bill.

Looking beyond the immediate legislative calendar, there are of course many other policy levers waiting to be pulled to advance local and regional food systems. In no particular order, let me mention a few.

Crop insurance plays an increasingly important, and expensive, role in federal farm policy. Program costs have been getting a fair amount of ink recently. What gets far less attention is relative inability to date of the insurance system to develop reasonably attractive products for highly diversified crop or crop-livestock producers, for organic producers, or for on-farm value-adding enterprises or high value direct marketing. The system has grown up around the high volume, undifferentiated commodity market, and while attempts to address alternative agriculture have been made, and we applaud those efforts, from the vantage point of the farmers we represent, nothing really works well for them yet. Filling in this gap must be on the docket in any comprehensive initiative to address the growth of both sustainable agriculture and local and regional food systems.

Another issue that must eventually be tackled is planting flexibility. If we continue to lock up the majority of the country's cropland under antiquated rules prohibiting the production of fresh fruits and vegetables we will consign ourselves to either never coming close to meeting nutritional dietary guidelines or to importing ever greater quantities of produce from other countries. As demand grows, we eventually need millions of more acres in fruit and vegetable production and, with some common sense added flexibility provisions in the next farm bill, we

can begin to recapture some of that growth, and the jobs and saved farmland it represents, for our local economies.

Meat labeling standards are another area needing focused attention. Labeling in general, and clear and consistent standards wherever the government is involved, is a critical piece in developing the market for sustainable agriculture, including but not limited to local and regional food systems. The Agricultural Marketing Service made an important advance in issuing strong final standards for grass-fed meat. Other label claim rules that had proposed rules issued but are still awaiting final action include livestock labels for pasture-raised and free range, for no antibiotic use, and for no added hormones. We would urge AMS to take each of these, individually, to final rules in the near future.

Equally important to creating final rules for those niche meat products is gaining consistency between AMS and the Food Safety Inspection Service. Currently, FSIS labeling policy is undercutting the AMS standards program. Until there is a consistent Department-wide policy all we will be left with is confusion for consumers and lost opportunities for sustainable livestock producers.

Another major arena for change is federal funding for agricultural research and extension. The research we fund today in many ways determines the type of food and agricultural system we have a generation from now.

We not only need major increases in food and agricultural research funding, but also some significant redirection. Much though not all of what has received funding in the production area over the many years has been research to perfect the production of cheap bulk commodities and livestock, including labor-saving technologies that favor large-scale farming.

There are very important exceptions to that rule that I will not take time to catalogue this afternoon. However, I would be remiss in any quick rendering of key barriers to sustainable agriculture and local and regional food systems to not lay on the table the question of what would happen -- what would the US farm and food system look like in a generation -- if we invested our public dollars to better use the biological nature of agricultural production, to investigate and boost regional food systems, to research technologies and farming systems that favor efficient modest-scale production and reward expert management and skilled labor, to increase rather than eliminate farming opportunities, and to stop creating farming systems that appear to create cheap food because the social and environmental costs are all externalized?

The Department has several major research requests for proposals due out very soon. It is our hope that those requests will show increased attention to precisely these types of questions, with focused funding support and targeted programs.

These are just a few of the policy areas in which barriers and opportunities for rebuilding local and regional food systems could be addressed. I am sure many in the audience have their own personal short lists of ideas. In the final analysis, all of the special programs and new initiatives one might add to my short list today will be for naught in building local and regional food

systems if the overarching rules of the game are not simultaneously addressed. So I will close by mentioning just three of those.

First, if we continue with a production subsidy system that rewards and subsidizes farm consolidation and economic concentration in the pursuit of cheap food and raw materials, we will never succeed in the effort to build a more sustainable agriculture, much less a fully re-invigorated local and regional food system. On this note, our members were extremely disappointed with the final commodity program payment limitation rule issued by USDA in early January. Contrary to the President's number one campaign pledge in his agricultural platform while running for office, the USDA final rule left fully intact all of the existing loopholes that allow virtually unlimited per farm production subsidies, in what is little less than government-sanctioned fraud and abuse in support of the subsidized disappearance of mid-scale family farms.

Second, there must be a fair and level playing field in the marketplace. Government has long had the role of protecting that fairness and equity. However, for far too long that role has been greatly underutilized. Thankfully, Congress in the 2008 Farm Bill directed USDA to issue new rules under the Packers and Stockyards Act to effectively enforce the long-standing statutory prohibition against undue price preferences for large volume producers and to make needed reforms in rules pertaining to agricultural production contracts. We understand proposed rules to fulfill this farm bill directive will be issued soon and we trust they will be strong and represent the most important change to enforce fair and open competition rules in a very long time.

Finally, policies across all government agencies that have a role to play in the farm and food system, not just USDA, must make the critical shift to full cost accounting when providing grants and loans or developing rules and regulations. Ultimately, until we begin to honestly account for environmental, public health, and rural economic and community costs which for so long have been externalized in our public policies, we will remain unable to move more significantly toward a more sustainable food and farming future.

Thank you for your attention, and I look forward to your questions.