NATIONAL SUSTAINABLE AGRICULTURE COALITION

March 13, 2019

Bruce Summers
Administrator, Agricultural Marketing Service
U.S. Department of Agriculture

Bette Brand
Administrator, Rural Business Cooperative Service
U.S. Department of Agriculture

Dear Administrators Summers and Brand:

On behalf of our members, the National Sustainable Agriculture Coalition (NSAC) welcomes the opportunity to provide recommendations to the Department in implementing Section 10102 of the Agriculture Improvement Act of 2018, which establishes a new initiative aimed at coordinating local and regional food system activities across the Department.

NSAC is a national alliance of over 45 family farm, food, rural, and conservation organizations[1] that together take common positions on federal agriculture and food policies to advance sustainable agriculture. We worked across the range of issues included in the 2018 Farm Bill to protect and improve natural resources, expand opportunities for the next generation of farmers, invest in local and regional economies, and scale up agricultural research efforts to build a more sustainable food and farming system.

We worked closely with Congress in developing the Local Agriculture Market Program (LAMP), which is established in Section 10102 of the new farm bill. In creating LAMP, it was Congress's aim to not only combine, but also closely coordinate, the functions of two existing grant programs: the Farmers Market and Local Food Promotion Program (FMLFPP) and the Value-Added Producer Grant Program (VAPG). LAMP also includes a new public-private Regional Partnership Program (RPP) that seeks to use federal resources to leverage private investment and encourage regional approaches to planning and developing local and regional food systems. Finally, LAMP also includes new authority for food safety certification and upgrades cost share.

In that light, NSAC makes the following recommendations on how the Department, the Agricultural Marketing Service (AMS), and Rural Business-Cooperative Service (RBS) should move forward on implementation of LAMP as authorized in the 2018 Farm Bill. The following recommendations are divided into four key sections: 1) overall recommendations for the implementation and administration of LAMP, 2) FMLFPP specific recommendations, 3) RPP specific recommendations and 4) VAPG recommendations.

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We thank you for serious consideration of our recommendations, and would welcome any additional feedback we can provide.

Sincerely,

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[1] Agriculture and Land-Based Training Association Salinas, CA; Alternative Energy Resources Organization Helena, MT; Appalachian Center for Economic Networks, OH; CCOF Santa Cruz, CA; California FarmLink Santa Cruz, CA; Carolina Farm Stewardship Association, NC; C.A.S.A. del Llano (Communities Assuring a Sustainable Agriculture) Hereford, TX; Catholic Rural Life St Paul, MN; Center for Rural Affairs Lyons, NE; Clagett Farm/Chesapeake Bay Foundation Upper Marlboro, MD; Community Alliance with Family Farmers Davis, CA; Community Involved in Sustaining Agriculture South Deerfield, MA; Dakota Rural Action Brookings, SD; Delta Land and Community, Inc. Almyra, AR; Ecological Farming Association Soquel, CA; Farmers Market Coalition, DC; Farm-to-table New Mexico, NM; Farmer-Veteran Coalition Davis, CA; Florida Organic Growers Gainesville, FL; FoodCorps, OR; GrassWorks New Holstein, WI; Ground Works Center for Resilient Communities, MI; Hmong National Development, Inc. St Paul, MN and Washington, DC; Illinois Stewardship Alliance Springfield, IL; Institute for Agriculture and Trade Policy Minneapolis, MN; Interfaith Sustainable Food Collaborative Sebastopol, CA; Iowa Natural Heritage Foundation Des Moines, IA; Izaak Walton League of America St. Paul, MN/Gaithersburg, MD; John Hopkisn Center for a Livable Future, MD; Kansas Rural Center Topeka, KS; The Kerr Center for Sustainable Agriculture Poteau, OK; La Montanita Food Co-op, NM; Land Stewardship Project Minneapolis, MN; MAFO St Cloud, MN; LiveWell Colorado, CO; Michael Fields Agricultural Institute East Troy, WI; Michigan Farmers Market Association, MI; Michigan Food & Farming Systems – MIFFS East Lansing, MI; Michigan Organic Food and Farm Alliance Lansing, MI; Midwest Organic and Sustainable Education Service Spring Valley, WI; Montana Organic Association Eureka, MT; The National Center for Appropriate Technology Butte, MT; National Center for Frontier Communities Silver City, NM; National Hmong American Farmers Fresno, CA; National Young Farmers Coalition, NY; Nebraska Sustainable Agriculture Society Ceresco, NE; Northeast Organic Dairy Producers Alliance Deerfield, MA; Northern Plains Sustainable Agriculture Society LaMoure, ND; Northwest Center for Alternatives to Pesticides Eugene, OR; Ohio Ecological Food & Farm Association Columbus, OH; Oregon Tilth Corvallis, OR; Organic Farming Research Foundation Santa Cruz, CA; Organic Seed Alliance Port Townsend, WA; Rural Advancement Foundation International – USA Pittsboro, NC; Sustainable Food Center, TX; Union of Concerned Scientists Food and Environment Program Cambridge, MA; Virginia Association for Biological Farming Lexington, VA; Wallace Center at Winrock International, AR; Wild Farm Alliance Watsonville, CA; Women, Food, and Agriculture Network Ames, IA.

1. Overall Cross-Agency Recommendations

In combining the FMLFPP and VAPG and creating LAMP, Congress instructed the Secretary to administer the program in a way that streamlines LAMP (subsection (c) paragraph (1)), ensures adequate outreach and technical assistance to program stakeholders (subsection (c) paragraph (4)), establishes a simplified application process for FMLFPP and VAPG (subsection (f)), allows those applying to RPP to simultaneously apply for FMLFPP and VAPG grants in a single application (subsection (f) paragraph (1)(B))[1], and provides for the evaluation of all aspects of LAMP. Section 10102 also includes administrative resources to support the streamlining, simplification, outreach and technical assistance and evaluation directives.

Implementing the cross-agency directives that pertain to streamlining, simplification, outreach and technical assistance, and evaluation of LAMP and its subprograms[2] will be time consuming and complicated. Therefore, USDA should prioritize publication of Fiscal Year 2019 funding notices for FMLFPP and VAPG as soon as possible, even while it begins the process of implementing the aforementioned cross-agency directives for future years.

In addition to these cross-agency directives, new authorities and some small changes were made to FMLFPP and VAPG relative to their authorizations under the 2014 Farm Bill. The most notable of which is the addition of the new authority for food safety practice upgrades and food safety certification financial assistance.

Engaging Program Users and Stakeholders in Implementation

The implementation of Congress' aforementioned directives regarding LAMP presents USDA with unique challenges due not only to the specific content but also due to the cross-agency nature of those directives. To assist in implementation efforts, USDA should proactively solicit feedback from FMLFMPP and VAPG program users and other stakeholders to help guide all aspects of LAMP's implementation. Soliciting iterative feedback through funding notices is one tool that the USDA has used and should continue to use in the future. However, we also urge USDA to develop additional opportunities to solicit recommendations and feedback, specifically regarding changes to simplify and streamline the application process and developing actionable and useful evaluation metrics for all components of the program.

Given the broad scope of LAMP, both in terms of eligible activities and diversity in participants, expanded efforts to solicit recommendations and feedback should include broad representation of stakeholders with varying backgrounds and expertise, including: individuals and organizations familiar with farming, marketing, value-added enterprises, economic development, regional planning, and infrastructure for direct and local and regional agricultural markets, as well as farmers and experts within relevant scientific, education, extension, and business fields.

Application Process

[1] This instruction is further reinforced and clarified by the following "report language" that accompanied the 2018 Farm Bill Conference Report: "The Managers intend that eligible entities for the farmers' market and local food grants, who participate in regional partnerships, may apply for funding for both the partnership and grant program in a single application."

[2] In this document, unless otherwise specified, subprogram(s) refers to the Farmers Market and Local Food Promotion Program, the Value Added Producer Grant Program and the new Regional Partnership Program, which are all components/provisions of the larger Local Agriculture Market Program.

We believe that the Congressional directives regarding LAMP's application process can be met through the creation of a single, responsive application portal and process for which a prospective applicant is able to apply for any one of the subprograms (or multiple if done as part of a RPP application) in one application.

This "one-stop-shop" responsive application portal is a recommendation stakeholders (including NSAC and our members) voiced support for during the 2018 Farm Bill authorization process, and would fit well with USDA's own commitments to improve customer service. NSAC recommends that USDA invest the time and resources into developing a streamlined cross-agency application process that is in line with congressional directives and also improves customer service and the applicant experience.

The application should allow a prospective applicant to choose which subprograms and what amount of funding[3] from the subprograms they are requesting and then automatically adjust which questions and materials the prospective applicant would need to answer and provide in response to those choices. The technology is available to create such a single responsive streamlined application portal. And while any outreach and technical assistance efforts should drive traffic to the application portal, USDA should not eliminate the option for those applying to VAPG to submit a paper application directly to their state Rural Development office. However, paper applications submitted to any state RD office should then be uploaded into the application portal by staff at that office.

Development of this application portal would also help to address our recommendations regarding how USDA can implement the new authorities regarding food safety financial assistance in a way that ensures program resources are as accessible as possible to those producers who need to implement food safety practices or become food safety certified in order to access markets (see NSAC's specific food safety recommendation below for more information).

In addition to the "one-stop-shop" application portal, there are further improvements that can be implemented regarding how applicants are notified of funding opportunities. Predictability and consistency is central to an effective streamlined and simplified application process and the administration of LAMP overall.

NSAC recommends that USDA provide stakeholders (including prospective applicants) with tentative timetables of when annual funding notices or requests for applications will be published for each fiscal year, and adhere to those timetables as much as possible. Whether or not an application process is streamlined or not, applying for a federal grant is no small order, especially for independent family farmers, beginning and socially disadvantaged farmers and ranchers, and community-based organizations. Predictability and consistency will help prospective applicants and the technical service providers they work with better plan and prepare for the time-consuming application process.

Additionally, it is extremely important that the VAPG application process occurs during the winter months when a majority of farmers are best able to set aside the time necessary to develop and submit applications.

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[3] Section 10102 instructs USDA to create a simplified application for requests less than $50,000 for FMLFPP and VAPG grants (subsection (f)(1)(A)); a single responsive application could achieve this objective.

Regarding the evaluation of applications, USDA should make all criteria for ranking applications within any of the subprograms publically available to stakeholders as part of the application process. USDA should also adopt a fair, consistent, effective and coordinated external peer review panel process across agencies and subprograms. This process begins with a diverse and highly qualified external peer review panel, and clarity and transparency in the rules and procedures governing the review process.

Among the specific mechanisms we hope will be adopted in the peer review are:

- Begin recruitment of a diverse and highly qualified pool of peer reviewers prior to an anticipated funding notice(s).
- The composition of review panels should at a minimum include 3 external reviewers (non-USDA employees) with expertise in the relevant fields, including, as appropriate to the particular subprogram, those familiar with farming, marketing, value-adding enterprises, economic development, regional planning, and infrastructure for direct and local and regional agricultural markets, as well as farmers and experts within relevant scientific, education, extension, and business fields.
- The composition of review panels should maintain a balanced composition of reviewers with regard to minority and female representation and an equitable age distribution.
- The specific identities of reviewers for specific proposals should remain confidential.
- Different review panels for different types of proposals and subprograms should be established.
- All reviewers must abide by clear and fair conflict of interest rules (more on this below).
- Create clear, well-articulated ranking criteria. In ranking applications, reviewers should conduct both a relevancy and merit review. The relevancy review should examine the strength of the project in relationship to the goals of LAMP and the specific subprogram, with a focus on farm income, farming opportunity and viability, and job creation, while the merit review should examine the soundness and sustainability of the project and the capacity of the applicant in carrying out the project successfully. Both parts of the review are critical and neither should be left out.
- Provide clear instructions and training for individual reviewers on the review process.
- Allow reviewers the opportunity for substantial and open dialogue about applications (either via phone, video chat, or in-person). NSAC highly recommends in-person peer review panels to the maximum extent possible.
- Applicants who are not selected to receive a grant award should be provided with full reviews from the panel in a timely manner in order to determine how they can strengthen their proposal to resubmit in a future funding cycle.
- The program should have clear conflict of interest rules for reviewers. Reviewers should not be allowed to participate in the discussion or recommendation of a proposed project(s) if they have or had a professional or business interest in, including the provision of consultant services, the organization whose grant application is under review.

A fair and coordinated peer review process that fosters transparency does not mean all panels should be run by one agency or that the unique differences between subprograms and subprogram participants should be neglected. The content and eligible activities for the various subprograms serve different constituencies and have different expertise involved that will require some differences in the review process. Nonetheless, the external peer review process should be generally consistent across the entire program.

Subsection (e) paragraph (3)(F) states that partnerships under the RPP subprogram may "at the request of a producer or eligible entity desiring to participate in eligible activities under the partnership agreement, act on behalf of producer or eligible entity in applying for a grant under subsection (d)." This provides partnerships with the unique authority to apply to FMPP, LFPP and VAPG subprograms on behalf of other applicants. USDA should ensure the streamlined application process accounts for this unique authority under RPP.

Outreach, Training and Technical Assistance

In creating LAMP, Congress instructs the Secretary to administer the program in a way that ensures adequate outreach and technical assistance to program stakeholders (subsection (c) paragraph (4)) and provides USDA resources for administrative expenses. We recommend that those resources be used in part to increase outreach and technical assistance efforts for prospective and current grantees. However, technical assistance should go beyond the grant writing stage and include assistance to new grantees in navigating the USDA grant management systems and procedures, as well as technical assistance in actual project implementation.

Furthermore, we encourage USDA to utilize multiple approaches to providing outreach and technical assistance to both prospective and current grantees, including: partnering with stakeholder organizations through cooperative agreements; conducting webinars; holding in-person training events at conferences, summits and related meetings; developing successful project case study videos; and supporting peer-to-peer networking events.

USDA should also allocate resources to conduct targeted outreach both to organizations led by and/or serving underserved and socially disadvantaged populations, and underserved and socially disadvantaged producers. USDA should also consider providing limited one-on-one technical assistance to prospective applicants and current grantees serving and/or led by socially disadvantaged producers and individuals. USDA should also collect and report on how many of the grants under the LAMP subprograms are awarded to organizations serving socially disadvantaged producers, or, in the case of VAPG, the actual applicants themselves are socially disadvantaged producers.

We also recommend USDA consider allowing projects that target underserved communities or are led by underserved low capacity community-based organizations to utilize a higher percentage of their grant dollars for indirect costs.

Program Purpose

As required by statute (subsection (d) paragraph (3)(B)), projects funded by LAMP must demonstrate and describe direct or indirect benefits for producers and food businesses. At a minimum, funded projects should demonstrate a direct or indirect benefit to farmers, but USDA should also encourage and prioritize projects that include direct farmer participation in elements of the project, such as project development, decision-making, and evaluation.

Indirect and often even direct benefits can be difficult to demonstrate and subsequently measure. Hence, in the process of evaluating LAMP and its funded projects, it is critical that USDA create multiple opportunities to solicit program user and stakeholder feedback to assist USDA in developing effective methods to measure and demonstrate project benefits. Additional recommendations pertaining to evaluation discussed further below.

Evaluation

As discussed above, direct benefits to farmers should be included in program reporting and evaluation. This may include post-project surveys asking participating or affected farmers whether they have experienced increases in numbers of customers, volumes sold, sales, and/or income and if so of what magnitude. We strongly urge USDA to take a flexible and creative approach to program evaluation.

Our members have raised concerns about the ability of farmers' market grantees to require producers to report sales if this reporting structure is not built into the culture of the market, which takes time and is often the product of years of development. Recognizing the critical nature of sales data to evaluating the impacts of LAMP, we suggest that USDA broaden their scope to proxies such collecting information about customer purchases as a replacement for tracking farmer sales. The potential to develop alternative tools for evaluation is one of the many reasons we believe USDA should solicit additional feedback from stakeholders to assist in developing actionable and appropriate evaluation metrics.

NSAC also recommends USDA collect and report on how many of the grants under the LAMP subprograms are awarded to organizations serving socially disadvantaged producers, or, in the case of VAPG, the actual applicants themselves are socially disadvantaged producers. Furthermore, for VAPG, the statute maintains the following applicant priorities "(I) beginning farmers or ranchers; (II) socially disadvantaged farmers or ranchers; (III) operators of small or medium sized farms or ranchers that are structured as family farms; or (IV) veteran farmers or ranchers[4]" and funding set-asides for "Majority-controlled Producer-Based Ventures; Beginning, Veteran, and Socially Disadvantaged Farmers and Ranchers; Mid-Tier Value Chains, and Food Safety Assistance." [5] For VAPG grants, USDA should be collecting and reporting data on the number of grants provided to statutory priority applicants and the number of grants and dollar figures provided under the four statutory funding set-asides

Lastly, we recommend USDA make specific additional allocations of funding to grantees to cover the cost of engagement in evaluation activities.

2. Farmers Market and Local Food Promotion Program Recommendations

Priorities

[4] Section 10102, subsection (d), paragraph (5)(C)
[5] Section 10102, subsection (i), paragraph (3)(A)(ii)

Subsection (d) paragraph (6)(C)(i) requires that priority be given to Farmers Market Promotion Program and Local Food Promotion Program (FMLFPP) projects that "benefit underserved communities, including communities that are located in areas of concentrated poverty with limited access to fresh locally or regionally grown food." We recommend USDA take a flexible and broad approach in implementing this priority and allow multiple tools for demonstrating that the project is intended to serve and benefit communities that are located in areas of concentrated poverty with limited access.

Furthermore, USDA should not interpret the priority to mean that the grant applicant must be "located in an area of concentrated poverty with limited access to fresh locally or regionally grown food." Rather, USDA should apply the priority to both applicants that are located in such an area and to applicants that are not located in but are serving such an area.

In order to meet this priority criteria, applicants should also be required to demonstrate community support and involvement in the creation of the proposed project.

Types of Grants

In line with previous funding cycles, USDA should continue to offer both "capacity building" and "community development, training and technical assistance" grants for the Farmers Market Promotion Program subprogram and continue to offer both "planning" and "implementation grants" for the Local Food Promotion Program subprogram.

Grant Terms and Award

We have heard from our members and many other program stakeholders expressing frustration and dissatisfaction regarding USDA's decision to increase maximum grant sizes as part of the Fiscal Year 2016 Request for Applications (RFA) and subsequent RFAs. Our members and other program stakeholders have expressed concerns that this decision has led to fewer awards and increased competition for a limited pool of funding, and, as a result, potential applicants with quality projects that are good fits for the program have decided not to apply or reapply due to frustration at the low success rates. This concern has been most salient with the FMPP subprogram "community development, training and technical assistance grants."

We understand this decision was not made lightly and was made primarily to address internal capacity challenges. However, given that LAMP provides *even less annual funding* for FMPP and LFPP grants relative to the 2014 Farm Bill yet also provides *increased administrative resources*, we recommend that this decision be revisited.

For FMPP grants, we recommend the following grant amounts and terms:

- "Capacity building grants:" Minimum \$50,000; Maximum \$250,000
- "Community development, training and technical assistance:" Minimum \$50,000; Maximum \$350,000
- Continue grant terms up to 36 months for both "capacity building grants" and "community development, training and technical assistance"

For LFPP grants, we recommend the following grant amounts and terms (no changes):

- "Planning grants": Minimum $25,000; Maximum $100,000
- "Implementation grants": Minimum $100,000; Maximum $500,000
- Continue grant terms for planning grants up to 18 months; and up to 36 months for implementation grants.

Recognizing that staffing and capacity are always a challenge and there could be high quality projects in the "Community development, training and technical assistance" maximum level of assistance authorized under LAMP ($500,000), an alternative approach would be to limit the total number of grants within the upper range.

Matching Funds

The statute requires a grantee to provide matching funds of at least 25 percent of the federal grant award for both FMPP and LFPP projects. We urge USDA to continue to allow organizations to provide that 25 percent match through a combination of in-kind and cash, including 100 percent in-kind.

Definition of "Direct Producer Sales"

In previous RFAs, USDA took the view that farm sales direct-to-grocers and -restaurants were intermediated sales and not direct marketing. However, in the view of many producers within our network, according to some state laws and as defined under FDA's Produce Safety Rule under the Food Safety Modernization Act, when farmers sell directly to local groceries and restaurants, those sales are considered direct marketing sales.

The confusion between USDA's view and what stakeholders consider to be direct versus intermediated marketing led to the inclusion of specific clarifying report language as part of reauthorization FMLFPP through LAMP in the 2018 Farm Bill. That report language states:

> "The Managers are aware of past stakeholder confusion regarding the definition of direct producer sales that do not involve an intermediary such as a food hub. It is the Managers intent to support the development, coordination, and expansion of direct producer-to-retail, direct producer-to-restaurants and direct producer-to-institutional marketing as part of supporting the development, coordination and expansion of direct producer-to-consumer marketing through LAMP."

NSAC strongly recommends that the FY19 RFA includes clarifying language for allowed project types and information on allowable activities to include innovative projects that promote and support direct producer-to-retail, direct producer-to-restaurants and direct producer-to-institutional marketing.

Food Safety

Congress added new authorities to LAMP to provide direct assistance for food safety certification and practice upgrades. Specifically, LAMP authorizes FMLFPP (and all other subprograms) to provide financial assistance for "expenses relating to costs incurred in obtaining food safety certification and making changes and upgrades to practices and equipment to improve food safety." This language was included in LAMP as a new "eligible activity" for FMLFPP as well as for VAPG.

As part of the new food safety financial assistance authorities, there is a limitation on the amount of each grant that can be spent on food safety. Subsection (d) paragraph (6)(D)(ii) states "an eligible entity… may not use more than $6,500 of the amount of a grant for an eligible activity described in paragraph (2)(J) to purchase or upgrade equipment to improve food safety."

It is important to note that the $6,500 per grant limitation applies only to costs incurred in "(ii) making changes and upgrades to practices and equipment to improve food safety" and not to costs incurred in "obtaining food safety certification." By not placing a limit on food safety certification assistance, Congress allows both FMPP and LFPP applicants to incorporate food safety certification financial assistance programs into larger projects where applicable.

Furthermore, the limitation language applies to "an eligible entity" using not more than $6,500 of a grant for an eligible food safety equipment upgrade. Consequently, NSAC recommends that if an application includes multiple entities that the $6,500 limitation should be applied to each entity separately, rather than collectively. For instance, if a distribution hub that wanted to expand or build a network working with small on-farm packing and aggregation facilities as part of a larger LFPP project, each of the entities involved should be able to use up to $6,500 for food safety equipment and practice upgrades.

3. Regional Partnership Program (RPP) Recommendations

Definition of "Regional"

Under the new Regional Partnership Program (RPP) authorized within LAMP, subsection (e) paragraph (3)(B), allows a partnership to determine the scope of the regional food system that is the focus of a partnership grant project. Consequently, USDA should not strictly define what a region is, but instead provide some broad parameters or guidance regarding the defining features of a region.

In providing such guidance, USDA should take a flexible approach that allows for multi-state regions (i.e. New England), multi-county regions (i.e. "southern Illinois") and Major Metropolitan regions that may or may not encompass multiple states (i.e. Chicago, Denver, or Sacramento).

In thinking about what kind of broad but flexible parameters could be in place, we recommend that USDA pay particular attention to the characteristics, rather than just geography, of region. The defining feature of a region and regional food systems development work should be focused on the interplay between areas of production and consumption. Funded partnerships should include representatives and entities operating in different parts of the food system within a self-defined region, such as production, transportation/distribution, consumption, planning, and government/regulatory. Furthermore, the partnerships themselves should be facilitating linkages between entities operating in different parts of the food system within a self-defined region. Partnerships should be cross-sector as well, including representation from such sectors as community development organizations, regional planning commissions, public health departments, food policy councils, financial institutions, general farm organizations and urban agriculture organizations.

Eligible Partners

Subsection (e) paragraph (1)(B) defines an eligible partner to include, among others entities, "a state agency or regional authority." The full list does not include a number of other regionally focused entities that are interested in the partnership program. However, the statute also allows USDA to add to the defined list of eligible partners. NSAC recommends USDA include regional planning commissions, regional planning authorities, regional planning organizations, regional councils of governments, regional economic development organizations/districts, and similar organizations as eligible partners.

Matching Funds

The statute requires a grantee to provide matching funds of at least 25 percent of the federal grant award for RPP projects. We urge USDA to allow those involved in a partnership to provide that 25 percent match through a combination of in-kind and cash, including 100 percent in-kind.

Priorities

Subsection (e) paragraph (5)(c)(i)(I) gives priority to applications that "leverage significant non-federal financial and technical resources." USDA should provide additional guidance to clarify what constitutes "significant non-federal financial and technical assistance" and do so in relationship to the required match of 25 percent of the grant funds.

In addition, Tribal communities in particular may have a hard time meeting this priority, considering the significant role of federal funds that are deployed in tribal communities and utilized by tribal governments. USDA should be sensitive to this reality and if possible take it into consideration when applying the aforementioned priority.

Additionally, subsection (e) paragraph (5)(c)(ii) gives priority to projects that "cover an area that includes distressed low income rural or urban communities, including areas with persistent poverty." NSAC recommends that USDA define what "cover" means and not require that a project exclusively serve a distressed low-income community. Recognizing that many Tribal communities often include low-income rural communities with persistent poverty, this priority might serve as a tool for addressing the aforementioned dearth of non-federal matching resources in Tribal communities.

NSAC also recommends that in order to claim such a priority, partnerships applying to the program should include partners that are located in covered areas but should not require all partners to be located in covered areas. In addition, partnerships should be required to go beyond simple inclusion of partners located in priority areas in the partnership, and be required to demonstrate extensive community support and involvement in the creation of the proposed project.

Project Diversity

NSAC recommends that USDA focus resources to provide assistance to high capacity partnerships in regions with existing assets, capacity and serious opportunity to develop new markets, create jobs and drive economic activity. However, the program should not be limited to projects and partnerships that are located in regions with well-developed local food systems with high capacity.

In addition to the statutorily required geographic diversity (subsection (e) paragraph (2)(B)), when making awards for partnership grants, USDA should allow for lower capacity regions with strong potential to utilize the program for the purposes of developing the capacity and linkages that would allow such a region to engage in the kind of activities that will drive the development of new markets, job creation, and overall economic activities. For instance, there might be regions more rural in nature that have underdeveloped assets when it comes to production for local and regional markets that, with the support of RPP, could be transformed into a region with the capacity and assets to engage in broader efforts to develop and facilitate connections between production and consumption at a regional level.

Grant Types & Activities

With partnerships granted the authority to broadly determine the scope of their work and their goals, objectives and activities (subsection (e) paragraph (3)), certain complexities arise with respect to specific categories or types of projects to be funded through RPP. However, subsection (e) paragraph (2)(A) states that grants are to "support partnerships to plan and develop a local or regional food system." Therefore, NSAC recommends that USDA offer two distinct grant types under RPP: (1) Planning and Assessment grants, and (2) Implementation and Development grants.

"Planning and Assessment" grants should focus on supporting both the development of the capacity within a partnership to conduct assessments and planning activities, as well as actual assessment and planning activities. "Planning and Assessment" grants should support projects for up to 24 months. NSAC members and stakeholders have expressed concern that due to the regional focus of the program and the likelihood that such partnerships will include multiple entities across multiple sectors operating in different parts of the food system, such planning and assessment projects will take time to conduct in a thorough, high-quality and effective manner; and therefore should allow for at least a maximum grant length of 24 months.

"Implementation and Development Grants" should, as a prerequisite, require an existing assessment and plan for developing the regional food system and focus on supporting both the capacity of partners to implement a plan as well as actual implementation activities. Furthermore, we recommend USDA take a flexible approach to what plans and assessments will be allowed to count as prerequisites and not limit it to RPP-funded planning and assessment products.

In focusing on activities that might be funded by RPP grants NSAC has the following recommendations:

- **Emphasize Value Chain Coordination**: "Value Chain Coordination" is a concept that is generally well understood within the broader manufacturing community but has only recently entered the lexicon of food systems work. Value Chain coordination was one of the emerging approaches or concepts in food systems and food economy development work that led to the creation of RPP. LAMP recognizes the importance of value chain coordination and the human capital that is central to effective value chain coordination and calls out and defines the term "Regional Food Chain Coordination." Subsection (a) paragraph (9) states "the term 'regional food chain coordination' means coordination and collaboration along the supply chain to increase connections between producers and markets."

Partnership grants should emphasize and encourage projects consisting of and featuring value chain coordination or "regional food chain coordination" work. USDA should also take a broad and inclusive view as to what activities are considered appropriate for value chain coordination or regional food chain coordination work, including but not limited to the following:

- o Identify and organize local food producers and entrepreneurs into entities that are able to deliver local and regional food into local markets.
- o Provide "market matchmaker" services by identifying and connecting key stakeholders through referral services and other forms of short-term engagement.
- o Convene stakeholders and facilitate relationship building across the food value chain by engaging key stakeholders, maintaining communication channels, and fostering a trusting environment.
- o Work with food value chain members to build capacity through education and training programs in sustainable production practices, food safety, marketing and branding, and other similar activities.
- o Identify and work to remove barriers to the movement of local and regional food products into the marketplace.
- o Increase awareness about procurement requirements, such as bidding procedures and preferred-vender practices that may impede with the ability of food value chains to access certain marketing channels.
- o Identify resources, such as grants, loans and services, to support value-chain/region food chain collaborators as they develop their enterprises.
- o Provide technical assistance to producers and enterprises in the preparation of grant and loan applications that fit with the purposes of the program and advance regional plans.

- **Technical Assistance to Producers and Eligible Entities**: Subsection (e) paragraph (3)(F) states that partnerships may "at the request of a producer or eligible entity desiring to participate in eligible activities under the partnership agreement, act on behalf of producer or eligible entity in applying for a grant under subsection (d)." This provides partnerships with the unique authority of being able to apply to FMPP, LFPP and VAPG subprograms on behalf of other applicants.

  There are, however, other USDA programs beyond FMPP, LFPP and VAPG that could play an important role in developing regional food systems that provide jobs, expand markets and drive overall growth, including:

  - Specialty Crop Block Grants (AMS)
  - Rural Microentrepreneur Assistance Program (RBCS)
  - Business and Industry Local and Regional Food Enterprise Guaranteed Loans (RBCS)

- Rural Cooperative Development Grants (RBCS)
- National Organic Certification Cost-share Assistance (FSA)
- Direct Loans and Microloans (FSA)
- Food Insecurity Nutrition Incentives Program (NIFA)
- Beginning Farmer and Rancher Development Program (NIFA)
- Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers (OPPE)
- Community Food Grants (NIFA)

In addition, subsection (g) states, "In carrying out the Program, to the maximum extent practicable, the Secretary shall ensure coordination among Federal Agencies." NSAC recommends that in implementing the new partnership authority to "at the request of a producer or eligible entity desiring to participate in eligible activities under the partnership agreement, act on behalf of producer or eligible entity in applying for a grant under subsection (d)," that USDA expand the list of programs a partnership can act on behalf of a producer or eligible entity in applying for through interagency memorandums or agreements.

- **Facilitating Infrastructure Investments**: In addition to a broad and inclusive view about value chain coordination or regional food chain coordination activities, USDA should emphasize facilitation of enterprise and infrastructure development investments through the identification of sources of capital for potential related projects as well as the actual facilitation of "deals" for food systems infrastructure and enterprise investments.

- **Food Safety Infrastructure and Practices Upgrades**: Through LAMP, Congress authorized financial assistance for "expenses relating to costs incurred in obtaining food safety certification and making changes and upgrades to practices and equipment to improve food safety." This language was included in LAMP as an "eligible activity" for all subprograms. In including "food safety financial assistance" in FMPP, LFPP and VAPG subsections of LAMP there is a statutory limitation that caps the amount per grant under each program that can be used to purchase or upgrade equipment to improve food safety at $6,500 per grant. No such limitation exists within the RPP subsection. NSAC therefore recommends that USDA allow for the use of RPP funds to establish small food safety financial assistance initiatives that are material to efforts to more broadly develop a region's food system as proposed by a partnership.

  In allowing a food safety financial assistance initiative as an activity under a partnership agreement, USDA should allow for both expenses incurred related to food safety certification and related to making changes and upgrades to practices and equipment to improve food safety. However, we recommend placing greater emphasis on practice and equipment expenditures, as financial assistance is already available in several states for food safety certification through either Specialty Crop Block Grants or the RMA-AMS Agricultural Management Assistance funds for H-GAP audits. NSAC also recommends that USDA limit the overall amount any one producer can receive for food safety financial assistance through a partnership to $6,500.

- **Innovative Uses of Capital**: RPP, in contrast to FMLFPP and VAPG, does not include any statutory limits on the use of grant funding for the purchase or construction of a building, general-purpose equipment, or a structure. NSAC therefore recommends that USDA consider how grant funding could be utilized for enterprise and infrastructure development when they are part of and critical to the success of a larger regional food system development plan and project. Some examples include:

- Providing seed capital for a revolving loan fund tailored to the needs and market gaps of specific sectors in a region;
- Providing capital for a seed equity fund tailored to the needs and market gaps of specific sectors in a region;
- Supporting a market analysis of capital needs and gaps;
- Providing technical assistance to food systems enterprises in need of capital; and
- Working to match food systems enterprises and private investors.

4. Value Added Producer Grant (VAPG) Program Recommendations

Priorities

The VAPG statutory priorities are "(I) beginning farmers or ranchers; (II) socially disadvantaged farmers or ranchers; (III) operators of small or medium sized farms or ranchers that are structured as family farms; or (IV) veteran farmers or ranchers." We strongly urge USDA to provide substantial ranking points in the peer review process criteria for each of these priorities. The outcome of annual grant funding should be an overall grant portfolio where the overwhelming number of projects is responding directly to these priorities. We also encourage USDA to retain the definition of small and medium sized family farms and ranches that has been used in the current VAPG rule, as well as the long-standing FSA definition of family farm, which is incorporated into the existing rule.

The report language included in the farm bill also states "the Managers direct USDA to continue to treat cooperatives as a priority in administering the VAPG of LAMP." However, because the priority for coops is not included as a statutory priority, and because in some instances a focus on coops could potentially controvert the statutory priorities, it should not be treated on the same level as the statutory priorities for beginning, socially disadvantaged, veteran, and small/medium sized family farms and ranchers. In the scoring of applications as they pertain to priorities, the application process should give primary weight to the statutory priorities, using coops as a tiebreaker. In this manner, the statutory priorities will be maintained, while still providing an incentive to use a cooperative business model where appropriate.

Underserved Producers

The 2018 Farm Bill makes a very important addition to the priorities for beginning, socially disadvantaged, and veteran farmers and small and medium sized family farms more generally. The exact language reads that applications that "are submitted by **or serve**" *(emphasis added)* the priority categories count as fulfilling the priorities. The statute goes on to clarify that "(ii) in the case of an application submitted by an eligible entity described in any of subparagraphs (B)(ii) that provide the greatest contribution to creating or increasing marketing opportunities for procurers described in subclauses (I) through (IV) of clause (i)." In other words, in the review process, the peer reviewers are to make a determination, based on the documentation presented in the proposal, as to which projects make the greatest contribution to serving the priority categories, and award more points for those making the biggest contribution.

This is extremely important. While an individual farmer proposal is easily characterized as either from someone in a priority category or not, group proposals that include more than one producer requires an honest assessment by the reviewers. The application should provide for applicants to present their case for meeting a program priority, and reviewers should look carefully at that information in awarding points and choosing projects to be funded.

To reiterate from above, the points awarded for meeting the priorities should be a very substantial percentage of the total possible points in the ranking form. Increasing the points and amending the process in accord with the new farm bill language will require major important revisions to the current rule. We urge you to address those changes in the rule as soon as possible, and also to include interim changes in the FY 2019 notice of funding availability to bring it into alignment with the congressional directive.

Matching Funds

The 2014 Farm Bill statutory language for VAPG includes a required non-federal funding match requirement equal to at least the amount of federal funds provided. However, it was silent on whether or not that match could include in-kind, or only cash funding. In its implementation of VAPG under the 2014 Farm Bill, USDA allowed both cash and in-kind matches, but limited the amount of in-kind match to half of the match.

In the 2018 Farm Bill, LAMP includes nearly identical match requirement language for VAPG as was included in the last farm bill. NSAC therefore recommends that VAPG's match requirement remain the same, allowing in-kind contributions or "sweat equity" to account for up to half of the required match.

Grant Terms and Awards

NSAC recommends that the USDA continue the same grant terms as the 2014 Farm Bill but increase the award maximums. A maximum length of 3 years should be retained for planning grants and working capital grants; the maximum should remain, at $75,00 for planning grants and the maximum for working capital grants should be raised to $350,000.

Food Safety Financial Assistance

Through LAMP, Congress added new authorities to both FMLFPP and VAPG to address food safety certification and practice upgrades. Specifically, LAMP authorizes the financial assistance for "expenses relating to costs incurred in obtaining food safety certification and making changes and upgrades to practices and equipment to improve food safety." This language was included in LAMP as a new "eligible activity" for VAPG grant projects. The 2018 Farm Bill also included a $6,500 cap on the amount per grant under each program that can be used to purchase or upgrade equipment to improve food safety. Within VAPG, a maximum of 25 percent of the program's annual funding can be used for the food safety certification and infrastructure upgrades. Beyond these provisions, however, LAMP does not provide many details as to how the program's new food safety authorities and funding should be implemented.

NSAC recommends that the new authority be implemented in a way that makes the funding broadly accessible to those producers who have the greatest need for food safety financial assistance. We urge USDA to explore ways in which they can make food safety resources easily accessible in a simplified manner to producers, and not require additional value-added activities be included in order to be eligible for funding. We believe the congressionally directed administration of the program in a streamlined manner with a simplified application process allows for the creation of a separate option. Producers who need financial assistance for food safety upgrades in order to reach new markets should be able to apply for food safety financial assistance-only grants through VAPG, without having to propose a full working capital grant application.

VAPG has historically been administered with two options: "planning/feasibility grants" and "working capital grants." In light of the new 2018 provisions, NSAC recommends a third option be created for food safety assistance. In administering VAPG under the 2014 Farm Bill, a simplified "working capital grant" option was available for requests under $50,000. NSAC recommends that USDA take a similar approach to food safety assistance and create an appropriately simplified application for producers who are just seeking food safety assistance for market access and expansion purposes. Recognizing creating a third option within VAPG creates program administration complexities, we recommend that it be done as part of the previously discussed streamlining of the program's administration and NSAC's recommendation to create a single responsive application.

Utilizing up to $6,500 of a working capital grant for food safety costs related to certification and practice/equipment upgrades should also be allowed as part of larger VAPG projects.

Recognizing that financial assistance is already available in several states for food safety certification through either Specialty Crop Block Grants or the RMA-AMS Agricultural Management Assistance funds for H-GAP audits, NSAC believes the food safety financial assistance funding within VAPG (both for food safety-only applicants and working capital applicants) should be focused on infrastructure and equipment upgrades that will improve on-farm food safety practices.

Conflict of Interest

NSAC is aware of concerns regarding recently considered changes to "conflict of interest" rules governing the application and award process for VAPG that would impact the ability of grant writers to also serve as business advisors and consultants for the same VAPG projects. While we understand that "conflict of interest" rules are important and well intended to protect producer applicants, taxpayers, and the integrity of the program, we are also concerned about unintended consequences. Developing a value-added agriculture enterprise is a complicated endeavor filled with risk. Producers interested in developing value-added agriculture enterprises and how VAPG can support those efforts need to be able to access the right kind of technical assistance and business advice from legitimate service providers and business consultants.

In implementing VAPG under the new farm bill, NSAC recommends that the USDA take a cautious approach to any changes to conflict of interest rules that might have negative consequences upon a prospective VAPG applicant's ability to obtain the kind of in-depth one-on-one business and enterprise development advice that is critical to not only navigating the VAPG program but the actual development of new value-added enterprises or the sustainable expansion of existing value-added enterprises. We encourage USDA to work with qualified value-added agriculture business advisors with track records of success to create better technical assistance for producers and include them in any discussions regarding "conflict of interest" rule changes or other changes that might impact the ability of qualified business advisors helping producers not only navigate the VAPG award process but the physical development of value-added enterprises.