

2014 Farm Bill Funding Opportunities and Provisions Affecting Local Agriculture Markets

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The National Association of Towns and Townships



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Introduction

The following document prepared by The National Association of Towns and Townships outlines Farm Bill (Agricultural Act of 2014) programs and provisions that affect local agriculture producers, farmers markets, and other local agriculture businesses.

The document separates the programs and provisions into four categories: (1) Reauthorized; (2) Reauthorized with Amendments; (3) New; and (4) Provisions. The “Reauthorized” category includes existing programs that had minimal or no changes made during reauthorization. The “Reauthorized with Amendments” category includes programs that were reauthorized but had significant changes made to the program. “New” programs include original initiatives created by the Farm Bill. Lastly, the “Provisions” category includes two language changes that have an effect on local agriculture markets.

Reauthorized

Nonrecourse Marketing Assistance Loans and Loan Deficiency Payments (sec. 1201)

Federal Agency: Department of Agriculture (USDA), Farm Service Agency (FSA)

New or Reauthorized? Reauthorized through FY 2018.

Solicitation: Rolling.

Eligible Applicants: Commodity producers.

Eligible Activities and Uses: Marketing Assistance Loans (MALs) and Loan Deficiency Payments (LDPs) are marketing tools available to producers beginning upon harvest or shearing. The MAL provides an influx of cash when market prices are typically at harvest-time lows, which allows the producer to delay the sale of the commodity until more favorable market conditions emerge. Allowing producers to store production at harvest or shearing provides for a more orderly marketing of commodities throughout the year. MALs and LDPs is authorized for crops of wheat, corn, grain sorghum, barley, oats, upland cotton, extra-long staple cotton, long grain rice, medium grain rice, soybeans, other oilseeds (including sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed), dry peas, lentils, small chickpeas, large chickpeas, graded and nongraded wool, mohair, honey, unshorn pelts and peanuts.

Loan Information: Loan rates are based on each commodity's national loan rate, which vary by county or region, and are based on the average prices and production of the county or region where the commodity is stored. The LDP rate equals the amount by which the applicable loan rate where the commodity is stored exceeds the effective MAL repayment rate for the respective commodity. The LDP amount equals the LDP rate times the quantity of the community for which the LDP is requested.

Matching and Cost Sharing: N/A

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Link to background information:

http://www.fsa.usda.gov/FSA/newsReleases?area=newsroom&subject=landing&topic=pfs&newstype=prfactsheet&type=detail&item=pf_20130116_insup_en_nrcmal.html

Senior Farmers' Market Nutrition Program (sec. 4203)

Federal Agency: USDA, Food and Nutrition Service (FNS)

New or Reauthorized? Reauthorized and continues to provide Commodity Credit Corporation (CCC) mandatory funding of \$20.6 million annually through FY2018. Funds are retroactively available to the start of FY 2014.

Solicitation: No FY 2015 solicitation has been set. For FY 2014, applications were due on November.

Eligible Applicants: Eligible applicants include state governments (any state agency approved by the CEO of the state), tribal governments, and U.S. territories.

Eligible Activities and Uses: The purpose of this program is to support the provision of fresh, nutritious, unprepared locally grown fruits and vegetables from farmers markets to low-income seniors, as well as to increase domestic consumption of agricultural commodities through assistance in development or expansion of new or existing farmers' markets, roadside stands, and community-supported agriculture (CSA) programs. Funds will be provided to eligible state agencies and tribes to implement and coordinate the program. The majority of funding must be used to cover the costs of food that are provided through this program, and a limited amount of funding may be used to cover administrative costs. Produce must be grown within a state's borders or defined border areas in adjacent states.

Award: Formula funding to participating state agencies.

Matching and Cost Sharing: There are no matching requirements for this program.

Contacts: Contacts vary by state. Please see [this list](#) of participating state agencies provided by the Program for contact information.

Link to background information:

<http://www.fns.usda.gov/sfmnp/senior-farmers-market-nutrition-program-sfmnp>

Healthy Food Financing Initiative (sec. 4206)

Federal Agency: USDA, the U.S. Treasury, and the Department of Health and Human Services (HHS)

New or Reauthorized? Reauthorized. Authorizes up to \$125 million to be appropriated for a “Healthy Food Financing Initiative” to remain available until expended. USDA is authorized to approve a community development financial institution as “national fund manager” that would administer these funds by supporting food retail projects that would “expand or preserve access to staple foods” (as defined within this section) and accept SNAP benefits.

Initiative Information: The Healthy Food Financing Initiative (HFFI) supports projects that increase access to healthy, affordable food in communities that currently lack these options. Through a range of programs at the USDA, Treasury, HHS, HFFI will expand the availability of nutritious food, including developing and equipping grocery stores, small retailers, corner stores, and farmers markets selling healthy food. Residents of these communities, which are sometimes called “food deserts,” typically rely on fast food restaurants and convenience stores that offer little or no fresh food. Healthy food options are hard to find in these communities or are unaffordable.

HFFI programs include the Community Economic Development Program through HHS and the Community Development Financial Institutions Program (the Treasury).

Link to background information:

<http://www.acf.hhs.gov/programs/ocs/resource/healthy-food-financing-initiative-0>

Business and Industry Loan Program - Locally or Regionally Produced Agricultural Food Products Program (sec. 6014)

Federal Agency: USDA, Rural Development Office (RD)

New or Reauthorized? Reauthorized through FY 2018.

Solicitation: Rolling.

Eligible Applicants: Individuals, cooperatives, cooperative organizations, businesses, and other entities are eligible for these loan guarantees

Eligible Activities and Uses: Reserves not less than 5% of the funds of the Business and Industry Loan Guarantee Program for support of locally and regionally produced food. Requires an annual report to Congress on the program. The loans provide funding to increase domestic consumption of locally and regionally produced agricultural products and to provide affordable food products in underserved rural and urban areas. Loans can be used to support and establish enterprises that process, distribute, aggregate, store, and market foods produced either in-state or transported less than 400 miles from the origin of the product.

Loan Information:

- Loans up to \$5 million: an 80 percent maximum loan guarantee
- Loans ranging between \$5 million and \$10 million: a 70 percent maximum loan guarantee
- Loans exceeding \$10 million: a 60 percent maximum loan guarantee

Loans exceeding \$10 million may be provided on an exception basis. Such loans may be for \$25 million under certain circumstances. Additionally, loans of up to \$40 million may be provided to rural cooperative organizations that process value-added agricultural commodities.

Loan repayment periods are as follows:

- Loans for real estate purposes: up to 30 years
- Loans for machinery and equipment: the lesser of 15 years, or the useful life of the machinery
- Loans for working capital: up to 7 years

Matching and Cost Sharing: Loan recipients must provide collateral documented as sufficient in value to protect the interest of the applicant/borrower and the funding agency. The discounted collateral value will normally be at least equal to the loan amount. In addition, lenders will discount collateral consistent with sound loan-to-value policy.

Contacts: Questions should be directed to the appropriate regional contact listed online at www.rurdev.usda.gov/recd_map.

Link to background information:

http://www.rurdev.usda.gov/rbs/busp/b&i_gar.htm

Reauthorized with Amendments

Farmers' Market and Local Food Promotion Program (sec. 10003)

Federal Agency: USDA, Agricultural Marketing Service (AMS)

New or Reauthorized? Reauthorized. Former "Farmers' Market Promotion Program." The program is fundamentally the same; however, the farm bill changes the name and scope. Expands the program to include local and regional food enterprises that process, distribute, aggregate, store, and market locally or regionally produced food products.

The bill requests \$30 million in mandatory funding annually (FY2014 through FY2018) and authorizes appropriations of \$10 million for each year. Designates 50% each of available funds for respectively: (1) domestic farmers' markets, roadside stands, community supported agriculture programs, agritourism activities, and other direct producer-to-consumer market opportunities; and (2) local and regional food business enterprises. Also caps administrative expenses at 4% of funding.

Solicitation: 5/08/2014 – 6/20/2014 (Application).

Eligible Applicants: The bill expands eligibility. In addition to previous eligible applicants (nonprofits, local governments, cooperatives/producer networks, economic development corporations, regional farmers market authorities, and tribal governments), individual sellers are eligible, in addition to local and regional food enterprises.

Eligible Activities and Uses: The purpose of this program is to promote the domestic consumption of agricultural commodities by expanding direct producer-to-consumer agricultural marketing opportunities. This program is intended to support projects that will encourage the development, promotion, and expansion of various direct-marketing opportunities, such as farmers markets, roadside stands, community-supported agriculture programs, and agritourism. Project activities may include.

- Direct marketing of agricultural commodities
- Enhancing product value and sales
- Farmers market start-ups
- Assessment/evaluation of the impact(s) of the vendors and/or direct markets in providing access to fresh fruits and vegetables to low-income communities
- Increasing farmer revenue and efficiency, or reducing expenses
- Infrastructure for electronic purchasing, value-added processing and packaging, and refrigerated storage
- Addressing operational or market management issues
- Assessing the use and effect of market promotion and the measurement of its impact
- Training, education, networking, and technical assistance
- Transportation and delivery systems

Matching and Cost Sharing: Matching funds are not required.

Contacts:

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Link to background information:

<http://www.ams.usda.gov/AMSV1.0/FMPP>

Traditionally and Locally-grown Food Fund (sec. 4004)

Federal Agency: USDA, Food and Nutrition Service (FNS)

New or Reauthorized? Reauthorized through FY 2018. Authorizes \$5 million annually. Additionally authorizes a feasibility study and provides \$1million in mandatory funding in FY2014, available until expended.

Solicitation: N/A

Eligible Activities and Uses: These funds are for USDA purchase of traditional and locally-grown foods to be distributed to Food Distribution Program on Indian Reservations FDPIR households.

Contacts: Questions should be directed to you Food Distribution Program Regional Office [contacts](#).

Link to background information:
<http://www.fns.usda.gov/fdpir/about-fdpir>

Food Insecurity Nutrition Incentive (sec. 4208)

Federal Agency: USDA, FNS

New or Reauthorized? Reauthorized. Extends and amends the former Hunger-free Community Grants to “Incentive Grants” for projects that incentivize SNAP participants to buy fruits and vegetables. Limits federal cost share to 50%. Provides \$100 million in mandatory funding over 5 years. Discretionary authority of \$5 million per year.

Solicitation: Unknown

Eligible Applicants: Nonprofits, agriculture cooperatives, producer networks/associations, community health organizations, public benefit corporations, economic development corporations, a farmers market, a community supported agriculture program, a buying club, retain food store participating in SNAP, state governments, local governments, and tribal governments.

Eligible Activities and Uses: The program will accept projects that provide incentives at the point of purchase to increase the purchase of fruits and vegetables by low-income consumers participating in SNAP.

Matching and Cost Sharing: Federal share will not exceed 50%. In-kind contributions are accepted (equipment, facilities, services).

Contacts:

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703-605-0773

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Link to background information:

Hunger Free Community Grants: <http://www.hungerfreecommunities.org/about/usda-grant-program/>

New

Food and Agriculture Service Learning Program (sec. 4209)

Federal Agency: Department of Agriculture (DOA), National Institute of Food and Agriculture (NIFA)

New or Reauthorized? New.

Solicitation: Unknown

Eligible Applicants: Not specified in bill language.

Eligible Activities and Uses: Creates a Food and Agriculture Service Learning Program with statutory purposes that include: increasing capacity for food, garden, and nutrition education; complementing the work of the federal farm-to-school grants; coordinating with the related National Institute of Food and Agriculture (NIFA) work. USDA is to evaluate the program regularly and report the results to congressional committees of jurisdiction. \$25 million is authorized to be appropriated and is to remain available until expended.

Matching and Cost Sharing: Not specified in bill language.

Contacts:

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National Institute of Food and Agriculture
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Link to background information: N/A

Farm to School Program – Pilot Projects (sec. 4202)

Federal Agency: USDA, FNS

New or Reauthorized? The Farm to School Program is existing; however, the pilot projects authorized in the farm bill are new.

Solicitation: Unknown

Eligible Applicants: State governments.

Eligible Activities and Uses: Requires USDA to carry out a pilot project for up to eight states participating in the National School Lunch Program to have additional flexibility in purchasing fresh fruits and vegetable from multiple suppliers and to allow for geographic preference.

Matching and Cost Sharing: Unknown

Contacts:

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Link to background information:

Farm to School Program: <http://www.fns.usda.gov/farmtoschool/fy-2015-farm-school-grant-program-funds-available>

Rural Business Development Grants Program (sec. 6012)

Federal Agency: USDA, RD

New or Reauthorized? New. Combines two existing programs, the Rural Business Opportunity Grants Program and the Rural Business Enterprise Grants Program. Authorizes \$65 million for each fiscal year through 2018.

Solicitation: Unknown

Eligible Applicants: Governmental entities, tribal governments, and nonprofit entities.

Eligible Activities and Uses: The program will fund business opportunity projects and projects that support the development of business enterprises. Projects aim to:

- Identify and analyze business opportunities;
- Identify, train, and provide technical assistance to existing or prospective rural entrepreneurs and managers;
- Assist in the establishment of new rural businesses and the maintenance of existing businesses, including through business support centers;
- Conduct regional, community, and local economic development planning and coordination, and leadership development; and
- Establish centers for training, technology, and trade that will provide training to rural businesses in the use of interactive communications technologies to develop international trade opportunities and markets.

Matching and Cost Sharing: Unknown

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Link to background information: N/A

Provisions

Community Supported Agriculture (sec. 4012)

Section 4012. Use of Benefits for Purchase of Community-Supported Agriculture Share

This section amends section 3 of the Food and Nutrition Act of 2000 (7 U.S.C 2012) by inserting “, or agricultural producers who market agricultural products directly to consumers” after “such food.”

The provision makes SNAP benefits redeemable for shares of Community-Supported Agriculture (CSA). In a CSA, a farmer or community garden grows food for a group of local residents—members, shareholders, or subscribers—who pledge support to a farm at the beginning of each year by agreeing to cover the farm’s expected costs and risks. In return, the members receive shares of the farm's production during the growing season.

EBT Machinery, Manual Vouchers (sec. 4002(b))

Section 4002: Retail Food Stores (b) Alternative Benefit Delivery

This subsection makes changes to electronic benefit transfer costs associated with machinery. This subsection shifts the costs of EBT machinery to the retailer, with exemptions for certain retailers, such as farmers markets and direct-to-consumer, markets, nonprofit buying cooperatives, and military commissaries.