

**The Agricultural Market Development Program
Of the
Local Food and Regional Markets Supply Act (Local FARMS Act)
(S.1947 / H.R. 3941)**

As the local and regional food sector grows, so too should the programs and policies that support the development and expansion of those markets. Once considered a niche market, the local and regional food sector has today grown into an industry that according to the USDA is expected to grow to \$20 billion in sales by 2019. Many of the USDA programs that have helped to drive this ongoing growth, however, are farm bill programs that lack permanent baseline funding and hence must be renewed in each iteration of the farm bill.

The Local FARMS Act, a bicameral and bipartisan bill sponsored by Senators Sherrod Brown (D-OH) and Susan Collins (R-ME), along with Representatives Chellie Pingree (D-ME), Jeff Fortenberry (R-NE), and Sean Patrick Maloney (D-NY) calls for the creation of a new Agricultural Market Development Program that would consolidate two existing local and regional food economy programs -- the Farmers Market and Local Food Promotion Program (FMLFPP) and the Value-Added Producers Grant Program (VAPG) -- in a manner that builds on the success of both programs while establishing permanent farm bill baseline funding.

The goal of the ***Agricultural Market Development Program*** is to create a streamlined and comprehensive program to develop and expand farm and food-based value-added businesses, local and regional markets, and efficient and profitable value chains that support farm viability. The *Agricultural Market Development Program* would also:

- continue the goals and purposes of existing programs;
- address gaps and new opportunities not currently addressed by the existing programs;
- simplify the application process and the reporting and evaluation process; and
- encourage greater collaboration between the private and public sectors.

The new program would be administered through USDA's Agricultural Marketing Service (AMS). To address concerns about the agency's lack of "boots on the ground," a small portion of funds will be directed to the Cooperative Extension Service to assist with general technical assistance, outreach and value-chain coordination. Additionally, AMS will be given cooperative agreement authority to work with other agencies and organizations on targeted outreach and technical assistance. The new program will also ensure the USDA has the means to accomplish meaningful evaluation of funded projects.

The program will prioritize projects that benefit small and mid-sized family farms and ranches as well as beginning, socially disadvantaged, and veteran farmers and ranchers.

The program will continue the purposes and goals of both FMFLPP and VAPG, including support for:

- Producer-based value-added agricultural business and coop development and marketing;
- Domestic farmer' markets, roadside stands, community-supported agriculture programs, agritourism activities, and other direct to consumer marketing practices
- Local and regional food business enterprises (both direct to consumer and intermediated market channels)
- Processing, aggregation, distribution and storage of local and regional products
- Business development and feasibility studies
- Marketing strategies for producers of local or regional foods and value-added products in new and existing markets
- Value-chain coordination
- Multi stakeholder regional and foodshed planning, assesment, and coordination
- New business opportunity and marketing strategies to reduce on-farm food waste

Regional Public-Private Partnership Initiative

In addition to consolidating FMLFPP and VAPG, the *Agricultural Market Development Program* would include a new public-private partnership initiative that encourages the formation of multi-stakeholder public-private partnerships that focus on regionally targeted or foodshed level food systems planning and development projects, using federal investment to leverage additional investments and expertise from commercial banks, the Farm Credit System, Community Development Financial Institutions, foundations, and non-governmental organizations.

Funding

The new program would be funded at \$80 million per year in mandatory farm bill funding. Of the total funding, 35% or \$28 million per year would be reserved for producer-based value-added grants.