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In partnership with

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# The United States Farm Bill: Support for Producer Participation in Direct Marketing Campaigns- An analysis of fund allocation and program support



## Preface:

In the media and in communities throughout the country the discourse surrounding farmers markets is generally from a consumer standpoint- rarely do we hear of the importance of these direct marketing outlets from the perspective of the farmer or rancher. Through this report we unpack the importance of the U.S. Farm Bill for producers, highlight the successes of the recent Farmers Market and Local Food Promotion Program (FMLFPP) and bring to light the consumer advocacy for programs that support small and medium sized producers. Additionally, we expose the difficulties of the grant application process for farmers seeking assistance for increased access to direct marketing outlets. In particular we advocate for support for “socially disadvantaged” farmers who have faced systemic social and political discrimination and who continue to face this discrimination in regards to entry into these direct marketing outlets. This report would not have been possible without the generous support of multiple community partners, particularly Rudy Arredondo and the National Latino Farmers and Ranchers Trade Association who inspired the initial report, Lorette Picciano—executive director of Rural Coalition—for her endless guidance, Kathy Ozer—executive director of the National Family Farm Coalition, and all of the hardworking individuals who advocated for the FMLFPP over the years, especially those who took the time to speak with us about their experiences.

## Introduction:

The agricultural sector within the United States has gone through many changes throughout the twentieth and twenty-first centuries. Prior to the mid 1900s most farms in the U.S. were small-scale, family farms with diverse crops, or large, sprawling plantations throughout the South. The 1940s and 1950s ushered in an age of large, consolidated farms that employed mono-crop systems. With recent attention paid to nutrition and food quality, national food security and environmental degradation, we have seen a desire to shift back to small and medium-size farms that utilize

agroecological methods and crop diversification, with a focus on local and regional food production. Simultaneously over the past several decades the US population has suffered public health crises of non-communicable, diet-related diseases, such as early-onset diabetes, hypertension, heart disease, cancer, and obesity. Communities that lack access to fresh, local foods are increasingly suffering from such health issues, as a result of a reliance on low-nutrient, highly-caloric, toxic-laden processed foods. Farmers markets provide a variety of benefits for many stakeholders, and assist in addressing the economic needs of small and medium sized farmers and communities that lack access to fresh foods. The introduction of farmers markets to low-income communities that have little access to fresh foods not only increases food security for these underserved communities but also creates economic opportunities for small and medium sized farmers in the form of direct marketing opportunities, further increasing their farm security.

The intersection of increased farm and food security provides a potential combatant to diet-related public health struggles, by way of increasing the number of farmers markets that serve communities that lack access to fresh foods while also bolstering the incomes of growers who produce for these direct marketing-to-consumers outlets. It is often a requirement for farmers to become certified if they wish to sell at farmers markets, however, these certifications are costly and often serve as barriers to entry for farmers looking to sell directly to consumers. Programs exist for farmers to help cover the costs of certification processes, but supporting our argument for a more streamlined grant application process, many farmers see the current system unachievable and not worth their time. The advantages of farmers markets are clear, but many farmers or farm cooperatives seeking assistance related to direct marketing to consumers increasingly face challenges regarding the grant application process.

## Methods

Our research included the use of primary and secondary sources, in the form of interviews, a literature review and data collection. We conducted primary interviews with

current and former employees of the Agricultural Marketing Service (AMS) within the USDA, as well as recipients of FMLFPP grants and groups that advocated for these programs to be instated within the Farm Bill. Additionally, we extensively researched the Farm Bill itself, and collected AMS data made available throughout the USDA website. Through these interviews and primary research we were able to gage the frustration apparent by organizations and officials alike in the grant writing and grant acceptance process. As the Farm Bill is a changing and fluid document altered every 5-6 years there is an opportunity to improve these programs in the coming bill.

## Background

The 1940's and 1950's brought about a time of intense scaling-up and farm consolidation within the United States. The Green Revolution benefitted farmers with large, industrialized systems and encouraged farmers to "go big or get out." Farmers became more specialized and the number of commodities produced on farms severely decreased (Dimitri, 2005). Simultaneously, as those farms that could afford to scale-up were doing so, African Americans and farmers of color were suffering disproportionately. The number of black farmers and the amount of land on which they farm have both been continuing to decline at a faster rate than white farmers. The number of black farmers has decreased by 98 percent since 1920 and black farmers have disproportionately experienced land losses associated with public policy and racial oppression (Wood, 2000). This is compared to an overall 66 percent decrease in the number of white farmers during the same time period (Wood, 2000). Though this decrease was most commonly seen among farmers with small plots of land, when scale of operation is controlled for, African-American operated farms have decreased at a faster rate than white-operated farms regardless of farm size (Wood, 2000). Additionally, this phenomenon is demonstrated by the large-scale discrimination historically seen in the USDA, with the *Love vs. Garcia* and *Pigford* lawsuits as examples.

As a result of this systemic discrimination and severe decrease in the number of black farmers throughout the twentieth and twenty-first centuries, farmers of color and socially disadvantaged farmers are lacking in numbers as compared to their white farmer counterparts (Wood, 2000). However, we have seen an increase in Spanish, Hispanic, or Latino farm operators as well as an increase in Black or African American, Asian, and Native Hawaiian or Pacific Islander farm operators (Rooke, 2015). While we know the number of racially diverse farmers has been increasing, there is a lack of data regarding their participation within farmers markets.

Programs within the Farm Bill do exist to assist socially disadvantaged farmers, such as the 2501 bill, which Rural Coalition strongly advocated for. According to the USDA “socially disadvantaged” is defined as ‘a farmer or rancher who is a member of one or more of the following groups whose members have been subjected to racial or ethnic prejudice because of their identity as members of a group without regard to their individual qualities. Groups include, but are not limited to, African-Americans, American Indians, Alaskan Natives, Hispanics, Asians, and Pacific Islanders.’ (FAQ, USDA). We use this term in quotations because though it is the official legal language used throughout the USDA and the 2501 Bill, we recognize that this term is disempowering and not culturally appropriate. While the 2501 grant does provide technical assistance for “socially disadvantaged” farmers and ranchers who are starting an agricultural business or need assistance in training or operational costs, these farmers also deserve increased support for access to funding for direct and indirect marketing campaigns.

## The Farm Bill

The U.S. Farm Bill, first introduced as the Agricultural Adjustment Act of 1933, was created as a farm relief tool to assist farmers following the Great Depression, the dust bowl, and rock bottom grain prices (Graddy-Lovelace, 2014). The Farm Bill is renegotiated every 5-7 years by Congress in an attempt to assist farmers with relevant farming issues. The Farm Bill itself is now a wide-ranging document with over one-thousand pages, including at least twelve titles, and directly informs all the various

agencies within the USDA, such as the Farm Service Agency, Food and Nutrition Service, Forest Service, National Institute of Food and Agriculture, Natural Resources Conservation Service, Risk Management Agency, and Rural Development.

The U.S. Farm Bill has also seen many changes throughout its history. This large omnibus piece of legislation creates or dissolves policy related to farming and food security depending on the current climate of these issues within the country. The process of successfully writing a program into the Farm Bill is a lengthy four-part process. Included in this is the legislative fight, an implementation phase, the appropriations phase, and last but certainly not least, the act of farmers, ranchers, and organizers using the farm bill to help them achieve their agricultural goals<sup>1</sup>. While we recognize how diligent advocacy organizations are in their work in the first three steps of this process, for the purpose of this report we are most concerned with understanding how the final step- implementation by parties on the ground level- are utilizing these programs to the best of their capacity and ability. Specifically this report attempts to shed light on the difficulty of the application and grant review processes and to highlight the need to decrease barriers to entry for direct marketing opportunities and local food promotion for historically disadvantaged farmers as well as provide matching grant waivers to organizations who are deserving of grants.

As interest in local food production has resurfaced since the 2000s, so has attention paid to this issue in policies laid out within the Farm Bill, with the implementation of the Farmers Market Promotion Program (FMPP) and the Local Food Promotion Program (LFPP), for example. Acknowledging the potential that farmers markets provide for increasing farm and food security for producers and consumers, we hope to shed some light on the grant application process for farmers who wish to receive support from these two programs. Additionally we advocate for fund allocation under the FMPP and LFPP specifically designated for a diverse array of historically disenfranchised farmers to provide products to low-income, historically disadvantaged urban communities that lack access to fresh foods (Local Food Promotion Program). For the purpose of this

report we will be focusing exclusively on the Agricultural Marketing Service (AMS) within the Farm Bill, and the programs and the funding it provides to producers.

## Farmers Market in the United States

Farmers Markets in the United States have seen a resurgence since the Farmer-to-Consumer Direct Marketing Act of 1976. In recent years we have seen a significant increase in the number of farmers markets from 1,755 markets in 1994 to 8,144 in 2013 (Miller and Roper, June 2013). This support displays consumer support for local farmers, locally grown produce, and a push for access to healthy foods. Not only are farmers markets significant for their economic returns, but also for the social well-being of participating farmers and consumers. The benefits to farmers as well as to the local community are numerous. These benefits include providing a space for farmers to flourish by providing entrepreneurial opportunities and social benefits among farmers, economic benefits for farmers as well as surrounding businesses, and providing a space where communities can access fresh, nutritious produce (Miller and Roper, May 2013). It appears however, that there might not be enough support for farmers markets, particularly in rural and low-income areas. A small customer base and inability to cover overhead costs are included in challenges affecting rural areas when it comes to implementing farmers markets (Farmers Markets, 2012). These rural populations are still in significant need of places to purchase nutritious and fresh produce, and rural farmers are continually facing economic struggles. The FMLFPP demonstrates support for rural producers, with 60% of funds awarded to organizations that primarily focus on rural marketing campaigns (Miller and Roper, June 2013). However, we do see gaps where funding allocation could be improved, particularly with LFPP and the 25% matching fund requirements.

## Farm Bill Services

The Agricultural Marketing Service of the United States provides extensive services for agricultural businesses throughout the country. Included in these services are food and research development, organic certification, auditing & accreditation, plant variety protection, and an assortment of other services that are created to promote agricultural business and to also help differentiate businesses from their competition. Also included are grants for agricultural businesses and producers by providing rural entities the support they need to thrive in the United States agricultural sector. Available grant services usually fall under one of five categories including the Farmers Market and Local Food Promotion Program (FMLFPP), Federal State Marketing Improvement Program, Organic Cost Share Program, Sheep Production and Marketing Grant Program, and Specialty Crop Block Grant Program. For the purposes of this report we will focus on the programs that have the potential to aid producers in entering into new marketing opportunities to increase their farm's economic viability, namely the FMLFPP.

The Farmers Market Promotion Program was introduced into the Farm Bill as a result of the hard work of dedicated organizations that advocated for years before 2002, when their voice was finally heard (Dombalis, Helen. Phone Interview. 6 April 2016). The process of amending a large bill such as the Farm Bill is an intensive process. When advocacy organizations are working to produce what is called a 'marker bill' it has been described as "throwing darts at the wall". Numerous ideas are presented to legislators hoping that over time, one idea will stick. Multiple marker bills gathered by the National Sustainable Agriculture Coalition, the Farmers Market Coalition and other organizations were presented for multiple years to create what in 2002 became the FMPP and what is now known as the FMLPPP. The momentum for this bill was generated by a widespread need for marketing funds to support farmers in getting their products to consumers. Initially FMPP funds were reserved exclusively for direct marketing ventures, while in 2014 adjustments were made to allocate funds to intermediaries such as food hubs and cooperatives. All of these efforts were created with the same goal in mind – How do we create more opportunities for farmers?



FMPP was established through the 2002 Farm Bill as an amendment to the Farmer-to-Consumer Direct Marketing Act of 1976 with efforts to “lower cost and increase the quality of food to such customers while providing increased financial returns to farmers”. As noted by the USDA the purpose of the Farmers Market Promotion Program is to “increase domestic consumption of, and access to, locally and regionally produced agricultural products and to develop new market opportunities for farm and ranch operations serving local markets by developing improving, expanding and providing outreach, training, technical assistance to, or assisting in the development, improvement, and expansion of, domestic farmers markets, roadside stands, and community supported agriculture programs, agri-tourism activities, and other direct producer-to-consumer market opportunities” (Farmers Market Promotion Program, USDA, 2013). This complements the Local Food Promotion Program, which assists “local and regional efforts to increase consumption of such products and develop, improve, or expand local and regional markets” (Farmers Market Promotion Program, USDA, 2013). Examples of these entities include agricultural businesses, nonprofits, producer networks, agricultural cooperatives, CSA networks, CSA associations, Economic development corporations, local governments, regional farmers market authorizes, and tribal governments.

From its inception in 2002 and its first funding year in 2006 the FMPP has gone through various changes while keeping the same goal. The 2008 Farm Bill was significant for the FMPP program because for the first time it received designated mandatory funding. One major change in these programs since 2002 is the creation of the LFPP program. With the creation of this program available funding is divided equally into the LFPP and FMPP, allocating half of the funding for direct producer to consumer marketing campaigns, and the other half of the funds to support intermediary organizations such as food hubs and cooperatives. Beginning in 2008 there was \$33 million to be allocated over 5 years with \$3 million in 2008, \$5 million in 2009 and 2010, and \$10 million per year in 2011 and 2012. The 2014 Farm Bill allocated \$150 million to

FMLFPP programs to be divided between the two. In order to be eligible for the FMPP applicants must be in one of the 50 United States, District of Columbia, American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, Commonwealth of Puerto Rico, or the U.S. Virgin Islands (Miller and Roper, June 2013).

A significant difference in the two grants is the matching funds requirement, with LFPP grants requiring a 25% match support, and FMPP not requiring any matching funds (LFPP). This presents a significant hurdle for organizations who are located in historically disadvantaged communities with limited funds to provide match support. For organizations who are located in food deserts, or areas of extreme poverty, waiving the match funds requirement would be a significant step in providing adequate services for these areas.

One major accomplishment of the FMPP is attracting organizations to use services provided by the Farm Bill by allowing flexibility in eligible use of the grant funds (Miller and Roper, June 2013). Many people who have applied for funding through FMPP have not previously applied for grants or other USDA programs, which is also a success. Between 2006 and 2012, \$32,293,329 in 575 projects throughout 50 states were awarded in funding (Miller and Roper, June 2013). FMPP and LFPP are important programs because they generally provide a small amount of start up funding that helps in the initial or transition stages of a local food market campaign (Miller and Roper, June 2013). This helps markets and organizations get on their feet and provides the support they need to continue to function sustainably in future years while creating economic returns for producers. This speaks to the necessity for these programs to be more accessible to socially disadvantaged farmer groups and community organizations in rural communities.

## Grant Selection Process

In order to better understand who receives funding through the LFPP and FMPP programs, it is important to be familiar with the fund-granting process. According to the Deputy Administrator of the Transportation and Marketing Program for the USDA's Agricultural Marketing Service (AMS), the process of applying for a grant through the

AMS program is difficult and time-consuming. In an interview with the Deputy Administrator he indicated that the grant application process is not necessarily meant for farmers themselves, but rather for someone in an administrative role (Deputy Administrator of the Transportation and Marketing Program, AMS. Personal Interview. 18 March 20016). The grant selection process is conducted by committees of external reviewers. Those interested in becoming a grant reviewer and who have expertise in local food issues submit their qualifications to be considered. Once chosen, review teams are constructed based on regional proximity of the reviewers. In the 2015 funding year, LFPP and FMPP applications were combined, leading to 40 review teams with three people on each team. Grant applications are then sent out regionally with particular care taken to avoid any conflicts of interest. Conflicts of interest are mitigated by sending applications to reviewers within different geographic regions of the country. Reviewers use evaluation criteria provided by the USDA to score the applications individually, and then come together as a panel to discuss a consensus review score. These consensus review scores are then sent *back* to the AMS and are reviewed by the secretary. After a budget review process the AMS finalizes recommendations and awards the grant projects.

On the applicant's end, the process is much more convoluted, with the application itself serving as one of the primary barriers to receiving a grant from the USDA. Multiple personnel who have worked on either writing the application or awarding the grant recognize the barriers to applying for the FMPP grants in particular. An original interview was conducted with Luciene Sihelnik of Redesign Reading, an economic improvement organization in the city of Reading, Pennsylvania. Luciene, who has extensive experience in food systems, noted the importance of having staff who are trained in grant writing and the challenges of a severe lack of grant writing experience within the farmers market community. Luciene noted, "a lot of time markets that are volunteer run, or grassroots, the individuals who are behind the movement don't necessarily have the qualifications. Then, even the simplest of applications are overwhelming. They don't have the technical expertise. They don't have the background

and the information, the access, or the time that's necessary to put into the [grant writing process]." (Lucine Sihelnik, in person interview. 8 March 2016)

The grant application process involves creating an executive summary of the project, a full-blown execution plan, timeline and budget. The applicant must demonstrate that they have partnerships to carry out the project and must be able to communicate how they will track the impacts and quantify the metrics of the project for which they seek funding. The following items must be submitted to be considered for either the FMPP or LFPP grants:

- 12 page project narrative

- Project budget

- Letter from Promise Zone partners (if applicable)

- Letter indicating critical resources and infrastructure are in place

- Indirect cost rate proposal

Additional supporting documents:

- Letters of commitment from partners, corporations and contractors

- Letters of support from stakeholders or beneficiaries

- Letter stating personal qualifications

While many well-established organizations employ people who have had the opportunity to participate in higher education or have had significant NGO and grant writing experience, this arduous process is a limiting factor for many smaller, less-established rural organizations.

In addition to the above mentioned required materials, in order to apply for the LFPP grants, organizations must also submit proof of 25% matching funds, and have proof of funds on hand prior to receiving the grant. Understandably, this creates a significant problem particularly for organizations in low income areas that don't have other funding outlets.

The USDA needs to take particular care to not to discriminate against smaller organizations that are unable to dedicate resources to the time-consuming grant application process. Another interviewee echoed this point by saying “Farmers just don’t have time for this [planning, writing and executing the grant writing process].” (Deputy Administrator of the Transportation and Marketing Program, AMS. Personal Interview. 18 March 20016) While it is organizations representing farmers or farmer cooperatives applying for these grants rather than individual farmers themselves, farmers are in significant need of marketing assistance to get their products to consumers. That being the case, many farmers or farmer organizations who lack the expertise necessary to apply for and win these grants are subsequently not receiving them. The larger farmer or rancher organizations that do have the necessary resources will continue to be awarded the grants, leaving smaller organizations, those who are most likely in the highest need, continually unable to access these grants.

Although the arduous grant application process is a significant barrier to accessing grant money by farmers in need, the AMS has made adjustments aimed at leveling the playing field for large and small organizations. In recognition of the difficulty of the grant application process, the AMS has devised online grant writing training courses, which can be found at [www.amsta.net/workshops.html](http://www.amsta.net/workshops.html). Additionally, the AMS has introduced a two-tier system when awarding grants through the FMPP in order to ensure both small and large grants can be awarded (Figure 1). One tier is designed for capacity-building and is meant for farmers markets themselves to apply, in order to not compete with larger entities. This first tier awards anywhere from \$50,000-\$250,000. The second tier, which awards \$500,000, is designed for technical assistance and training and is geared towards larger organizations serving networks of markets. (Figure 1).

	FMPP	LFPP
CFDA Number	10.168	10.172
Grants offered	Projects related to direct-to consumer marketing: <ul style="list-style-type: none"> <li>• Capacity Building grants from \$50K to \$250K</li> <li>• Community Development, Training, and Technical Assistance grants from \$250K to \$500K</li> </ul>	Intermediary supply chain projects that aggregate, distribute, process and/or store agricultural products: <ul style="list-style-type: none"> <li>• Planning grants from \$25K to \$100K</li> <li>• Implementation grants from \$100K to \$500K</li> </ul>
Matching Funds	Not required	25% required
Website	<a href="https://www.ams.usda.gov/services/grants/fmpp">https://www.ams.usda.gov/services/grants/fmpp</a>	<a href="https://www.ams.usda.gov/services/grants/lfpp">https://www.ams.usda.gov/services/grants/lfpp</a>

Figure 1

## Moving Forward

In reviewing the data and information we have gathered regarding the grant allocation process within the AMS of the USDA, we realize there are gaps in the information available. Data regarding the organizations that have applied for and received funding for each fiscal year since 2008 has been made available by the USDA. However, there is no public record of the organizations that have applied but were not awarded a grant. The USDA is not required to track the denied applications, meaning critical information regarding where these applicants come from and why they are denied routinely falls through the cracks. This information is critical in documenting and understanding the specific regions within the U.S. that are potentially being habitually neglected by the USDA. Additionally, demographic information surrounding the organizations that are not awarded grants could be used to better understand the barriers these organizations face within the application process.

Another barrier to receiving grants is the grant-matching requirement for LFPP grants. This requirement should be waived for farmer organizations that are within Promise Zones or otherwise formally or informally recognized as being in historically disadvantaged areas. Finally, the USDA should consider adjusting fund allocation to communities with the highest need, with documentation of this change in preference of geographical areas over time. The USDA should consider adopting a process to train grant reviewers on inclusiveness to help address gaps that exist in grant applicants and grant recipients. As poverty and needs change geographically over time so should the USDA granting process, placing an emphasis on including regions or communities that

are recognized as having significant funding needs. As we can see in Figure 2, the region that is most represented by the FMPP grants is the north central region, while the poverty map of the USA shows that the area most in need is the southwest and south central (Figure 3).

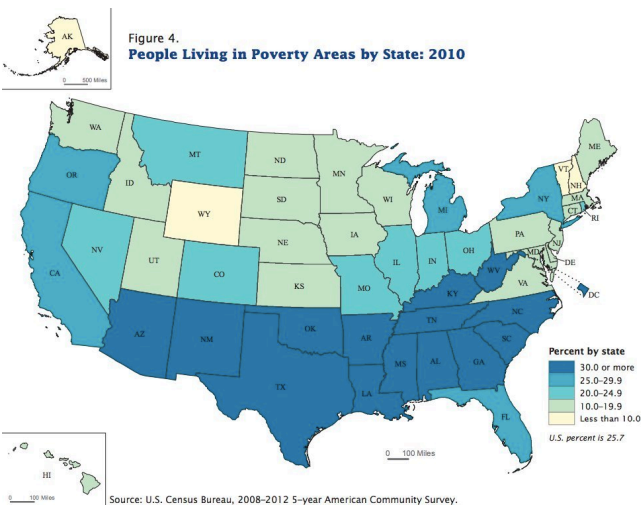
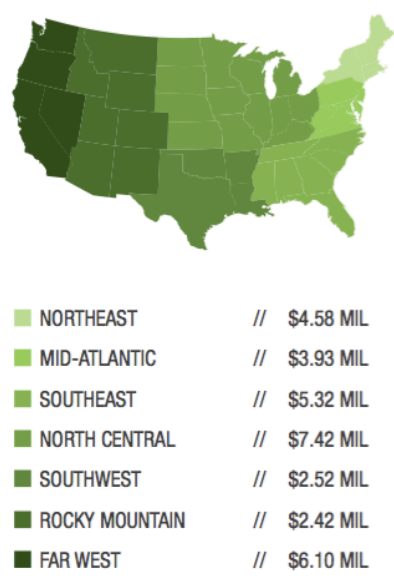


Figure 3

Figure 2

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