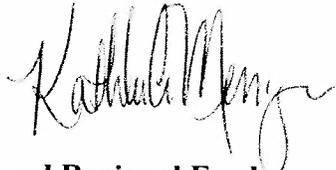




THE DEPUTY SECRETARY OF AGRICULTURE  
WASHINGTON, D. C.  
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**Date:** July 20, 2010

**From:** USDA Deputy Secretary Kathleen A. Merrigan 

**Subject:** **Harnessing AMS Programs in Support of Local and Regional Food Systems**

The Agricultural Marketing Service (AMS) performs work every day that substantially impacts many, if not all, of the marketing components critical to the development and maintenance of strong local and regional food systems.

AMS research and technical assistance in the fields of food deserts and regional food hubs, along with their support and analysis of farmers markets and other forms of direct marketing, access to market news, and help for farmers working to enhance food safety practices, form the backbone of the Department's effort to provide fresh, nutritious, easily accessible food to the public, with special focus on underserved areas of this country. This memorandum highlights AMS efforts to deliver to agricultural producers and processors the information, tools and models that can help them close the distance between themselves and consumers and to connect with emerging markets.

Programs that work at regional, State, and local levels to help farmers and promote access to healthy foods for consumers through grants and reimbursements:

- 1) Farmers Market Promotion Program
- 2) Specialty Crop Block Grant Program
- 3) Federal-State Marketing Improvement Program
- 4) Organic Certification Cost-Share Programs

Programs that provide technical assistance and market information and support to help connect farmers to new marketing channels and make them more competitive:

- 5) Farmers Market and Direct Marketing Research
- 6) Market Facility Assessment and Design
- 7) Market News
- 8) Farm-to-School
- 9) Outreach, Education, and Verification of Food Safety Practices
- 10) Commodity Purchases

## FARMERS MARKET PROMOTION PROGRAM

The Agricultural Marketing Service (AMS) administers the Farmers Market Promotion Program (FMPP), a grant program designed to facilitate and promote farmers markets and other direct-to-consumer market channels for agricultural products. Grants are awarded on a competitive basis. Approximately \$5 million is allocated for FMPP for fiscal year (FY) 2010, and \$10 million for FYs 2011 and 2012. The maximum amount awarded for a proposal cannot exceed \$100,000. Entities eligible to apply include agricultural cooperatives, producer networks, producer associations, local governments, nonprofit corporations, public benefit corporations, economic development corporations, regional farmers market authorities, and Tribal governments. In 2009, FMPP awarded 86 grants, totaling more than \$4.5 million. The FY 2010 grant application period closed on April 15. Although all qualified direct-marketing applications will be considered, FMPP priorities for FY 2010 are:

- *Growing Farmers.* Projects that develop training and educational programs for new direct farm marketers.
- *Professional Development.* Projects that develop professional expertise for farmers market managers, farmers/vendors, boards, and organizations to effectively manage and/or operate farmers markets and other direct marketing enterprises.
- *Expanding Local and Rural Economies.* Promote job creation and economic viability of farmers while fostering the consumption of fresh fruits and vegetables from local farms.

Ten percent of FMPP projects involve promoting the use of Electronic Benefits Transfer (EBT) technology at farmers markets. This technology allows Supplemental Nutrition Assistance Program (SNAP) recipients to use their benefits to buy food at farmers markets.

For information on how to apply for an FMPP grant and information on projects to date, visit: [www.ams.usda.gov/fmpp](http://www.ams.usda.gov/fmpp).

### *Grant funds at work:*

An FMPP grant to the **Colorado Farmers Market Association (CFMA)** was used to pilot **EBT training and implementation** at 18 farmers markets across the State. While many of the member markets did not see significant increases in EBT transactions, one market tripled the use of SNAP benefits at their market, and another saw an expanded customer base and subsequent increase in interested vendors. “The extra opportunity to promote local agricultural products and to reach the low-income community with access via the EBT wireless machine has been very beneficial. In 3 years we have tripled the use of food stamps at our farmers market, which is very important in our economically depressed area,” said Tawny Becker, Market Manager of Valley Farmers Market, Alamosa, Colorado. Beyond the numbers, results achieved by the CFMA provide a great roadmap for how relationships are formed, how capacity is built, and valuable lessons in how to create opportunities for improved access to fresh, local foods. To take advantage of the lessons learned by CFMA in the implementation of this project, read the final report, [Acquisition and Implementation of Electronic Benefits Transfer Technology for Colorado Farmers Markets](#), on the FMPP website.

## **SPECIALTY CROP BLOCK GRANT PROGRAM**

Specialty Crop Block Grants (SCBG) are awarded to individual State departments of agriculture, that administer these grant funds to enhance the competitiveness of specialty crops (fruits, vegetables, tree nuts, horticulture, flowers). States often re-grant to local organizations. Many projects involve grant money to market locally grown foods.

All 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands are eligible to submit applications for grant funds. Each State whose application is approved by AMS will receive a minimum grant amount of at least \$100,000, or up to one-third of 1 percent of the total amount of funding made available in fiscal year 2010, whichever is greater. The remainder of the grant funds is allocated based on the value of specialty crop production in each State in relation to the national value of specialty crop production using the latest available cash receipt data. A total of \$55 million is available for FY 2010. Applications must be received for this round of grants by July 29, 2010.

AMS encourages States to develop projects that support the following objectives:

- Developing local and regional food systems.
- Improving food access in underserved communities.
- Increasing child and adult nutrition knowledge and consumption of specialty crops.
- Improving efficiency and reducing costs of distribution systems.
- Assisting all entities in the specialty crop distribution chain in developing Good Agricultural, Good Handling and Good Manufacturing Practices, including cost share arrangements for funding audits of small farmer, packer, and processor systems.
- Investing in specialty crop research.
- Enhancing food safety.
- Developing new and improved specialty crop varieties.
- Eradicating pest and plant health issues.
- Fostering organic and sustainable production practices.

You may find more information on SCBGP at: [www.ams.usda.gov/scbgp](http://www.ams.usda.gov/scbgp).

### *Grant funds at work:*

An SCBG to North Carolina established a co-op to assist in operations and planning of the North Carolina Farm to School program. The North Carolina Farm to School Program provides a purchasing and distribution system that makes it feasible for local schools to buy local produce. The co-op was formed with growers supplying produce to schools and representatives of the North Carolina fruit and vegetable commodity associations. The Co-op planned and scheduled deliveries of produce for the school year, supplied educational and promotional opportunities to schools, negotiated prices, established quality and packaging specifications standards, and shipment logistics in coordination with school nutrition personnel. In fact, a new web site was created (<http://www.ncfarmtoschool.com/>) to promote the Farm to School Program that includes lesson plans related to fruit and vegetable nutrition and art work and photographs for teachers

and school nutritionists to use in the classroom. In addition, the coop introduced two new items to schools: sweet potato chunks and apple wedge slices.

## **FEDERAL-STATE MARKETING IMPROVEMENT PROGRAM**

The Federal-State Marketing Improvement Program (FSMIP) provides matching funds to State departments of agriculture, State agricultural experiment stations, and other appropriate State agencies to assist in exploring new market opportunities for U.S. food and agricultural products and to encourage research and innovation aimed at improving the efficiency and performance of the U.S. marketing system.

Projects may deal with barriers, challenges, or opportunities manifesting at any stage of the marketing chain including direct, wholesale, and retail. Projects may involve small, medium, or large scale agricultural entities but should potentially benefit multiple producers or agribusinesses. Eligible agricultural categories include livestock and livestock products, food and feed crops, fish and shellfish, horticulture, viticulture, apiary, forest products, and processed or manufactured products derived from such commodities.

The States must contribute at least 50 percent of the cost of the project in the form of cash or properly valued in-kind resources. State appropriations, as well as funds or other resources contributed by project participants, can be used to satisfy the matching funds requirement.

During FY 2010 FSMIP was appropriated \$1.3 million for grants and the program funded 22 projects in 18 States. The average award was \$60,600, although in recent years grants have ranged from \$25,000 to \$135,000. Information on projects from this and previous years, along with application information may be found at [www.ams.usda.gov/FSMIP](http://www.ams.usda.gov/FSMIP).

### *Grant funds at work:*

A FSMIP grant to the **University of Maryland School of Nursing**, in cooperation with the Maryland Department of Agriculture and others, for the “**Local Foods to Local Hospitals Initiative**” had a significant impact on developing a new market—the healthcare industry—for producers of local foods in Maryland and the Mid-Atlantic region. Across Maryland, 27 hospitals purchased local foods during the 2009 Buy Local Challenge, and close to 30 hospitals, representing more than a third of the State’s 74 hospitals, purchased local foods throughout the year. As a result, more than 85 local farmers sold food through healthcare channels in 2009. The approach taken and lessons learned from this project can be applied and used as a model by others throughout the country involved in healthcare, agriculture, regional and local food initiatives, and other industry sectors. You may read the final reports for [Phase 1](#) and [Phase 2](#) of this project on the FSMIP website. The project has just been approved for a 2010 FSMIP grant for Phase 3.

## **ORGANIC CERTIFICATION COST-SHARE PROGRAMS**

According to the 2007 Census of Agriculture, most organic producers sold their products locally. More than 44 percent reported selling within 100 miles of the farm, while 30 percent reported selling regionally (more than 100 miles, but less than 500 miles from the farm).

The National Organic Program (NOP) administers two organic certification cost share programs. Each program provides cost share assistance, through participating States, to organic producers and/or organic handlers. Recipients must receive initial certification or continuation of certification from a USDA accredited certifying agent. Program participants may be reimbursed for up to 75 percent of their organic certification costs, not to exceed \$750 per year. More information is available (including a list of State organic contacts) on the NOP website at [www.ams.usda.gov/nop](http://www.ams.usda.gov/nop).

*Organic farmers and processors see a reduced cost of doing business:*

In FY 2009, nearly 12,000 organic operations received certification cost reimbursements of nearly \$7 million, or approximately \$600 per operation.

## **FARMERS MARKETS AND DIRECT MARKETING RESEARCH**

Direct marketing of farm products through farmers markets has become an increasingly important sales outlet for agricultural producers nationwide. AMS researches and compiles the USDA National Farmers Market Directory, which is widely used by the general public, government officials and policymakers. It contains market locations, contacts, telephone numbers, days and hours of market operation, type of market, and whether or not a market accepts Federal nutrition program benefits (currently, farmers market nutrition program vouchers and Supplemental Nutrition Assistance Program redemptions, with WIC cash vouchers benefits for fruits and vegetables on the horizon).

Consumers use it to find farmers markets in their areas, while researchers, non-profits, and academics use it to analyze the farmers market industry. USDA uses the Directory to chart growth, allocate resources, and perform its own research. Congress uses it when considering policy that impacts farmers markets. The number of farmers markets in the United States has grown dramatically in recent years, increasing from 1,755 in 1994 to approximately 6,000 currently.

Farmers markets benefit farmers, consumers, and entire communities. According to AMS's latest National Farmers Market Managers Survey, more than 25 percent of vendors relied on farmers markets for all their farm-based income. Consumers gain access to locally produced, farm-fresh food and can personally interact with the individuals who produced the food. This can be especially important in many urban communities where the availability of fresh nutritious food is limited.

In addition, AMS is directing its research attention beyond the scope of direct-to-consumer markets to include farm marketing opportunities in the institutional, commercial food service,

and grocery and retail food sectors. AMS has long believed that the development of direct linkages between mid-size farm producers and processors with institutional, restaurant, and retail customers creates market outlets for sizable volumes of farm products. AMS also helps smaller-scale farmers identify viable marketing opportunities outside traditional marketing channels of supermarket distribution centers and terminal markets. This is part of a critical strategy in ensuring that local food supply chains can become profitable and self-sustaining. For more information please visit: [www.ams.usda.gov/WholesaleFarmersMarkets](http://www.ams.usda.gov/WholesaleFarmersMarkets).

*On the web, at major gatherings, for small groups, and in the field, AMS brings marketing systems knowledge and assistance to small and medium-sized producers and processors. For example:*

### ***Publications***

#### Supply Chain Basics

- [“Technology: How Much—How Soon?”](#)
- [“Tracking Trucks with GPS”](#)
- [“Niche Agricultural Marketing: The Logistics”](#)
- [“The Dynamics of Change in the U.S. Food Marketing Environment”](#)

***Co-sponsored or delivered assistance and information at more than 25 events in 2009 and to date in 2010. For example:***

- [“West Coast Direct Marketing Summit: Developing Sustainable Foodsheds to Enhance Food Access and Nutrition.”](#) AMS worked closely with the California-based Roots of Change, to bring together 120 leaders from the West Coast and national experts to explore and increase a common understanding of how to expand direct marketing opportunities and local food access through regional foodshed development.
- [“USDA Programs to Support Direct Marketing Opportunities for Small and Beginning Farmers and Ranchers.”](#) AMS represented USDA in providing information at the Young Farmer Winter Expo in Alexandria, Virginia. The Expo was organized by the Virginia Farm Bureau and more than 150 young and beginning farmers/ranchers were in attendance.

## **MARKET FACILITY ASSESSMENT AND DESIGN**

AMS provides technical assistance that includes market facilities planning, site analyses, development and dissemination of construction cost and capital investment estimates, and the preparation of demographic information and other reference materials. A staff architect, economists, engineers, and marketing specialists conduct research and technical assistance projects both in-house, and in cooperation with local and Tribal governments, State departments of agriculture, universities, producer groups, and non-profit organizations.

AMS provides guidance and technical support to customers considering the construction or remodeling of wholesale markets, farmers markets, and public markets, indoors or outdoors,

single buildings or building complexes, industrial or commercial. These markets are a vital part of the food distribution network. AMS recommendations are based on an interest in fostering “smart growth” and incorporating sustainable construction practices, and the use of solar panels and other “green” technologies where practicable. AMS is currently working with city officials and other groups to help assess and design markets in Chester and Walterboro, South Carolina, and Selma, Alabama. AMS staff members often meet potential clients at outreach and marketing events throughout the year. If you would like to explore the building, renovation, or expansion of a farmers market, please contact [errol.bragg@ams.usda.gov](mailto:errol.bragg@ams.usda.gov) or call 202-720-8317. More information is available at: [www.ams.usda.gov/WholesaleFarmersMarkets](http://www.ams.usda.gov/WholesaleFarmersMarkets).

*AMS helped this market shine:*

**Lansing City Market.** On April 24, 2010, Lansing, Michigan, inaugurated its new farmers market with attendance of nearly 5,000 people. AMS provided technical support for development of this market from a conceptual design to the finished facility. The market is at 100 percent capacity, offering a variety of fresh produce, flowers, hot prepared foods, and art. The new building has decreased heating bills by two-thirds with its high efficiency heating system. It was also designed with an ultra high efficiency water heating system; efficient thermal windows; interior lighting systems that beat the State energy code requirements by 40 percent; and natural daylight that floods the Grand Market Hall to decrease electric lighting demand. You can access the Lansing City Market website at <http://www.lansingcitymarket.com/>.

## **FARM-TO-SCHOOL**

USDA’s Farm-to-School (F2S) team was established in September 2009 to support local and regional food systems by facilitating linkages between schools and their local food producers. The F2S effort is a subset of the larger USDA *Know Your Farmer, Know Your Food* initiative. The F2S team is comprised of both AMS and Food and Nutrition Service staff, and is working with local and State authorities, school districts, farmers, and community partners to develop mechanisms to assist schools in accessing local markets; enable food producers to effectively service their local schools; and facilitate communication between interested stakeholders. Initial efforts include reviewing and assessing the current farm-to-school efforts in nine regions of the country (representing varied demographics and characteristics) in the context of increasing more healthful, more locally and more sustainably produced foods served in the school meals program. More information on this project is available at: [www.fns.usda.gov/cnd/F2S/Default.htm](http://www.fns.usda.gov/cnd/F2S/Default.htm).

## **MARKET NEWS**

AMS Market News provides timely, accurate market information on a variety of commodities. This information promotes informed marketing decisions and efficient marketing. In the last several years as the demand, variety, and supply of organic products have grown, so has the need for additional market information. Market News has recognized this need and has responded by working to supply critical market information to this sector. Currently, Market News is supplying organic market information for fruits and vegetables, grain, poultry, and eggs at various trading levels in the marketplace. In July 2010, Market News expanded its news service

reporting to include selected farmers markets and auctions in order to help small and mid-sized farmers better compete in the marketplace. You can access price information for hundreds of organic and conventionally produced commodities at the AMS Market News portal: [www.ams.usda.gov/AMSV1.0/marketnews](http://www.ams.usda.gov/AMSV1.0/marketnews).

## **OUTREACH, EDUCATION, AND VERIFICATION OF FOOD SAFETY PRACTICES**

AMS, in conjunction with State extension educators, participates in many national, regional, and local level grower meetings. Since January 2010, AMS staff has attended 22 regional or local grower meetings to provide education and outreach on produce food safety and the USDA Good Agricultural Practices & Good Handling Practices (GAP&GHP) audit verification program. AMS worked with the non-profit organization FamilyFarmed.org to sponsor and facilitate three workshops describing food safety audit programs and food safety plans to small producers who would like to market to wholesalers and grocery chains. Workshops were held at the Mid-Atlantic Fruit & Vegetable Conference in Hershey, Pennsylvania, at the MOSES Organic Conference in Lacrosse, Wisconsin, and in Chicago at the FamilyFarmed Expo. To address concerns of small farmers (e.g., training needs, implementation costs, multiple audits, etc.) AMS' Fruit and Vegetable Programs (FVP) has designed three GAP verification pilot programs.

- Pilot 1—Individual Grower GAP Training and Certification: This pilot is aimed at individual producers who would like to participate in a retailer's "buy-local" program, where GAP certification is a condition of sale. AMS will provide two days of training on food safety practices. The training and AMS follow-up assistance will help growers develop a food safety plan specific to their operations.
- Pilot 2--Grower Group GAP Training and Certification: This pilot will provide a group of growers (e.g., a cooperative) with the same training as provided in Pilot 1. It will require that the grower group has a manager/coordinator and that the group develop a management plan and a group food safety plan that each member must follow.
- Pilot 3--Utilize National Organic Program (NOP) Accredited Certifying Agents to Perform GAP Certification in Conjunction with Organic Certification: This pilot will provide training to organic certifying agents so they can perform GAP verification along with organic certification. This option will help eliminate the need for multiple audits.

FVP has already identified participants for the project, contacted Cornell regarding an agreement for GAP training, and is in the process of finalizing the specifics for implementation. More GAP/GHP information can be obtained by accessing: <http://www.ams.usda.gov/AMSV1.0/FruitandVegetable> and clicking on Learn About Audit Services.

### ***Free Webinars to Help Growers***

AMS's Fruit and Vegetable Program has partnered with Red Book Credit Services to create the program, "Red Book University." AMS delivers free webinar sessions throughout the year that cover issues such as how to apply for a specialty crop block grant; PACA licensing; Market News information; how to sell to the USDA; and food safety audit services. These sessions draw stakeholders including small and medium

sized growers, and provide an outlet for USDA to deliver useful tools and information about our services to the industry. Following the formal presentations, participants in the webinar have the opportunity to ask questions of the speakers live, as well as receive information as to points of contacts for future information and assistance. The webinars also are archived and can be visited anytime.

## **COMMODITY PURCHASES**

AMS purchases a variety of food products including meat, poultry, egg products, fish, fruits, and vegetables in support of the National School Lunch program and other Federal feeding programs. These purchases also help to stabilize prices in agricultural commodity markets by balancing supply and demand. In FY 2009, AMS purchased nearly \$1.5 billion of commodities, which helped to support local farmers and growers across the country who provide their high quality products to the vendors that participate in USDA's commodity purchase programs. For more information, please visit the AMS website at [www.ams.usda.gov](http://www.ams.usda.gov) and click on Commodity Purchases.

### ***Department of Defense Fresh Fruit and Vegetable Program***

In 1994, AMS began working with FNS to explore options for providing more fresh fruit and vegetable products to schools. This led to talks with the Department of Defense (DoD), Defense Personnel Support Center, now known as the Defense Supply Center Philadelphia (DSCP), to enter into a pilot project to supply fresh fruit and vegetables directly to schools. These deliveries are in conjunction with DoD's normally scheduled deliveries to military installations. An agreement was signed by the administrators of FNS, AMS and DSCP in August 1995 authorizing the program.

The pilot project began in school year (SY) 1995 with eight States participating, allocating a portion of their commodity entitlement funds toward the program. In SY 1995, States ordered and received fresh produce valued at \$3.3 million. Due to the favorable response from States participating in the pilot, the program has since been expanded to all 50 States. In SY 2010, AMS has set aside \$75 million for fresh produce purchased through the DoD fresh program.

Due to the success of the school program, in SY 2005 FNS decided to offer the program to the Food Distribution Program on Indian Reservations (FDPIR). In SY 2005, FDPIR received a total of \$3.9 million in fresh produce. The program grew to \$5.8 million in SY 2009.