

Statement by
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Madam Chairwoman and Members of the Committee, thank you for the opportunity to appear before you today to discuss the importance of local and regional markets and increasing access to healthy food.

In the past decade, American agriculture has been the second most productive sector of our Nation's economy. It accounts for 1 in 12 American jobs, provides American consumers with 86% of the food we consume, and ensures that we spend a smaller portion of our paychecks at the grocery store than consumers in most other countries.

USDA has made historic investments in America's rural communities, helping to create jobs today while building thriving economies for the long term. We have been doing this by supporting the expansion of markets for U.S. agricultural goods abroad, working aggressively to break down barriers to trade, and strengthening domestic market opportunities.

America has the most innovative farmers, ranchers, and food businesses in the world. Increasingly, many of them are recognizing an opportunity to diversify their incomes and connect with their communities through local and regional markets.

Regional and Local Food Systems – Market Opportunity

Local food is one of the fastest growing segments of agriculture, with direct consumer sales doubling in the past decade to reach close to \$5 billion in 2008. More than ever, consumers are interested in where their food comes from and are seeking out a connection to the men and women who put food on our tables. Buyers in every sector of the food system have increased local food purchases, and conversations between farmers and consumers are taking place every day in every part of the country.

These relationships are critical for a generation with no living memory of a time when much of America was involved in agriculture. Many Americans learn about farming for the first time when they meet a local farmer or read about their products and production methods in a store. In this way, local and regional food economies help the 98% of Americans who don't farm to reconnect with our Nation's farmers and ranchers, and better understand the important role they play in our their families lives and the strength of our nation.

Know Your Farmer Know Your Food

Under the leadership of Deputy Secretary Merrigan, USDA has renewed its commitment to helping our stakeholders grow the local and regional sectors of American agriculture. Through the **Know Your Farmer, Know Your Food** (KYF2) initiative, we have worked to facilitate conversations with both farmers and consumers about USDA's programs that support regional and local food systems and to share our support for growth in this new agricultural sector. The KYF2 website – www.USDA.gov/KnowYourFarmer - provides a one-stop shop for information on the more than 25 programs at USDA that can support local and regional agriculture, helping producers and businesses pursue new opportunities in local and regional

food. With the use of the map that was launched last week, we can see USDA at work across the country supporting these new markets.

Support for Beginning Farmers and Ranchers

With new markets also comes an opportunity to support a new generation of young farmers. For every farm operator under the age of 35, the U.S. has six farm operators over 65, many of whom are on the verge of retirement. Since 1980, our nation has lost over 200,000 farms due to retirement, financial distress, and other factors. Although not all new entrants will sell their food locally, USDA has recognized the significant role that local and regional market opportunities play for the recruitment and retention of new farm and food businesses. Some are naturally drawn to the scale of these markets, while others see them as the first step in a scaling-up strategy.

But farming involves uncertainty, and new farmers frequently lack access to training and technical assistance. Many struggle to get credit and gather the resources needed to purchase land and equipment. Access to land is a major challenge: the average cost of farmland has doubled nationally over the last decade. One of the key USDA programs supporting new farmers and ranchers, many of whom sell locally, is the Beginning Farmer and Rancher Development Program (BFRDP), administered by the National Institute of Food and Agriculture. In 2009, USDA funded 29 BFRDP projects at organizations around the country that in turn trained more than 5,000 beginning farmers and ranchers in the first year of the program. In 2010, 40 projects were funded. Together the 69 projects are located in 40 states and serve beginning farmers and ranchers from coast to coast.

Whether it is a Cooperative Extension Service program, a conservation program administered by our Natural Resource Conservation Service, or a loan program administered by our Farm Service Agency, we are committed to helping young and beginning farmers gain

access to credit and assistance to take advantage of these new markets as well as traditional markets.

Increasing Access to Healthy Food

Regional and local markets play a role in increasing access to healthy foods. As we know, childhood obesity rates in America have tripled over the past three decades. Today nearly one in three children in America is at risk for preventable diseases such as diabetes and heart disease due to being overweight. If left unaddressed, some health experts suggest that our current generation of children may actually have a shorter lifespan than their parents. To confront this challenge, the U.S. Department of Agriculture has taken significant strides to help make sure America's children are eating better and leading healthier lives.

USDA's commitment to healthy food access is integrated into a menu of programs across the Department including Rural Development programs, the Farmers Market Promotion Program, Community Food Projects, and programs within the Food and Nutrition Service. These programs have mandates broader than healthy food access, but many activities provide critical support to improve access to healthy foods in underserved areas.

Working to break down silos across USDA we can leverage our resources for local and regional markets to improve economic opportunities for rural communities and farmers. For example, in 2009, USDA's Food and Nutrition Service (FNS) streamlined requirements for Supplemental Nutrition Assistance Program certification through farmers' markets and Community Supported Agriculture programs. This allowed more SNAP participants to use their Electronic Benefits Transfer (EBT) card to purchase food at local and regional markets. At the same time, the Agricultural Marketing Service (AMS) began making grants through the Farmers' Market Promotion Program to fund the installation of wireless point-of-sale devices so that outdoor markets could accommodate the use of EBT cards. And in 2010, AMS and FNS

collaborated on a handbook for farmers' market operators interested in accepting EBT cards for purchases by SNAP participants, helping them navigate the process and take advantage of available resources. The result of all this work was a more than 50% increase – just last year – in the number of farmers markets accepting SNAP benefits. When farmers' markets and farm stands can accept electronic benefits such as SNAP and coupons from participants in the WIC program (which serves low-income women, infants and children), beneficiaries gain access to healthy, local food while farmers and ranchers increase their customer base.

Farm to school initiatives are growing across the country and offer a way to connect schools (K-12) with regional or local farms in order to serve healthy meals using locally produced foods. Farm to school activities not only provide fresh, locally-produced food to school meals programs, but also provide farmers with new marketing opportunities and school children with the opportunity to learn about how food is produced and harvested for consumption.

The Healthy Hunger-Free Kids Act of 2010 authorized and funded USDA to provide up to \$5 million a year, beginning in October 2012, for competitive grants up to \$100,000 each for training, supporting operations, planning, purchasing equipment, developing school gardens, developing partnerships and implementing farm to school activities. Schools, State and local agencies, Indian tribal organizations, agricultural producers, and nonprofit organizations are eligible to receive the Farm to School grant to improve access to local foods in schools.

Another example of our work in this area is our investigation into how traditional wholesale market, facilities could provide appropriate space and infrastructure to help small and mid-sized local and regional producers better meet the surge in demand for local and regional product. USDA has already seen some wholesale markets make the shift toward serving local

producers. With so many links in the chain between farmers and consumers, some entrepreneurs are combining multiple links into one business. “Food hubs” are a case in point. A food hub is a business or organization that actively coordinates the aggregation, storage, distribution, and/or marketing of locally or regionally produced food. By bringing together the products of many individual farmers and providing economies of scale for insurance, packaging, and other services, food hubs are able to help local producers reach a larger range of markets including large regional buyers.

Food hubs can be organized under a variety of business models, including small businesses, nonprofit organizations, buying clubs, or producer or retail cooperatives. Producer cooperatives, which are locally or regionally owned by their members, are a natural fit. Retail cooperatives, which are owned by consumer members, are also a model that has been used to develop food hubs that aggregate farmers’ products and offer them for sale to consumers.

Detroit’s Eastern Market, represented at this hearing today, has been a public market for over 100 years, and is transforming from a traditional market to a food hub – and more. More than 250 vendors from Michigan, Ohio, and Ontario process, wholesale, and retail their food at the market, which also coordinates aggregation, distribution, processing, and commercial sales for many of the region’s small and mid-size farmers. In 2010, the market entered into a cooperative agreement with USDA’s Agricultural Marketing Service to expand the availability of healthy, local food throughout Detroit. The market is currently partnering with the Detroit Public Schools on their internal goal of converting 30 percent of their \$16 million annual food purchases to Michigan-grown and minimally processed foods. And as a major gathering place for consumer-direct retail purchases as well as wholesale transactions, Eastern Market also processes up to \$30,000 in SNAP benefits each month.

USDA is also working across the Federal Government, collaborating with Treasury and Health and Human Services (HHS) to advance a coordinated effort to combat food deserts

consistent with our existing authorities. This effort represents the Federal Government's first coordinated step towards addressing the problem of food deserts by promoting a wide range of interventions. Such interventions include expanding the supply of and demand for nutritious foods, including increasing the distribution of agricultural products; developing and equipping supermarkets, grocery stores, small retailers, corner stores, farmer's markets and other retail food outlets; and strengthening producer-to-consumer relationships. These efforts will open new markets for farmers to sell their products, create jobs and help revitalize distressed communities through investments in anchor institutions.

USDA Nutrition Programs

USDA is also working to provide critical nutrition assistance during a time of record need while addressing the very serious challenge of obesity and healthy food access. Our programs offer a powerful opportunity to promote healthful diets, physically active lives and healthy weight for those we serve.

The economic downturn resulted in a substantial increase in need for the Supplemental Nutrition Assistance Program (SNAP) a critical tool to ensure access to healthy food for hardworking families as they get back on their feet. In 2010, SNAP helped lift 3.9 million Americans – including 1.7 million children – out of poverty.

For many families, SNAP is a bridge to self-sufficiency, with half of all new SNAP participants leaving the program within eight months. Many Americans have an incomplete picture of who actually receives SNAP benefits and who is benefiting from them. Over the last 20 years, the program has transitioned to a program that is increasingly utilized by working families. Only 8 percent of households in SNAP today receive cash welfare from the Temporary Assistance to Needy Families (TANF) program. Children are nearly half of all of the SNAP beneficiaries, and the elderly make up nearly 8 percent. USDA has also taken important steps to

protect the taxpayers' investment in the SNAP program and to make sure it is there for those who truly need it.

SNAP and Healthy Diets

With SNAP touching so many American's lives, it presents a unique opportunity for USDA to provide nutrition education resources to millions. The Healthy, Hunger-Free Kids Act reformed the structure of the nutrition education provided through SNAP by establishing a Nutrition Education and Obesity Prevention Grant Program that increases flexibility for States to help SNAP recipients make healthy choices on a limited budget. The new and improved program will require a greater emphasis on evidence-based, outcome-driven interventions, with a focus on preventing obesity and actively coordinating with other programs for maximum impact and cost-effectiveness. We are working to publish a rule soon that will lay out the structure and requirements of the grant program.

In addition to changes in nutrition promotion, and guidance for clients on thrifty shopping and food preparation strategies, we have been seeking to improve access and incentivize increased consumption of fruits and vegetables. As part of implementing the 2008 Farm Bill, we have launched an innovative pilot project to test the impact of incentives at the point of sale to encourage households participating in SNAP to purchase fruits and vegetables. This Healthy Incentives Pilot (HIP) is providing 7,500 randomly selected SNAP households in Hampden County, Massachusetts an opportunity to earn additional benefits when they purchase fruits and vegetables. Operations began in November. A rigorous evaluation will measure whether these incentives increase the consumption of fruits and vegetables, as well as their impact on the overall diets of participants.

Conclusion

Thank you for this opportunity to speak to you today about some of our efforts to strengthen regional and local food systems and increase access to healthy food. What all these efforts have in common is that they are creating economic opportunities for farmers and ranchers as just one part of a vibrant and diverse agricultural economy. USDA's efforts to support local and regional food systems are spurring job growth, providing access to healthy food, and keeping more farmers on their land and more wealth in rural communities.