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Do Government Policies Grow Local Food?

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To many local food advocates, the passage of the 2008 Farm Bill was an affirmation of their belief of the inseparability of U.S. agricultural and food policies. They had argued that "buying local" provides a variety of benefits, including support for small farmers, increased economic activity in rural communities, reduced energy consumption and pollution, and improved human health. The final legislation, titled the Food, Conservation and Energy Act of 2008, includes policies and programs designed specifically to increase the supply of and demand for local food. In September, 2009, local food advocates cheered again when Agriculture Secretary Tom Vilsack and Deputy Secretary Kathleen Merrigan announced USDA's "Know Your Farmer, Know Your Food" (KYF) initiative.

Are the 2008 Farm Bill and the KYF initiative indications that federal government policies generally support local food? And are state and local governments standing behind local food? Answering these questions would be an exhaustive process, extending far beyond the U.S. Department of Agriculture (USDA) to various other federal government departments such as Commerce and Transportation, as well as the policies in each of the 50 states and their regional entities. Instead, a short description of some impacts of federal agricultural policy on local food will serve as a starting point, followed by a brief assessment of the KYF initiative and several other key federal and state policies.

But first the meaning of "local" needs to be understood in order to assess the effects of government policies on local food. Hand and Martinez, in another article in this issue, indicate that "local" means different things to different people; consumers have entwined their demands for certain market performance outcomes that have broad public benefits with their perceptions of local food. When unveiling the KYF initiative, Secretary Vilsack stated, "Reconnecting consumers and institutions with local producers will stimulate economies in rural communities, improve access to healthy, nutritious food for our families, and decrease the amount of resources to transport our food." (USDA, 2009a). These outcomes are very similar to the public benefits mentioned above as being desired by local food advocates. When USDA launched a new website for the initiative, the press release indicated the website was intended to promote dialogue "…about developing local and regional food systems and finding ways to support small and mid-sized farms" (USDA, 2009b). Thus, USDA has entwined various public benefits—including support for small and mid-sized farms—with local food in the current policy dialogue.

The Industrialization of the U.S. Food System

Numerous government policies fostered the industrialization of the U.S. food system. Early in the twentieth century, USDA established grading standards to facilitate the trade of produce over long distances (Gardner, 2003). While reducing deliveries of spoiled produce to distant markets, these standards also decreased the availability of ripe fruits at local supermarkets and foodservice establishments.

Since the end of World War II, one of the primary objectives of Farm Bills included the provision of high quality food at a low cost. This was achieved through consolidation in agricultural production and the creation of efficient supply chains through vertical integration and contracting throughout the food system (Barry, 1995). Local facilities for fruit, vegetable, dairy, poultry and meat processing were replaced by large, centralized facilities as food manufacturers sought to gain economies of scale to produce foods of uniform quality at low cost. Between 1946 and 2008, food expenditures by U.S. families and individuals as a share of disposable personal income declined from 21.6% to 9.6% (USDA, 2009c).

Commodity price stabilization was another important objective of federal agricultural policies. Commodity support prices tied to production provided greater economic benefits to larger farmers; these benefits enabled these farmers to buy out their smaller neighbors and gain economies of size (Tweeten,1998). In its 1981 report—A Time to Choose—the

U.S. Civil Rights Action Team concluded that government policies and practices had discriminated against small farm operators, and warned that, unless present policies and programs are changed, agricultural production will be concentrated among few large farms (USDA, 1981).

Nonagricultural policies also facilitated the industrialization of the U.S. food system, such as the federal government's extensive investment in the interstate highway system. In an article in this issue of Choices, King, Gómez, and DiGiacomo note that supermarkets created efficiencies in their distribution systems by locating large distribution centers near interstate highways.

While various USDA policies appear to have worked against small farms and local food, one major exception was the Farmer-to-Consumer Direct Marketing Act of 1976, which contributed significantly to the rebirth in the marketing of local food. This legislation was enacted to promote the development and expansion of direct marketing of agricultural commodities from farmers to consumers. It required USDA to work with state departments of agriculture to promote direct marketing. Additionally, the statute created the USDA Agricultural Marketing Service's (AMS) Farmers Market Promotion Program (FMPP).

Numerous Programs in "Know Your Farmer, Know Your Food"

The FMPP is one of 20 grant, loan and support programs across seven USDA agencies identified on the KYF web site, http://www.usda.gov/knowyourfarmer. With the exception of the new Environmental Quality Incentives Program (EQIP) Organic Initiative, the 20 KYF programs represent a reaggregation of existing USDA programs; however, funding has been increased for some and/or some funding has been set-aside specifically for local food projects.

Since growers who engage in localized marketing rely heavily on direct market outlets, the FMPP can be considered the heart of KYF; it increases access to local food by providing competitive grants to assist in establishing, expanding, and promoting domestic farmers markets, roadside stands, community-supported agriculture programs (CSAs), and other direct producer-to-consumer market opportunities. Produce that is direct marketed is exempt from USDA grading standards. The 2008 Farm Bill raised FMPP allocations from $1 million for Fiscal Year (FY) 2008 to $5 million for FYs 2009 and 2010 and $10 million for FY 2011 and 2012.

USDA/AMS' Senior Farmers Market Nutrition Program facilitates demand for local food at farmers markets. By awarding grants to state governments, this longstanding program provides low-income seniors with coupons to purchase fresh fruits, vegetables, herbs and honey at direct market outlets. Similarly, the Women, Infants and Children-Farmers Market Nutrition Program provides cash grants to state agencies to expand support for the WIC program.

KYF also includes farm-to-school programs, which serve locally grown products at elementary and secondary schools. The objectives of these programs include serving healthy meals in school cafeterias, improving student nutrition, providing educational opportunities on agriculture and nutrition, and supporting local and regional farmers. Tactical teams of staff from AMS and FNS work with local farmers, local and state authorities, school districts, and community partners to develop farm-to-school projects and provide guidance on the best ways to buy more local produce for the National School Lunch Program.

Active in 43 states (http://www.farmtoschool.org), some state and local governments support farm-to-school programs. For example, voters in Davis, California passed a parcel tax in 2007 to support a variety of school district initiatives for four years, including $70,000 annually to the farm-to-school program in its public elementary and secondary schools. Most of the additional farm-to-school funds are used to purchase local produce and other locally produced foods such as brown rice and olive oil to include in school lunches, as well as professional training for kitchen staff about incorporating local, seasonal foods into the menus and cooking from scratch. Additionally, numerous public universities and hospitals across the nation have adopted "farm to institution" programs to "do the right thing" by supporting local farmers through purchases of produce, meat, dairy products and other locally produced foods.

Several counties in states along the East and West Coasts have county-level agricultural marketing programs that are focused on economic development. Since 2001, Placer County, located in the Central California foothills, has operated an Agricultural Marketing Program (AMP) in collaboration with a grower-funded program, Placer Grown. The AMP assists local producers and Placer Grown by providing services such as media relations, product marketing, and web development, and it publishes an annual Agricultural Guideand maps for Placer Grown's special events.

Food Production and Processing Programs and Policies

USDA's Rural Development Agency has operated the Value-Added Producer Grant Program (VAPG), another part of the KYF initiative. It provides funds for business planning and working capital for projects involving processing of agricultural products. The 2008 Farm Bill requires that 10% of the program funds be used for projects that focus on local and regional supply networks, and that10% of funds be available for beginning and/or socially disadvantaged farmers and ranchers, and/or small or medium-sized farms or ranches; these groups are also likely to market their products locally. An additional 10% of available funds are reserved to fund Mid-Tier Value Chain projects; the products thereof are likely to be marketed regionally.

The Rural Development Agency operates two KYF programs that could help restore the local food processing and distribution infrastructure. Its Business and Industry (B&I) Guaranteed Loan Program provides affordable capital; the 2008 Farm Bill included a set-aside within the program for projects that establish and facilitate the processing, distribution, aggregation, storing and marketing of locally or regionally produced food products.

KYF also lists the Rural Business Enterprise Grant Program, which provides funding to rural public entities, Indian tribes and rural private nonprofit corporations, rather than individual firms. Eligible projects include land acquisition or development, building construction or renovation, and machinery purchases that benefit small and emerging business in the area, but the projects do not have to food-related. There are no USDA grant programs available to for- profit firms that finance buildings or equipment, although such assets are often critical to the development or revitalization of a region's agricultural processing infrastructure.

Looking Beyond USDA

In recent years, state and local government have adopted policies to preserve farmland in order to provide local food supply and food security, as well as other benefits such as open space, wildlife habitat and rural character (Lynch, 2008). All 50 States have enacted one or more farmland protection programs to help slow the conversion of farmland to developed uses (Nickerson and Barnard, 2006). Farmland conversion often reduces the profitability of the surrounding acreage by limiting a farm's ability to achieve an efficient scale of operation and imposing the costs of land use conflicts on farmers. However, farming near a major population center can also enhance the availability of local food since the farmers have a shorter travel distance to direct market their crops, and consumers need not travel far to a farm stand or agritourism operation.

Recent outbreaks of food-borne illness attributable to contaminated spinach and other leafy greens led California's leafy greens industry to initiate a voluntary food safety program for handlers of leafy greens in 2008. Growers who sell to handlers who are signatories of California's Leafy Greens Marketing Agreement (LGMA) are required to comply with various provisions; they require growers to conduct water quality testing, personnel training, field monitoring; remove crops subjected to animal activity or flood; and document their standard operating procedures. Recent research indicates that the LGMA compliance costs are significantly higher, on a per acre basis, for smaller growers (Hardesty and Kusunose, 2009).

Currently, growers who sell only by direct marketing are exempt from the LGMA. However, the Food and Drug Administration (FDA) issued draft food safety guidance documents in July, 2009 related to production, harvesting, packing, processing, transportation, and distribution practices for leafy greens, melons and tomatoes. Although these measures are currently voluntary, the FDA Commissioner noted that enforceable standards will be developed.

Another potential challenge to local food involving the FDA is the Food Safety Modernization Act, which was introduced in Congress in 2009. Local food advocates protested that producers who market even minimally processed crops to local restaurants, grocery co-ops, supermarkets, schools and wholesalers would be regulated by the FDA. They noted that this Act and other recent food safety legislation fail to acknowledge the diversity of agriculture or different risks associated with various production and processing practices. Growers would incur increased expenses for record-keeping, food safety plans, and on-farm inspections.

What's the Bottom Line for Local Food?

It is difficult to determine if, overall, current government policies support or hinder local food. This review included only brief assessments of a limited number of programs and policies, primarily federal; no studies that specifically measure their impacts on local food were found. There are government programs currently receiving much attention that appear to support additional production and processing of local food, and others that foster the expansion of outlets for local food and consumers' ability to purchase them. But existing and impending food safety regulations could impose significant costs and create barriers for local food. Other agricultural policies and programs also need examination, such as meat and poultry processing regulations, state level food manufacturing and retailing codes, and the proposition approved by California voters in 2008 to prohibit the confinement of certain farm animals in a manner that does not allow them to turn around freely, stand up, and fully extend their limbs. A broader assessment, including trade and energy policies, could also be warranted.

Since there is considerable tendency to entwine local food with performance outcomes such as support for small and mid-scale farms and improved human health, it may be more useful to directly focus on consumers' desired outcomes for specific public benefits. Using such a direct approach, as suggested by Hand and Martinez in their article in this issue, by encouraging consumers to reveal their expectations would enable policymakers to focus public resources on the desired outcomes, or to reverse policies that deter such outcomes. Although this discussion leaves many questions unanswered, one clear conclusion is that the current attention to the local food market has caused many citizens to become aware of the connection between the agricultural sector and the food that they eat.

For More Information

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