



A DISCUSSION OF ISSUES AND PROGRAMS AFFECTING FAMILY FARMS

Introduction to the Forum

The Family Farm Forum enhances discussion on important topics affecting family farms, sharing information among a broad audience to increase the impact of CSREES programs, identify research, education and extension opportunities, and generate more, good quality, submissions to competitively funded programs.

The Forum takes place twice a year and consists of a newsletter (Update) describing research and outreach on an important topic, followed by a Web-conference promoting discussion among agency partners, colleges and Universities, farmers, ranchers, community based organizations and other interested stakeholders.

The first forum was on “Farm Transitions,” and its Update and webinar transcript are posted on the [CSREES Website](#).

Local Food Systems was selected by attendees at the first webinar as the topic of this second Forum. This Update highlights some of the main issues and successful projects related to local food systems, but we invite you to participate in a more thorough discussion in the Webinar at 2 pm (Eastern) on November 18th (more information: 202-720-2635)

We hope the Forum becomes an important communication tool for enhancing the sustainability of family farms. Please send any feedback and suggestions to [Suresh Sureshwaran](#), CSREES National Program Leader 202-720-2536 or [Patricia McAleer](#) CSREES program Specialist, 202-720-2635.

Participating in Local Food Systems

Many smaller producers face real and perceived difficulties participating in the food marketing and distribution system, particularly at the wholesale level. These range from insufficient volume to interest buyers, to concerns about consistent supply, grading and quality control, and, increasingly, to issues of traceability, food safety, and potential contamination of the food chain.

Lots of farmers have opted for various direct marketing methods instead. Farmers’ markets, direct sales, pick-your-own, and community supported agriculture are examples.



The Mission of the Cooperative State Research, Education, and Extension Service (CSREES) is to advance knowledge for agriculture, the environment, human health and well-being, and communities. To accomplish its mission, CSREES works with Land-grant and other colleges and Universities, non-governmental organizations, small business and others, providing national program leadership and Federal assistance.

Participating in Local Food Systems continued

While appropriate for some farmers, the benefits may be modest for others. For example, average annual sales per farmers' market vendor in 2006 was about \$7,100, and only 25 percent of vendors from surveyed farmers' markets relied on these markets as their sole source of farm-based income.

Recently it appears that larger scale buyers and wholesalers are becoming more receptive to dealing with smaller producers as a result of increased consumer interest in regional and locally sourced food, reducing the energy footprint for food (food-miles), and interested in supporting local and regional agriculture. While new opportunities will undoubtedly emerge, adjustments will be needed to accommodate the needs of buyers and sellers.

Commercial transactions will undoubtedly require legally binding contracts. Pricing arrangements, delivery dates and specifications, methods for dealing with non-performance (for example, failure to deliver, or non-payment), and conflict resolution need to be specified. Farmers may need to give proof of liability insurance, ensure the traceability of products back to their farms, or conform to other requirements demanded by the market place, the Uniform Commercial Code, or state regulations.

Farmers should explore new alternatives carefully, consider the "what if" questions in advance, and be prepared for a more formalized relationship with their customers.

*For more information contact [Henry Bahn](#),
National Program Leader USDA-CSREES*

Local Marketing Systems: The Role of Family Farms in Reinventing Food Supply Chains



In 2007, the focus of at least two bestselling books and the recognition of "Locavores" as new word of the year by the New Oxford American Dictionary, represented a couple of the high profile signals that local food systems were gaining attention and market share in the US market. Numerous national media outlets, including Time magazine, have dubbed "Local the New Organic".

Defined as "a local resident who tries to eat only food grown or produced within a 100-mile radius," locavores identifies the growing ranks of consumer activists focused on local economies. However, the expectations that local food systems will benefit local agricultural enterprises, small and mid-sized farms or the lands in agriculture may be difficult to live up to if consumers do not have transparent and clear signals that their purchases are leading to improved outcomes in local economies,

Local Marketing Systems continued

healthfulness or land use. Yet, one way consumers may perceive a direct and clear ability to impact local farms and economies, or gain first hand assurances, is through direct marketing channels, such as roadside stands, farmers markets and Community Supported Agriculture share programs (CSAs).

As a result, the market has witnessed considerable growth in the number of farmers using direct marketing strategies. The number of farmers markets in the U.S. has grown significantly over the last decade, a 150 percent increase from 1994 through 2006 while total nationwide sales for the 2005 season were estimated at \$1 billion, reflecting 13 percent sales growth since 2000.

Many studies have found that consumers are willing to pay extra for the “local” attribute. It may be that many consumers believe that frequenting direct sources, rather than purchasing products with complex value chains and certifications, such as the USDA organic program, is a more effective means of influencing the local economy or environmental quality.

There are benefits of farmers markets to producers as well. One study found that almost

80 percent of farmers market vendors reported that farmers markets provided the greatest opportunity for development of their business compared to other possible marketing outlets. Farmers indicated that farmers markets helped them improve skills in customer relations, merchandising, and pricing, as well as increasing their business self-confidence. Entrepreneurial activities were also enhanced by farmers markets whether expanding a product line, adding a new product category, or making new business contacts.

It seems vital that farmers and ranchers understand consumers’ reasons for purchasing local products, or directly from farm marketers, particularly if consumers gain value from these more direct transactions. For example, it seems essential that farmers’ markets maintain direct farm product sales, and where possible, encourage farmer participation in marketing activities as a means for developing relationships and providing assurances of their commitment to quality, giving back to the community and/or implementing more sustainable production practices.

*For more information contact [Dawn Thilmany](#)
Colorado State University*

Legal Issues in Local Food Sales

There are a host of legal issues of which farmers who are involved in [local food](#) sales should be aware. Local food sales involve direct marketing, such as farmers’ markets, CSAs, and roadside stands, as well as the sale of local food to institutions, such as hospitals, government

entities, schools and grocery stores. The purpose of this article is to highlight the main legal issues that farmers should be aware of and is not necessarily comprehensive.



Legal Issues in Local Food Sales continued

Agreements between a producer and buyer are often oral. It is important to understand that a *written* contract not only can be beneficial, but may even be required in some circumstances in order to make the terms of the agreement enforceable. Under the [Uniform Commercial Code](#), if more than \$500 worth of goods (including crops) is being sold, parties must have a written contract. Even when not required, written contracts can offer protection to both parties.

Liability is another area of which farmers should be aware. [Premises liability](#) refers to the extent that farmers (or a farmers' market) may be responsible if someone were to be physically injured on their farm, while shopping at a farmers' market, etc. [Product liability](#) refers to the extent a farmer may be responsible if someone were to become ill in connection to eating a product the farmer sold, or if a product does not meet claims made about it. An example is if produce is labeled as being "certified organic" and it is not.

These are a few of the legal issues that farmers should be aware of and it is not necessarily comprehensive. Farmers also need to be in compliance with other local, state, and federal laws. These include zoning ordinances, state and local sales tax, health code provisions for baked goods and processed foods, sampling of products, and laws applying to the sale of meat, eggs and dairy products, labor laws and food safety.

The [National Agricultural Law Center](#) has more information about legal issues in local food systems and other topics. The Center is located at the University of Arkansas School of Law in Fayetteville and is the nation's leading resource for agricultural and food law research and information. All information provided is free and available to the public.

*for more information contact [Marne Coit](#)
National Agricultural Law Center*

Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers

The Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers program provides funds to institutions and organizations who conduct training, outreach and technical assistance to assure increased opportunities for socially disadvantaged producers (SDP). This program, through its successful grant recipients, allows SDP to successfully acquire, own, operate, and retain farms and ranches, and to assure equitable participation in the full range of USDA programs.

The College of Micronesia-Federated States of Micronesia (FSM), Yap Campus received a grant in FY 2006 to educate and train displaced communities from neighboring islands residing at the Gargey settlement on Yap Proper, (FSM) in establishing micro-gardens. Micro-gardening is a low cost and easy to manage soil-free culture technology used when there is limited or no access to agriculture land. Being the first of



its kind in the region, training sessions on composting processes and waste management have increased the awareness among the community and helped producers sustain as a micro-enterprise.

The project's goals were to provide training and technical assistance in developing and operating micro farming enterprises, increase income and ensure food security through products sold in local supermarkets

and hotel chains. The micro-gardening system has enabled the displaced community to rebuild their future by increasing the production of fresh, safe, and nutritious vegetables, improving their overall quality of life and generating income for producers and families.

for more information contact Dr. [Dionne Toombs](#)

National Program Leader, USDA-CSREES

Agricultural Marketing Service: Support for Local Food Markets



The U.S. Department of Agriculture's [Agricultural Marketing Service](#) promotes the efficient, fair marketing of U.S. agricultural products, and

participants in the first Family Farms Forum expressed an interest in these programs. The following are very relevant to local food systems:

The [Federal-State Marketing Improvement Program](#) (FSMIP) provides matching grants on a competitive basis to State Departments of Agriculture, State agricultural experiment stations and other appropriate State agencies to conduct applied research projects that address barriers, challenges, and opportunities in marketing, transportation, and distribution of U.S. food and agricultural products domestically and internationally. FSMIP funding of approximately \$1.3 million annually supports about 25 projects with grants averaging \$50,000 each. Proposals that address issues of importance at the State, regional or national level are appropriate for FSMIP. FSMIP also seeks unique proposals on a smaller scale that may serve as pilot projects or case studies useful as models for others. Of particular interest are proposals that reflect a collaborative

approach between the States, academia, the farm sector and other appropriate entities and stakeholders. Final reports are available on the website. Contact: [Janise Zygmunt](#), 202-720-8043

The [Farmers Market Promotional Program](#) (FMPP) grants are targeted to help improve and expand domestic farmers markets, roadside stands, community-supported agriculture programs, and other direct producer-to-consumer market opportunities including agritourism.

Approximately \$5 million is allocated for FMPP for Fiscal Years 2009 and 2010 and \$10 million for Fiscal Years 2011 and 2012. In Fiscal Year 2009, the maximum amount awarded for any one proposal cannot exceed \$100,000. Eligible entities include agricultural cooperatives, producer networks, producer associations, local governments, nonprofit corporations, public health corporations, economic development corporations, regional farmers market authorities and Tribal governments. Contact: [Carmen Humphrey](#), 202-720-8317

for more information contact [Janise Zygmunt](#)

Staff Office, r USDA-AMS

Small Business Innovation Research

The Small Business Innovation Research (SBIR) program is a highly competitive federal grant program for American-owned and independently operated for-profit businesses of 500 employees or less. Since its first year of funding in 1988, the USDA SBIR program has awarded over 2,500 research and development projects allowing small businesses to explore their technological progress and enhance American agriculture, environment, health care, our nation's defense. SBIR funded projects have improved rural communities and competitiveness of small farms.

The Small and Mid-Size Farms topic area deals most directly with local food systems issues, aiming to promote and improve the sustainability and profitability of small and mid-size farms and ranches. The program encourages projects that deal with new agricultural enterprises that are small scale and focused on plant and animal specialty farm products, and on innovative ways to market these products through direct marketing, such as farmer's markets or cooperatives where the financial return to the farmer is optimized, or through specialty market outlets that offer a higher financial return. The

program also supports projects that deal with farm management issues, ways to enhance more efficient use of natural resources, and educational programs to benefit small farmers.



Examples of successful projects include efforts to produce and market all-natural and antibiotic-free or organic heritage pork in Missouri, and developing protocols for growing cacao trees in order to establish a chocolate industry in Hawaii. One of our most successful grantees, Diana Endicott at Rainbow Organic Farms, Co, is featured below.

For more details about our SBIR program and the most recent request for application, please see our website: <http://www.csrees.usda.gov/funding/sbir/sbir.html>. Normally our request for applications are published in June and the proposals are due by the end of August. All applicants must register with 'grants.gov' to submit applications electronically.

*for more information contact Dr. [Charles Cleland](#)
National Program Leader, USDA-CSREES*

The 'Value Chain Business Model': a Collaborative Partner Network

The Value Chain Business Model - often applied to agricultural commodity systems - is increasingly seen as an effective way to link small-scale producers with emerging markets, helping to modernize farmers' agricultural systems, increasing their profitability, efficiency and use of services and technology, and giving

them greater autonomy in the marketing system. The following example by Diana Endicott outlines how she has been facilitating this approach for many years in her Good Nutured Family Farm Alliance (GNFF,) promoting small farmers in local food systems through USDA grants.

The 'Value Chain Business Model' continued



The Family Farm Organization:

Good Natured Family Farms is an alliance of 150 small family farms located within a 200 mile

radius of the Kansas City metropolitan area. The family farms produce a wide variety of products from all-natural meats, dairy products, fruits and vegetables, to further processed products.

The Markets:

(i) **Balls Food Stores, Hen House Markets and Price Chopper** Supermarkets is a 3rd generation independently owned and operated supermarket chain of 29 stores located in the greater Kansas City area. Balls Food Stores also owns and operates Ball's Central Warehouse.

(ii) **Kansas City Sysco Foods:** Sysco KC is part of Sysco national, a wholesale food company specializing in serving the foodservice and institutional industry. In June, 2008 Sysco KC joined our 'partner network' and began offering GNFF locally grown foods to their customers.

Distribution:

The key component in distribution is **Balls Central Warehouse**. Balls CW provides the aggregation point for the majority of GNFF products. Ball's CW delivers GNFF products to their supermarkets and to Sysco KC warehouse. Additionally, GNFF owns their own trucks and delivers GNFF meat products directly to each supermarket.

Facilitators and Support Organizations:

The GNFF alliance foundation was built with grants from the USDA SBIR to develop producer quality standards and marketing strategies. The USDA CSREES SARE provided financial support in helping build producer capacity to meet the market demand. Other organizations providing different levels of assistance include universities, extension, non-profits, community groups, and most importantly the consumers who purchase our locally grown foods.

more information, [Diana Endicott](#)

Good Natured Family Farm Alliance

Farm to Institution Programs

Family farms can produce diverse, high-quality crops very efficiently, but market consolidation makes it difficult for smaller producers to find outlets for their produce. The recent groundswell of interest in locally produced food, however, favors family-scale growers. Increasingly, they are marketing more directly to consumers through farmers' markets, community supported agriculture, restaurants featuring locally grown food, and farm-to-institution (FTI) programs.

FTI programs are particularly effective because they represent high sales volume as well as a stable market. The institutional foods sector—such as schools, hospitals, and colleges—is a multi-billion dollar industry. This market is growing rapidly as part of the overall trend in eating more and more meals away from home.

In 1980 consumers spent about a third of their food budget on food outside the home; by 2004, it was over half. Today, over 400 school districts in 23 states, and approximately 270 colleges and universities have local purchasing programs, and the trend is toward expansion. For example, the [Center for Agroecology and Sustainable Food Systems](#) is advising the University of California's Food Systems Working Group in setting a statewide sustainable food policy that will direct millions of dollars in food procurement to local and sustainable food producers.

Institutions can also play a role in developing environmentally sound food systems by setting sustainability criteria such as “organic” and “locally grown” for the food they purchase. For example, UC Santa Cruz was awarded the “Greenest Cafeteria” on national college campuses for 2007-2008.

In theory, farm-to-institution programs can produce many winners. Family farmers get access to markets; consumers get fresh, healthy produce; and food-system sustainability gets a boost. Translating this potential into practice, though, requires overcoming obstacles such as transaction costs, established distribution mechanisms, and insurance requirements. A USDA NRI grant provided to Patricia Allen at University of California supports some of the research and outreach on overcoming these obstacles. The growing demand for FTI programs is inspiring creative development of diverse, innovative business forms that seek to optimize benefits for everyone.

for more information contact Dr. [Patricia Allen](#)

Center for Agroecology and Sustainable Food Systems



Research and Outreach on Local Food Systems

CSREES has supported research and outreach on local food systems at several Regional Centers, Universities and other organizations. For example, the North Central Regional Center for Rural Development has conducted research and outreach activities on local food systems. The primary focus of their research is on [Community Supported Agriculture](#). Some of their results suggest that access to and knowledge of local foods decreases childhood and adult obesity in the North Central region and on the Hopi reservation.

CSREES supports a multistate project entitled, “NE1012: Sustaining Local Food Systems in a Globalizing Environment: Forces, Responses, and Impacts”. The project lists more than 200 publications in several states and has spawned several research and outreach projects funded by CSREES and other agencies. The primary goals of several of these projects in different states are: (i) to collaborate with local food system stakeholders to identify high priority information needs and the forms in which information should be shared; (ii) to identify and analyze ongoing and potential forces that are maintaining or transforming the relationships between localities and their food systems; and (iii) to examine the diverse strategies local food system stakeholders are currently using or might use to create and manage ongoing or potential change in the food system. Several of these projects and publications emphasize the social dimensions of creating and maintaining local food systems. The [multistate website](#) provides more information about this project and projects in your state.

Several funded projects have evaluated the feasibility of local food systems to meet the food needs of the residents. For example, models by researchers at Cornell University show that it is possible to supply a large proportion of the food needs of the residents of New York State within the boundaries of the state. Their research demonstrates that foodshed modeling offers a new tool with which to examine how land might be allocated meet food needs in a more sustainable fashion. For more information, contact [Gary Fick](#) at Cornell University.

The growth of immigrant populations is fueling the growth of ethnic vegetables like cilantro and bok choy, giving farmers new, and potentially more profitable, revenue streams to add to their American staples of corn, sweet peppers and tomatoes. Small farmers have less competition for this narrow niche of growing and selling crops that an ethnic population would have consumed in their home country. Researchers at Rutgers University have created a blueprint to develop a market along the East Coast - including Connecticut, New Jersey, Florida and Georgia - to link growers with ethnic consumers. Economists have measured the demands carefully so farmers won't glut the market and make these potentially premium crops lose their value. Farmers in New Jersey, Florida and Massachusetts are testing the climate for the crops with growing trials over two years. For more information, contact [Ramu Govindasamy](#)

more information contact Dr. [Suresh Sureshwaran](#)

National Program Leader, USDA-CSREES

CSREES Competitive Funding Opportunities Relevant to Local Food Systems ¹

CSREES manages several funding programs that focus on issues - such as local food systems - that are relevant to family farming and ranching operations:

The Agricultural & Food Research Initiative's (AFRI) **Agricultural Prosperity for Small and Medium-Sized Farms** investigates how economic and environmental interactions affect the competitiveness, efficiency, and long-term viability of small and medium-sized farms and ranches. Successful proposals include social, biological, and other disciplinary approaches, combining at least 2 of the 3 components of the agricultural knowledge system (research, education, and extension) to transfer new technology and knowledge into practical applications for adoption.

The AFRI **Agribusiness Markets and Trade program** provides knowledge to enhance economic efficiency and equity in US agribusiness, supports research that builds international market opportunities; and provides economic analysis to assist with new product development and insertion in the value chain

Sustainable Agriculture Research and Education promotes profitable farming systems that are environmentally sound and enhance the quality of life for farm families and their communities. Administered through four regions, the program provides competitive grants to researchers, agricultural educators, farmers, ranchers, and students.

Agricultural Risk Management Education offers competitive funding opportunities to develop

agricultural risk management curricula and deliver these to producers and their families. The five general risk categories associated with farm and ranch businesses are production, price or market, financial or income, legal, and human resource risks. regional centers administer the funding opportunities annually with input from producers and other stakeholders knowledgeable in agricultural risk management.

Small Business Innovation Research offers grants to small businesses, including small and medium-sized farms, to support high quality, innovative research related to important scientific problems and opportunities in agriculture that could lead to significant public benefit if successfully commercialized. In particular, the Marketing and Trade topic area supports innovative marketing strategies to increase sales of agricultural, forestry and aquaculture products

National Integrated Food Safety Initiative supports an integrated approach to solving problems in applied food safety research, education, or extension. Multi-state, multi-institutional, multidisciplinary, and multifunctional projects are encouraged.

Community Food Projects promotes self-sufficiency and food security in low-income communities through projects that unite the entire food system, assess strengths, establishing linkages, and create systems that improve self-reliance over food needs, while Training and Technical Assistance projects help successful applicants carry out and evaluate their projects

¹ The [CSREES website](#) provides complete information on these programs; discuss specific requirements with program directors

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