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Supply Chains for the Production of Agricultural Commodities and Food Products

Dear Secretary Vilsack,

American Farmland Trust (AFT) is pleased to submit these comments regarding President Biden's Executive Order on America's Supply Chains. AFT's motto is "No Farms No Food," and we believe that to improve our food supply chain, we must start with its very first links – our nation's producers and the land upon which we all depend.

Founded in 1980, AFT is the only national organization that takes a holistic approach to agriculture, focusing on the land itself, the agricultural practices employed on that land, and the farmers and ranchers who make it all possible. We believe in finding win-win-win solutions that foster economic opportunities for producers, improve the environment, and promote robust local, regional, and national food systems. The breadth of our work gives us unique perspectives on many of the key issues raised within the Executive Order.

The early days of the COVID-19 pandemic revealed a fragile supply chain, optimized for efficiency rather than resiliency. When the pandemic struck, the impacts on our supply chain were substantial. As the largest processing facilities went offline, grocery store shelves across the nation emptied, and as restaurants, schools, and workplaces shut their doors, farmers and ranchers saw their markets either disappear overnight or expand well beyond their capacity.

Unfortunately, the pandemic is not the only threat to the resiliency of our food system. The impacts of climate change are mounting, bringing stronger storms, longer droughts, more intense wildfire, and forced migration. We also anticipate another impending challenge. At present, over one-third of America's farmers and ranchers are 65 or older, meaning that we

expect a substantial amount of agricultural land to change hands within the next 15 years. This impending transfer of land could be a chance to open the doors of opportunity to a diverse new cadre of producers committed to sustainable practices, or it could accelerate the current rate of 2,000 acres of agricultural land being lost or threatened every day. Whether or not this land remains in agriculture will impact the nation’s food system for generations to come.

In response to the many challenges facing agriculture, AFT recently shared with USDA a proposal for a “Farms for the Future” initiative, developed in partnership with the Black Family Land Trust and the Agricultural Viability Alliance.<sup>1</sup> This initiative represents a comprehensive strategy, where each component contains synergistic links with other components. Farms for the Future promises to simultaneously create jobs, increase farm viability, protect farmland, and enhance conservation practices—all while expanding support for new and socially disadvantaged producers. The comments below present core concepts from the proposal – including a New Buyer Program, Office of Small Farms, and a National Farm Viability Program – as opportunities for directing both existing relief funding and any subsequent investments in job creation and infrastructure.

This document is organized into three overarching sections, each with several specific policy recommendations:

1. Help Producers Access Affordable Land through Agricultural Conservation Easements and Transfer Incentives
2. Improve the Viability and Resilience of Small and Midsize Farm and Food Businesses
3. Increase the Infrastructure and Market Opportunities for Local and Regional Supply Chains

In summary, this document recommends opportunities for keeping working lands in agriculture, building resilient businesses, strengthening local and regional markets to complement the national food system, and ensuring that all farmers and ranchers are treated equitably. AFT believes that a truly resilient food system ensures both system-wide redundancies and operation-scale stability. Farms and ranches are the first link of the food supply chain, tethering a system that touches every American, every day. The immediate investments in their resiliency will benefit generations to come.

## **Help Producers Access Affordable Land through Agricultural Conservation Easements and Transfer Incentives**

As COVID-19 disrupted markets across the nation, another challenge was already underway in the form of a massive intergenerational transfer of land. As of USDA’s most recent Tenure, Ownership, and Transfer of Land (TOTAL) survey, the average age of principal landowners was

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<sup>1</sup> The Agricultural Viability Alliance (“the Alliance”) is a new association of service providers dedicated to increasing the number and viability of farm and food businesses, primarily in New England and New York’s Hudson Valley.

66.5 years old.<sup>2</sup> Because of this, AFT estimates that 40% of the nation’s farmland—over 370 million acres, representing roughly 840,000 farms—will change hands in the next 15 years as the current generation retires.<sup>3, 4</sup> How and to whom this land transfers will impact food production and supply chains for generations.

Farmland is especially vulnerable to development when it changes ownership. The potential loss of millions of acres of farmland to non-agricultural use over the next 15 years not only threatens future American production capacity, it also threatens the viability of the remaining farms and ranches. As competition for land intensifies, and the critical support infrastructure such as seed suppliers and processing facilities weakens, a dangerous feedback loop is created.<sup>5</sup> <sup>6</sup> Ensuring the transfer of land to a new generation of producers will help to secure the nation’s food supply for decades to come, while also providing an opportunity to diversify the industry.

Unfortunately, this kind of transfer will not happen without deliberate action. Land access is already the number-one challenge for young and beginning producers, as well as for many BIPOC (Black, Indigenous, and People of Color) producers and women.<sup>7</sup> Long-term leases can be hard to come by, and land ownership can be prohibitively expensive, especially in areas close to booming urban markets. In addition, only about one-quarter of transitioning land is sold to non-relatives, making it especially hard for aspiring farmers to break into the industry.<sup>8</sup> Transitioning today’s farmland to tomorrow’s producers will require policies that enable the new generation to acquire land or secure tenure as well as policies that incentivize current landowners to pass the torch.

***Recommendation: Increase funding for the Agricultural Conservation Easement Program Agricultural Land Easement (ACEP-ALE) to protect and increase the affordability of agricultural land.***

The nation’s farmland is under threat: In the 15-year period from 2001-2016, 11 million acres of agricultural land were paved over or converted to uses that threaten the future of agriculture.<sup>9</sup> A powerful tool for protecting this threatened land is agricultural conservation easements,

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<sup>2</sup> USDA NASS, “2012 Census of Agriculture: Highlights: Farmland Ownership and Tenure.” 2015. [https://www.nass.usda.gov/Publications/Highlights/2015/TOTAL\\_Highlights.pdf](https://www.nass.usda.gov/Publications/Highlights/2015/TOTAL_Highlights.pdf)

<sup>3</sup> J. Freedgood, M. Hunter, J. Dempsey, and A. Sorensen, “Farms Under Threat: The State of the States.” American Farmland Trust, May 2020. [https://s30428.pcdn.co/wp-content/uploads/sites/2/2020/09/AFT\\_FUT\\_StateoftheStates\\_rev.pdf](https://s30428.pcdn.co/wp-content/uploads/sites/2/2020/09/AFT_FUT_StateoftheStates_rev.pdf)

<sup>4</sup> 840,000 statistic obtained by dividing 370 million acres by an average farm size of 441 acres, according to the most recent Census of Agriculture. USDA NASS, “2017 Census of Agriculture: Highlights: Farms and Farmland.” 2019. [https://www.nass.usda.gov/Publications/Highlights/2019/2017Census\\_Farms\\_Farmland.pdf](https://www.nass.usda.gov/Publications/Highlights/2019/2017Census_Farms_Farmland.pdf)

<sup>5</sup> USDA NASS, “2017 Census of Agriculture: Highlights: Farms and Farmland.” 2019.

[https://www.nass.usda.gov/Publications/Highlights/2019/2017Census\\_Farms\\_Farmland.pdf](https://www.nass.usda.gov/Publications/Highlights/2019/2017Census_Farms_Farmland.pdf)

<sup>6</sup> Freedgood et al, “Farms Under Threat: The State of the States.”

<sup>7</sup> National Young Farmers Coalition, “Building a Future with Farmers.” 2017. [https://www.youngfarmers.org/wp-content/uploads/2019/03/NYFC-Report-2017\\_LoRes\\_Revised.pdf](https://www.youngfarmers.org/wp-content/uploads/2019/03/NYFC-Report-2017_LoRes_Revised.pdf)

<sup>8</sup> D. Bigelow, A. Borchers, and T. Hubbs, “U.S. Farmland Ownership, Tenure, and Transfer.” USDA ERS, August 2016. <https://www.ers.usda.gov/webdocs/publications/74672/eib-161.pdf?v=5125.9>

<sup>9</sup> Freedgood et al, “Farms Under Threat: The State of the States.”

which are a voluntary mechanism by which landowners can restrict the future use of their land to agricultural production and compatible uses. Easements work to ensure that land remains available for the production of food, feed, fiber, and fuel in perpetuity. ACEP-ALE is the sole federal program through which landowners can sell an agricultural conservation easement, but it is heavily oversubscribed, limiting its potential impact.

Agricultural conservation easements help to secure the nation's food production capacity, protect air and water resources, and also improve farm profitability by enabling a landowner to reinvest the proceeds from the easement sale into their farm or ranch operation.<sup>10</sup> By offering landowners a way to extract equity from their land without selling it for development, the sale of an easement can also help to reduce farm debt, finance retirement, and facilitate the transfer of land to the next generation within a family. Because an easement prevents future non-farm development, it usually substantially reduces the cost of farmland, making protected land a more affordable option for young and new producers. Due to the importance of agricultural conservation easements in protecting farmland and facilitating its transfer to the new generation, funding to ACEP-ALE must be increased to meet demonstrated demand.

*Read AFT's whitepaper "Maximizing the Economic and Environmental Benefits of ACEP-ALE" [here](#).*

***Recommendation: Create a New Buyer Program within ACEP-ALE to help young, beginning, and socially disadvantaged producers purchase land using "Buy-Protect-Sell."***

Buy-Protect-Sell transactions, which were added to ACEP-ALE in the 2018 Farm Bill, can be a powerful mechanism for enabling the transfer of land to young, beginning, and socially disadvantaged producers. Buy-Protect-Sell transactions involve three steps: First, a land trust purchases a farm or farm parcel outright from a willing seller, often because the land is about to be sold for non-farm development. Second, the land trust protects the land with a permanent agricultural conservation easement, often by selling the easement through a Purchase of Agricultural Conservation Easement, or PACE program, such as ACEP-ALE or one of several state programs. Third, the land trust sells the protected land to a farmer at the land's agricultural value.

A New Buyer Program could harness Buy-Protect-Sell transactions to target sales to socially disadvantaged and beginning producers. However, maximizing this potential would require some changes to ACEP-ALE's authorities. The Program would ideally allow land trusts up to seven years to sell the land, instead of the three years presently allowed by statute. This would provide additional time for the land trust to identify a qualified farmer. It would also provide producers time to test their hand in the industry before assuming debt to purchase land, or to

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<sup>10</sup> American Farmland Trust, "Impacts of the Federal Farm and Ranch Lands Protection Program: An Assessment Based on Interviews with Participating Landowners." 2013.

build the capital and credit needed to acquire property. To streamline the process, land trusts could be allowed to simultaneously hold the easement *and* own the land (where allowed under state law), or could be reimbursed for certain transactional and carrying costs. A New Buyer Program would also allow a producer and a land trust to work together to identify a property to protect and purchase, rather than only bringing in the producer at the last step. For socially disadvantaged producers, the New Buyer Program could contribute 90% of the cost of an easement, rather than the 50% currently provided by ACEP-ALE. This would have the added benefit of allowing such projects to proceed without relying on a 50% match from limited state PACE funding, which can help to significantly expedite transactions. Finally, producers with federal student loans could have their student loan payments deferred for 10 years.

***Recommendation: Create a national Protected Farmland Finder platform to assist farmers in finding affordable protected land for purchase.***

Eased farmland is almost always more affordable than unprotected farmland, especially in areas facing residential or other development pressure. But finding protected agricultural land can be a challenge. While programs that help farmers find land and connect aspiring and retiring farmers—commonly known as Farmlink programs—can help to address this challenge, these programs exist in fewer than half of the states in the country, and publicly-supported programs only operate in eleven. Most are under-resourced, and only a few list a significant number of agricultural land opportunities and/or specifically feature protected properties for sale or lease.

A national Protected Farmland Finder would meet a crucial farmer need by listing protected farm properties for sale or lease and providing a single interface to encourage the transfer of protected lands to producers. As with the nation's best Farmlink programs, a Protected Farmland Finder could also go beyond serving as a listing. To maximize its impact, it could be coupled with a range of services to expedite the transition of land. For instance, it could help existing landowners connect with beginning operators, provide existing landowners with legal services to assist with transitions, or offer technical assistance around business transitions.

***Recommendation: Create tax and bonus payment incentives for owners to transfer land to the new generation.***

Due in part to capital gains taxes, landowners often choose to transfer agricultural property through their estate, regardless of whether or not their heirs are interested in farming or ranching. A capital gains exclusion on the sale of agricultural land to beginning or socially disadvantaged farmers could incentivize land sales to the producers most in need of land access assistance. This exemption could come with a requirement—modeled after the 2032a tax provision—that the land remain in active agricultural use for 10 years and that the tax benefits be subject to recapture in the event these terms are violated.

An existing incentive program also provides another avenue for encouraging land transfer to new and socially disadvantaged farmers and ranchers. USDA's [Conservation Reserve Program Transition Incentives Program \(CRP-TIP\)](#) offers landowners who have expiring CRP acres up to two additional annual rental payments if they rent or sell that land to a new, beginning, socially disadvantaged, or veteran farmer or rancher. Increasing funding for CRP-TIP, as well as expanding related outreach and technical assistance for landowners and farmers, would help to grow the program's impact.

## **Improve the Viability and Resilience of Small and Midsize Farm and Food Businesses**

Many of the small and midsize farm and food businesses serving local and regional consumers faced significant challenges during the pandemic. Some had their markets disappear overnight, such as farms and food hubs that supply schools, while others saw demand skyrocket far beyond their capacity, such as those with on-site or online retail operations. Others faced issues with pandemic relief funding. Some were unable to apply due to a lack of financial records or limited internet access, while others found that relief payments did not account for the premium prices they would have typically received for selling directly to consumers, being organic, and/or producing value-added products.

In the early days of the pandemic, many of these operations needed to rapidly “pivot” their business models and develop new products, websites, markets, and employee safety protocols. However, while farmers and ranchers excel at the production side of their work, many – especially new, small, and midsize operations – lacked the business skills and capacity necessary to make these changes. As the industry looks to rebuild damaged supply chains, faces a transition to a new generation, and prepares for more severe climate impacts, providing small and midsize farm and food businesses with increased business support will help to build viable, resilient businesses that can withstand future shocks.

In addition to a USDA Office of Small Farms (described later), the “Farms for the Future” initiative advanced by AFT, the Black Family Land Trust, and the Agricultural Viability Alliance proposes a two-phase National Farm Viability Program modeled after several successful state programs. The first phase would provide individualized business technical assistance. The second phase would offer implementation grants to realize strategies identified through the first phase. For the purpose of these comments, these two phases are presented as separate recommendations. However, AFT believes that an integrated program combining the two phases would have synergistic benefits and a reduced administrative burden.

***Recommendation: USDA should set aside \$300 million from the American Rescue Plan Act, to dramatically scale up one-on-one business technical assistance for small and midsize farm and food businesses.***

In any sector of the economy, planning, financial, and management skills are essential for business success, and agriculture is no exception. One-on-one business technical assistance (BTA) is a proven way to develop these skills, and represents a forward-thinking approach to the businesses that make up our food supply chain. Rather than primarily focusing on risk management, a focus on business planning and development would encourage the growth of viable, resilient operations which would in turn provide a solid foundation for more resilient local, regional, and national food systems.

BTA is generally provided by non-profit organizations, private consultants, state agencies, and agricultural extension services. These providers offer customized business planning support, financial coaching, market development, help accessing land and capital, assistance with farm transfer and succession planning, and more. Services are based on a one-on-one coaching model, and can extend for multiple years. These programs have a proven track record – one program found that two years of business planning support generated a 62% increase in net income, significant improvements in business skills, and marked growth in full-time employees.<sup>11, 12</sup>

Unfortunately, federal support for BTA is limited, inconsistent, and provided piecemeal through numerous programs, forcing providers to rely on highly competitive funding which often only covers a fraction of the demand.<sup>13</sup> While the recent supplemental funding for USDA's Local Agriculture Market Program (LAMP) and Farming Opportunities Training and Outreach (FOTO) program represent critical investments in small and midsize farm and food businesses, these programs are not specifically designed to support in-depth, sustained business technical assistance.

Federal support for BTA could be transformative in building food supply chain resiliency and fostering a new and diverse generation of profitable operations. Through the American Rescue Plan Act, Congress provided \$3.6 billion to improve supply chain resiliency and help producers, as well as small and midsize processors, respond to the pandemic. There is congressional support for dedicating some of this \$3.6 billion to BTA. In May, 50 Members of Congress urged USDA to set aside \$300 million in pandemic relief for BTA, delivered in the form of multi-year grants to public and non-profit agricultural service providers with a history of providing this type of assistance and a proven record of increasing business skills, profitability, and access to

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<sup>11</sup> On average, these businesses gained 0.3 new full-time equivalent jobs per farm per year, while the average annual growth on Vermont farms is only 0.1.

<sup>12</sup> Statistics obtained from the Vermont Farm & Forest Viability Program.

<sup>13</sup> These programs include USDA's Rural Business Development Grants, the Beginning Farmer and Rancher Development Program, the Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers Program (the 2501 Program), funding for Cooperative Extension Services, and others through the Small Business Administration, Economic Development Administration, and the Northern Border Regional Commission.

land and capital. More than 100 agricultural organizations, including many service providers that offer customized BTA, also voiced support for this concept in a separate letter to USDA.

*Read The Congressional Business Technical Assistance Sign-on Letter to USDA [here](#), and the Organizational Sign-on Letter to USDA [here](#).*

*Read AFT and the Alliance’s “Case Statement: The Importance of One-on-One Business Technical Assistance to Farm and Food Businesses” [here](#).*

***Recommendation: Offer grants to small and midsize farm and food businesses to implement new strategies identified through Business Technical Assistance.***

Business Technical Assistance (BTA) gives producers the skills, confidence, and knowledge necessary to pursue new opportunities related to their business. Fully capitalizing on these opportunities, however, can be challenging to achieve without funding for implementation. As such, several state programs offer BTA followed by a competitive grant process in order to implement strategies identified through the BTA process, such as on-farm infrastructure improvements.

One example is the [Massachusetts Farm Viability Enhancement Program](#) (FVEP), which offers grants of up to \$150,000 to operations in order to implement strategies identified during the initial business planning process. These grants also work to stabilize the agricultural land base, as funds are contingent upon the land remaining in agriculture for 5 to 15 years, depending on the size of the grant. This has proven a cost-effective form of short-term farmland protection that often paves the way for eventual permanent protection of the land.<sup>14</sup> Since its inception 25 years ago, the FVEP has invested a total of \$20 million into the state’s farms, leveraging an additional average investment of \$32,000 per farm. The program has protected over 42,000 acres on an interim basis, and increased the average income of participating farms by 14-22%.<sup>15</sup>

Unless the farm or ranch is already permanently protected, receipt of grant funding could be conditional on recording a 5 to 15 year non-development covenant on land owned by the farm grantee, dependent on the size of the grant. A producer who exclusively leases land could qualify if the landowner agrees to such a covenant, and the lease term is equivalent to the covenant term. Producers who receive grant funding could also receive priority enrollment in ACEP-ALE at the end of their covenant term, provided that their land is otherwise eligible.

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<sup>14</sup> The Massachusetts Department of Agriculture estimates total spending for land placed in protective covenants at \$441 per acre. Massachusetts Department of Agricultural Resources, “Farm Viability Grant Descriptions & Conference Notes.” [https://www.farmviabilityconference.com/uploads/1/9/1/5/19154613/mass\\_dept\\_of\\_agriculture.pdf](https://www.farmviabilityconference.com/uploads/1/9/1/5/19154613/mass_dept_of_agriculture.pdf)

<sup>15</sup> Statistics obtained from the Massachusetts Department of Agricultural Resources Massachusetts Farm Viability Enhancement Program.



***Recommendation: Establish an Office of Small Farms to coordinate, represent the interests of, and expand outreach to lower-acreage and/or lower-income farms.***

Despite their importance to the food supply chain, smaller farm and ranch operations are not always well served by USDA programming. For instance, the initial rollout of the Coronavirus Food Assistance Program did not account for issues of special relevance to small producers, such as the premium prices received for selling directly to consumers, as well as requirements around financial record keeping.

An Office of Small Farms could serve as a coordinating body, bringing together representatives from USDA's various agencies to identify and address specific needs of small farmers. The Office would work to ensure that all USDA programs and policies consider the unique challenges facing small farmers and ranchers, and would serve as a resource for USDA agencies by tracking data on, and informing outreach to, small farms. It would also have dedicated staff, some of which should be experienced with providing on-the-ground support to small farms and ranches and diverse populations.

Addressing the challenges of small farms would also be a step toward addressing issues of equity, since these farms—defined by USDA as having a gross cash farm income of less than \$350,000 annually—are more likely than midsize or large-scale producers to identify as female, Hispanic, or Black.<sup>16, 17</sup>

Specifically, the Office of Small Farms could:

- Review current USDA programs and policies for their impacts on small farms.
- Advise other federal agencies on how to effectively reach and serve small farms and ranches.
- Analyze the development of federal rules and policies to ensure that the interests of small farms are considered in decision-making.
- Assist and make recommendations to federal agencies on tracking small farm data, including demographics, program participation rates, and inclusion with the Census of Agriculture.
- Provide or coordinate direct technical assistance to small farms to enable them to access the full complement of USDA grant and loan programs.
- Develop financing mechanisms and technical support for production and markets that is specific to small farms.

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<sup>16</sup> USDA ERS, "Farm Structure." December 2018. <https://www.ers.usda.gov/topics/farm-economy/farm-structure-and-organization/farm-structure/>

<sup>17</sup> USDA NASS, "2017 Census of Agriculture: Highlights: Family Farms." 2021. <https://www.nass.usda.gov/Publications/Highlights/2021/census-typology.pdf>.

## Increase the Infrastructure and Market Opportunities for Local and Regional Supply Chains

Developing robust local and regional food systems to better complement existing national supply chains can be an effective way to increase food system resilience, by adding additional producers, processors, distributors, and more. The end goal is to create a food supply *web*, rather than a food supply *chain*, which will not collapse in the event of a single broken link.

There are a number of ways to strengthen local and regional food systems. One is by building up necessary small-scale infrastructure such as packaging and processing facilities, cold storage facilities, food hubs, aggregators, distributors, meat processing facilities, value-added processors, and more. At present, many communities lack infrastructure that works for smaller producers – for instance, processing facilities may be too far away to be practical, or may be unable or unwilling to accept small quantities, or diverse varieties, of products.<sup>18</sup> Developing the infrastructure in the middle of the supply chain would reduce processing bottlenecks, and allow local and regional producers to more easily access a broader range of markets.

Another means of strengthening these food systems is by incentivizing institutional purchasers, such as school systems and hospitals, to prioritize local and regional products. This would not only help to diversify and strengthen institutional supply chains, it would also help to build stable markets for local and regional producers. According to a recent AFT survey, if 75% of New York schools spent 30% of their school food budget on food grown and raised in New York by 2025, it would direct \$250 million to the state’s farms over the course of 5 years, with a total statewide economic impact of \$360 million—an estimated \$3.50 return on investment for each dollar spent on a farm to school program.<sup>19</sup>

***Recommendation: Increase annual funding for the Local Agriculture Market Program’s Local Food Promotion Program to help develop and grow capacity for local and regional food system infrastructure.***

While many farms sell directly to individual consumers or institutional purchasers, these methods require significant producer time and investment, requiring them to maintain appropriate facilities; wash, package, and transport their produce; and abide by local, state, and federal regulations, including for food safety. Because of this, many operations rely on offsite intermediaries to process and transport food, such as food hubs, aggregators, meat processing facilities, and value-added processors. These facilities allow farmers and ranchers to focus on producing food, while helping them to access larger purchasers, and more distant or profitable

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<sup>18</sup> USDA, “Know Your Farmer, Know Your Food Compass.”  
<https://www.usda.gov/sites/default/files/documents/KYFCompass.pdf>

<sup>19</sup> Samantha Levy and Mikaela Ruiz-Ramón, “Growing Resilience: Unlocking the Potential of Farm to School to Strengthen the Economy, Support New York Farms, and Improve Student Health in the Face of New Challenges.” American Farmland Trust and Farm to Institution New York State, 2020. [https://s30428.pcdn.co/wp-content/uploads/sites/2/2020/12/AFT\\_NY\\_Growing-Resilience\\_Report.pdf](https://s30428.pcdn.co/wp-content/uploads/sites/2/2020/12/AFT_NY_Growing-Resilience_Report.pdf)

markets. Intermediary, mid-supply chain facilities are critical for the success of many farms and ranches, but are unfortunately few and far between.<sup>20</sup> This has particular implications for institutional purchasing.

In particular, additional aggregation and transportation services represent an opportunity to meet institutional demand for locally-sourced products. Institutional purchasers, such as schools and hospitals, frequently cite a lack of aggregation as a barrier to local purchasing since they typically require large volumes of product that cannot be supplied by a single operation. Conversely, when institutions only require small quantities of product, they may face challenges in arranging food delivery from farms or aggregators. Food hubs can help coordinate supply and demand for local and regional products, relieve farmers of clerical burdens such as carrying high amounts of liability insurance, and store and transport large quantities of product, while allowing institutional buyers to fulfill their needs through a single vendor.

USDA's Local Agriculture Market Program's (LAMP) Local Food Promotion Program (LFPP) provides funding to help to establish and expand these intermediary food businesses. However, in FY 2020, the program—funded at \$13.5 million annually—was only able to fund 23% of applications.<sup>21</sup> AFT applauds USDA's recent addition of a combined \$76.9 million to the LFPP and Farmers Market Promotion Programs. Because FY 2020 program applications requested a total of over \$98 million, AFT recommends making this increased funding permanent in order to meet both existing and anticipated need. AFT also suggests additional focus on aggregation models, including cooperative ownership models, that can be self-sustaining over time.

***Recommendation: Pass legislation to help public institutions invest in infrastructure and build the staff capacity necessary to increase farm to institution purchasing and meal preparation.***

Although many public institutions are interested in procuring and serving local food, they often lack the necessary staff capacity and basic infrastructure. A recent AFT survey of New York schools found that many food service programs lacked the time, staff, equipment, and knowledge to undertake the tasks needed to develop farm to school purchasing and meal preparation, from establishing relationships with local producers to cooking fresh food items.

USDA's Farm to School Grant Program helps schools build the necessary human and physical infrastructure to develop successful farm to school programs. This includes purchasing kitchen equipment, hiring farm to school coordinators, and training staff. However, the program does not currently meet demonstrated need, accepting less than a quarter of applications.<sup>22</sup> AFT

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<sup>20</sup> USDA, "Know Your Farmer, Know Your Food Compass."

<sup>21</sup> National Sustainable Agriculture Coalition, "USDA Awards \$27 Million to Support Local Food Projects." 2020. <https://sustainableagriculture.net/blog/fy20-local-food-awards/>

<sup>22</sup> Tom Tillis US Senator for North Carolina, "Tillis, Colleagues Introduce Bill To Renew Popular Farm To School Program." 2021. <https://www.tillis.senate.gov/2021/4/tillis-colleagues-introduce-bill-to-renew-popular-farm-to-school-program>

recommends that Congress increase mandatory funding for the Farm to School Grant Program, such as proposed by the *Farm to School Act of 2021*, which would triple the program’s annual funding. Congress should also consider creating a parallel program that covers other publicly-funded institutions, such as hospitals.

***Recommendation: Change federal procurement laws to allow schools to purchase local food even when it is not the least-cost option, and create a Federal Local Purchasing Incentive.***

Procurement laws dictating the competitive bidding process for institutional food purchasing exist at the federal, state, and local levels. Federal procurement laws have been designed to promote fairness and fiscal responsibility within the bidding process by requiring institutions to choose least cost options. Primary and secondary schools, for example, must follow federal laws when serving meals through national programs, and are required to award contracts to the lowest cost, most responsive bidders. Unfortunately, this hinders their ability to purchase products that may better align with institutional values (e.g., sourcing locally-grown or environmentally sustainable foods) because these products are often not the least-cost option.

Although schools may state a preference for local vendors in formal bids to purchase food, this option is burdensome to implement, and does not guarantee that the school will actually be able to purchase local food since they are still required to award contracts to the least-cost, most-responsive bidder. In fact, AFT research shows that, of New York schools that purchased locally-grown food in 2019, only 2% of surveyed schools did so using the geographic preference option.<sup>23</sup> Schools must be granted clear, plain language authority in federal laws, rules, and regulations to be able to make local food purchases even when they are *not* the least expensive option from the most responsive bidder. To accomplish this, Congress could pass or model legislation after the *Kids Eat Local Act*. This would allow schools to award contracts to the lowest cost bidder who is still able to meet a “local” specification. Shifting the procurement system away from favoring least-cost alone would help schools to serve more local foods while contributing to resilient local supply chains.

The pandemic will continue to impact school budgets, and therefore school food programs, for many years. This financial squeeze could further hamper schools’ ability to purchase local food and serve healthy, fresh options to schoolchildren who eat, on average, half of their daily calories at school. Creating a Federal Local Purchasing Incentive for K-12 schools, such as proposed in the *Universal Free School Meals Act*, modeled after the State of New York’s successful 30% incentive, could help maintain the current momentum of farm to school programs while also building on local purchasing programs being passed and explored in states across the country.

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<sup>23</sup> Levy and Ruiz-Ramón, “Growing Resilience.”

## Conclusion

AFT appreciates the opportunity to submit our comments on strengthening the food supply chain. We look forward to serving as a resource to the Department on these issues and continuing to work with USDA to help farmers and ranchers feed the nation.

Respectfully submitted,

American Farmland Trust