March 8, 2024

Agricultural Marketing Service
U.S. Department of Agriculture
1400 Independence Ave SW
Washington, D.C. 20250

Submitted via Regulations.gov, Docket No. AMS-SC-23-0073

Re: Request for Information Specialty Crops Competitiveness Initiative

We, the undersigned organizations (collectively, "Commenters") thank the U.S. Department of Agriculture (USDA) for the opportunity to share our research and insights into how USDA can support a robust and competitive specialty crop industry.

Commenters have with growing concern called attention to the ballooning agricultural trade deficit and its troubling implications for U.S. farmers and consumers. Once a self-sufficient agricultural powerhouse, the United States has increasingly shifted its production away from food for people due to short-sighted policies that benefit the world's largest meat and grain corporations: Row crop production — like corn and soybeans used for industrial livestock feed — receives the lion's share of government support.[1]

The result has been a food and farm system that no longer produces enough fruits and vegetables to meet the needs of its own citizens, and a swiftly growing trade deficit driven by a reliance on imported produce from other countries.[2] [3] Meanwhile, we continue to lose specialty crop production acreage, as growers struggle to compete against imports from countries with more government support and more access to labor.[4]

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[1] November 1, 2022. "References: Federal Farm Subsidies." Farm Action. Available at: https://farmaction.us/subsidies-sources/

[2] Last updated: February 16, 2024. "Agricultural Trade." U.S. Department of Agriculture, Economic Research Service. Available at: https://www.ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/agricultural-trade/

[3] September 2023. Alison Grantham. "Balancing the US Agricultural Trade Deficit with Higher-Value Food Crops." Farm Action. Available at: https://farmaction.us/balancing-the-agricultural-trade-deficit-with-higher-value-food-crops/

[4] Ibid.

Relying on other countries to produce the fruits and vegetables our population needs poses a grave national security risk. It is important to note that we cannot export our way out of this situation:[5] Imports are rising too quickly for even expanded exports to keep pace, and must be addressed.[6] Spanning an entire continent and enriched by fertile rural land, our vast country certainly possesses the necessary acreage to grow sufficient produce to close this gap. In fact, research shows that converting less than .5% of existing U.S. farmland to specialty crops could balance our agricultural trade deficit.[7]

We must improve the resilience of our food system by acting on this potential and ensuring we produce enough to feed our country's citizens. To do that, we must offer more substantial support to our smaller, diversified, and minority-owned farms, which are more likely to grow food for their communities, hire from within their communities, and purchase supplies and inputs within their communities.[8] Since they are more nimble and able to pivot in response to global events or shifting demand,[9] supporting these farms will have the effect of bolstering the specialty crop sector: The more of these farms we have, the less food we need to bring in from other countries, and the more resilient our food supply becomes.

However, these same operations, so critical to the wellbeing of rural communities and our entire food system's resilience, routinely face stunning obstacles in accessing land,[10] credit,[11] and safety net programs.[12] We must shift our priorities to support these farmers, and create pathways to regional markets that don't force them to compete against global operations, or against farmers in other countries with more robust farm support systems and access to labor. By prioritizing small, mid-sized,

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[5] September 29, 2023. Justin Ho. "Why U.S. Agricultural Exports Are Down Almost 20% from Last Year." Marketplace. Available at: https://www.marketplace.org/2023/09/29/why-us-agricultural-exports-are-down-almost-20-percent-from-last-year/
[6] Last updated: February 16, 2024. "Agricultural Trade." U.S. Department of Agriculture's Economic Research Service. Available at: https://www.ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/agricultural-trade/
[7] September 2023. Alison Grantham. "Balancing the US Agricultural Trade Deficit with Higher-Value Food Crops." Farm Action. Available at: https://farmaction.us/balancing-the-agricultural-trade-deficit-with-higher-value-food-crops/
[8] July 2021. Emily Miller. "The Truth About Industrial Agriculture: A Fragile System Propped up by Myths and Hidden Costs." Farm Action. Available at: https://farmaction.us/truthreport/
[9] October 4, 2020. Nora White. "Farming in the time of pandemic: Small farms demonstrate flexibility, innovation, and hope." Journal of Agriculture, Food Systems, and Community Development. Available at: https://doi.org/10.5304/jafscd.2021.102.008
[10] December 2022. Scott Callahan and Daniel Hellerstein. "Access to Farmland by Beginning and Socially Disadvantaged Farmers: Issues and Opportunities." U.S. Department of Agriculture, Economic Research Service. Available at: https://www.ers.usda.gov/publications/pub-details/?pubid=105395
[11] July 2019. U.S. Government Accountability Office. "Agricultural Lending: Information on Credit and Outreach to Socially Disadvantaged Farmers and Ranchers Is Limited." Available at: https://www.gao.gov/assets/gao-19-539.pdf
[12] February 2024. National Sustainable Agriculture Coalition. "Unsustainable: State of the Farm Safety Net." Available at: https://sustainableagriculture.net/wp-content/uploads/2024/02/Farm-Safety-Net-Report-February-2024-Final.pdf

and diversified operations in our agricultural policies and in the delivery of our farm support programs, we can bolster the resilience of our local economies and rebuild the regional food systems that feed us even when global supply chains break down.

Commenters deeply appreciate the initiative USDA has taken with this request for information on how to foster a competitive specialty crop industry, improve the quality and accessibility of programs meant to facilitate their operations, and bolster the resilience of domestic specialty crop operations to current and future challenges.

To support USDA in this endeavor, our comment identifies key opportunities for USDA to level the playing field for the farmers most likely and best equipped to grow fruits and vegetables. First, we must reform federal crop insurance programs so that they are accessible to every farmer — and in particular, farmers growing food for their communities — no matter their background or the size of their operation. Second, USDA must unleash its purchasing power in support of smaller, independent, and domestic farmers and ranchers, instead of buying primarily from consolidated agribusiness corporations.

I. The Federal Farm Safety Net Must Be Extended to Support Farms Currently Facing Barriers to Access

Smaller, diversified, and socially disadvantaged farms are more likely to grow fruits and vegetables for human consumption[13] [14] [15]— but these essential operations can access far fewer federal farm safety net programs than their larger, industrialized, commodity crop-producing counterparts.[16] This systemic shortage of risk management options leaves these farmers vulnerable to the possibility of financial ruin in the case of drought, severe weather events, or other catastrophes.

[13] June 2018. Vincent Ricciardi, Navin Ramankutty, Zia Mehrabi, Larissa Jarvis, Brenton Chookolingo. "How much of the world's food do smallholders produce?" Global Food Security. Available at: https://www.sciencedirect.com/science/article/pii/S2211912417301293?via%3Dihub

[14] February 2024. Jessica E. Todd, Christine Whitt, Nigel Key, Okkar Mandalay. "An Overview of Farms Operated by Socially Disadvantaged, Women, and Limited Resource Farmers and Ranchers in the United States." U.S. Department of Agriculture, Economic Research Service. Available at: https://www.ers.usda.gov/publications/pub-details/?pubid=108416

[15] November 2023. "Crop Insurance: Update on Opportunities to Reduce Program Costs." U.S. Government Accountability Office. Available at: https://www.booker.senate.gov/imo/media/doc/gao_report.pdf

[16] February 2024. National Sustainable Agriculture Coalition. "Unsustainable: State of the Farm Safety Net." Available at: https://sustainableagriculture.net/wp-content/uploads/2024/02/Farm-Safety-Net-Report-February-2024-Final.pdf

Federal crop insurance policies, for example, are notoriously difficult for the producers of specialty crops to obtain — due not to their own failures or lack of effort, but rather as a function of agriculture policy and program design.

In this section, Commenters will offer concrete recommendations to improve the insurance products, program delivery, and payment calculation systems for this risk management tool; if observed, these recommendations have the power to reshape the federal farm safety net so that it supports our nation's specialty crop growers.

A. Empowering USDA with the Necessary Authority to Act on Recommendations

In order to provide USDA with the necessary authority to accomplish the tasks requested herein, Commenters recommend that the Federal Crop Insurance Corporation (FCIC) renegotiate its Standard Reinsurance Agreement (SRA) with Authorized Insurance Providers (AIPs).

The terms of the financial agreement between FCIC and AIPs are set out in a mutually negotiated document referred to as the Standard Reinsurance Agreement (SRA). Each AIP signs an SRA with FCIC every reinsurance year. The 2008 Farm Bill permitted FCIC to renegotiate the SRA every five years beginning in the 2011 reinsurance year. In fact, 2011 was the first and last time the last time the SRA was renegotiated: The 2011 SRA and all other subsequent annual SRAs are substantially identical.[17]

While USDA has authority to act upon many of Commenters' following recommendations, in order to maximize opportunities for the specialty crop sector, the Department must renegotiate the SRA. Even in the absence of the ensuing recommended Congressional action to expand and enhance crop insurance, a renegotiation of the SRA would empower USDA to take action on behalf of the specialty crop growers currently shut out from federal risk management programs.

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[17] February 18, 2021. "Federal Crop Insurance: A Primer." Congressional Research Service. Available at: https://sgp.fas.org/crs/misc/R46686.pdf

B. Improving Whole Farm Revenue Protection

Offering one insurance plan to cover all crops grown on a farm, Whole Farm Revenue Protection (WFRP) is at present the best available risk management option for many specialty crop and diversified operations; but in addition to burdensome paperwork requirements, misguided incentives for insurance agents pose barriers and prevent widespread enrollment.

This shortcoming of U.S. agriculture policy has not gone unnoticed by lawmakers. In July 2023, Senator Sherrod Brown (D-OH) introduced the Whole Farm Revenue Protection Improvement Act, which includes several key improvements for the program: First among them that insurance providers would have to clarify every policy that producers are eligible for, including WFRP and any other insurance plans. Once farmers are empowered with knowledge about what is available, they will be better equipped to advocate for their operations.

The legislation would further incentivize the advantage for diversified operations by expanding the diversification premium discount to two types of operations: those that utilize a resource-conserving crop rotation,[18] and those with at least ten commodities — thus further incentivizing diversification and good resource-management practices. The legislation would also adjust the program to allow beginning and scaling farmers to be insured at a level that keeps pace with rapid operational growth.[19]

Another major obstacle to specialty crop growers' participation in WFRP is the paperwork required to apply and participate.[20] Senator Brown's proposed legislation would reduce these burdens by clarifying that Schedule F tax forms are sufficient to establish historic revenue. It also expands the streamlined application process introduced in the Micro Farm pilot to include all farms that meet USDA's definition of "small" and "mid-sized."[21] If a specialty crop farmer enrolled in WFRP were to suffer crop

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[18] May 2021. "Conservation Stewardship Program Fact Sheet: Resource Conserving Crop Rotation." U.S. Department of Agriculture. Available at: https://www.nrcs.usda.gov/sites/default/files/2022-10/MD%20CSP%20Resource%20Conserving%20Crop%20Rotations.pdf

[19] S.2598 - Whole Farm Revenue Protection Program Improvement Act of 2023. Available at: https://www.congress.gov/bill/118th-congress/senate-bill/2598

[20] July 1, 2015. James Robinson, Viola Glenn, Annie Segal. "RAFI Producer Survey On Whole Farm Revenue Protection." RAFI-USA. Available at: https://www.rafiusa.org/blog/rafi-producer-survey-on-whole-farm-revenue-protection/

[21] Last updated: January 29, 2024. "Farm Structure and Contracting." U.S. Department of Agriculture. Available at: https://www.ers.usda.gov/topics/farm-economy/farm-structure-and-organization/farm-structure-and-contracting/

losses, this legislation would protect them by prohibiting the adjustment of price and production expectations at the time of their claim submission.

The legislation also mitigates the impact of disaster years by either including Noninsured Crop Disaster Assistance Program payouts as historic gross revenue, or by establishing a floor to how much historic gross revenue is allowed to fall annually.[22]

C. Improving Crop Insurance Program Delivery Systems

The successful and equitable delivery of crop insurance programs depends on a partnership between Approved Insurance Providers (AIPs) and the federal government. Improving the quality of crop insurance products like WFRP is only step one in the process of securing the safety net under our nation's specialty crop growers: We must address the ways in which the structure of this public-private partnership incentivizes practices that disadvantage specialty crop farmers.

The current structure of our crop insurance delivery system contains some flaws that have resulted in significant disservice to smaller and minority-owned farms. At the root of these issues is the fact that insurance agents receive more compensation for larger, simpler policies. Moreover, agents are inadequately compensated for the more complex policies that serve more diversified farms.

In other words, insurance agents are essentially disincentivized to sell policies to farmers who own smaller operations because the commissions are lower, and to more diverse operations, like specialty crop farms, because they are not compensated sufficiently for the additional work that these policies require to write. These principles manifest in a number of ways in practice: for instance, an AIP's Administrative and Operating (A&O) payment structure might pay less for policies on lower-acreage farms, making them not worth the agent's trouble. AIPs might also allot smaller portions of A&O payments to WFRP and other policies that they don't want to service. Or agents might decide the commissions for more complicated policies, such as WFRP and Micro Farm, do not justify the extra work they require to write.

Another major issue in crop insurance delivery systems is ensuring that agents are incentivized to sell policies that are best for the farmer, not the AIP. In the current structure, agents are incentivized to sell

[22] S.2598 - Whole Farm Revenue Protection Program Improvement Act of 2023. Available at: https://www.congress.gov/bill/118th-congress/senate-bill/2598

policies that maximize their commission and the AIP's profits; AIPs do this by rewarding agents for having portfolios with high underwriting gains, which influences which policies they direct farmers towards. The trouble is that this is sometimes in conflict with what is best for the farmer.

To make matters worse, a history of discriminatory policy has led to practices such as significant discrepancies in coverage rates of minority farmers when compared to white farmers.[23] [24] Based on conversations and interviews in our networks, a leading cause of this discrepancy is the lack of offering of coverage to minority farmers.

And finally, farmers are not adequately protected from retaliatory practices from agents, who sometimes have the ability to influence farmers' loans, inputs, and other essential farm services if farmers consider looking for other representation.

Commenters recommend a suite of programmatic adjustments to improve access to these products for small, mid-sized, and minority-owned specialty crop farm operations. Rather than using solely a "stick" approach to force AIPs and agents to sell more policies to specialty crop growers, making structural changes to crop insurance program delivery will offer AIPs and agents more "carrots" that incentivize the sale of products that benefit fruit and vegetable farmers by shielding their operations from catastrophe.

The Insuring Fairness for Family Farmers Act, introduced by Senator Booker, includes strategic programmatic adjustments that would greatly improve insurance product access and increase transparency. These include making the A&O payments based on complexity instead of the premium. It requires all AIPs pass on 90% of A&O payments to agents, puts all policies under the A&O cap, and requires all A&O distribution data to be collected and publicized.

Commenters submit a number of recommendations that would better align the policies sold with farmers' needs, rather than those of a given agent or AIP. To encourage agents to prioritize farmers' needs over those of the AIP, agents should be legally required to write in the fiduciary best interest of the farmer. USDA could also play a greater role in extending the safety net to all producers if the department were allowed to offer unbiased advice to farmers, and even to sell crop insurance.

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[23] 2021. "Adequate Coverage for States and Underserved Producers." U.S. Department of Agriculture, Risk Management Agency. Available at: https://www.rma.usda.gov/-/media/RMA/Publications/Report-to-Congress-8744560-RMA-final.ashx?la=en

[24] 2022. "2022 Census - Farm Producers." U.S. Department of Agriculture, National Agricultural Statistics Service. Available at: https://www.nass.usda.gov/Publications/Highlights/2024/Census22_HL_FarmProducers_FINAL.pdf

To expand access for *all* farmers, AIPs should be required to service *all* eligible policies; enforcing this requirement would help ensure that minority farmers have access to the same safety nets as everyone else. It would also help ensure that all policies are made available to farmers — not just the ones with high underwriting gains. USDA should further address a history of discriminatory program delivery by expanding its efforts to recruit and train minority-serving agents and agents in underserved areas. To stay accountable in this objective, USDA should also collect and publicize agent demographic data.

And finally, Commenters note it is necessary to protect farmers from retaliatory practices by AIPs and agents not serving their best interests. Commenters recommend USDA set up an accountable complaints process, which would allow farmers to report agents who won't write or offer specific policies, such as WFRP or Micro Farm. In doing this, USDA must give farmers and agents whistleblower protections, protect agent and farmer anonymity, and require USDA's Risk Management Agency (RMA) to both follow up on claims and to report back to farmers and agents on the status of their complaints. USDA should also establish mandatory penalties for AIPs and agents if the terms are violated and explicitly prohibit bad practices, such as sharing farmer data and agents communicating or colluding with input suppliers or lenders.

D. Developing Nimble and Effective Disaster Mitigation Tools

In addition to the obstacles outlined above, high premiums and low payouts frequently prevent specialty crop growers from carrying crop insurance. Yet as extreme weather events increase in severity and frequency, so too does the need to develop an insurance policy that is more responsive to crop and income losses caused by extreme weather.

The WEATHER Act, introduced by Senator Peter Welch (D-VT), would direct the USDA to use its insurance Research and Development (R&D) authority to research how to develop an index-based insurance program that creates a multi-peril index insurance product for farmers based on weather indices correlated to agricultural income losses using data from National Oceanic and Atmospheric Administration (NOAA), satellites, climate models, and other data sources.

This insurance program would be required to pay out within 30 days in the event of indices exceeding the predetermined county-level thresholds for severe weather events including high winds, excessive moisture and flooding, extreme heat, abnormal freeze conditions, hail, wildfires, drought, and other perils the Secretary determines appropriate.

Not only would the first-of-its-kind program described in the WEATHER Act enhance the resilience of small-scale farms in the face of extreme weather events, it would ensure that farmers' payouts in the event of crop loss would be more reflective of the actual income lost, since coverage levels would be based on the farm's income rather than on crop prices. By using extreme weather events as a proxy for agricultural income losses, this approach reduces paperwork while making the policy more responsive to losses from adverse weather conditions. Paperwork is further reduced by the automatic payment feature, which also reduces farmers' wait times to receive support following a natural disaster.

The insurance program outlined in the WEATHER Act would greatly enhance crop insurance options for specialty crop, diverse, small, and socially-disadvantaged farmers.

II. Unleashing USDA's Purchasing Power Will Create the Markets that Smaller, Independent, Domestic Specialty Crop Growers Need to Compete and Scale

USDA is a major purchaser of domestic fruits and vegetables; in fact, 100% of the fruits and vegetables purchased by the department are domestically grown. In Fiscal Year 2023, USDA purchased $1.8 billion of U.S.-grown specialty crops for federal nutrition assistance programs to deliver food to schools, food banks, American families, and international food aid programs.[25]

Significantly, USDA's Commodity Procurement Program concentrates its spending to a short list of a few select vendors: Out of 59 total vendors for the Mixed Fresh Produce category, the top five vendors received 88% of spending, and the top vendor received 78.2% of spending. Out of 40 total vendors for the Vegetables category, the top five vendors received 49.5% of spending, and the top vendor received 20.1% of all spending for the category. Out of 79 total vendors in the fruit category, the top five vendors received 47.9% of spending, and the top vendor received 13.4% of spending.[26]

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[25] November 9, 2023. Press Release. "USDA Launches Initiative to Enhance Competitiveness of the U.S. Specialty Crops Industry." U.S. Department of Agriculture. Available at: https://www.usda.gov/media/press-releases/2023/11/09/usda-launches-initiative-enhance-competitiveness-us-specialty-crops

[26] November 2023. "Leveraging Federal Food Purchasing For Climate, Environmental, And Social Benefits." Federal Good Food Purchasing Coalition. Available at: https://www.fedgoodfoodpurchasing.org/impact-analysis

It is disheartening, to say the least, to put the federal government's concentrated contracting practices in the context of decades of retail consolidation, which entrenched dominant players while eroding market opportunities for specialty crop growers. Between 1990 and 2019, the Herfindahl-Hirschman Index (HHI) in retail grocery nationally increased by a stunning 458%.[27] As retail merchants increased in size but decreased in number, opportunities for smaller and mid-sized farms to sell their produce to local buyers became first scarce, then vanishingly rare.

An unprecedented use of Commodity Procurement Section 32 Program in recent years is an additional sign of the degraded state of our specialty crop markets.[28] Funds used under Section 32 are used to support agricultural markets by removing surplus food products off the market, which helps limit supply of overly abundant goods and maintain higher prices for farmers. In recent years, program needs have frequently exceeded available funds,[29] suggesting a national breakdown in the relationship between producers and buyers. The government's purchases of surplus product are being used to keep industries afloat[30] in the absence of markets to sustain their producers, which is not a sustainable or long-term solution.

The best way to support our existing specialty crop growers — and ensure there will be more of them in the future — is to create fair market opportunities for them to sell their produce. With the following recommendations, Commenters encourage USDA to leverage its authority to spend billions of procurement dollars in the rebuilding of local and regional supply chains; once re-established as viable pathways to the consumer, these markets can naturally deepen and strengthen, supporting more fruit and vegetable operations.

The Local Food Purchasing Assistance (LFPA) and Local Food for Schools (LFS) programs effectively channel public funding towards local producers. LFPA uses non-competitive cooperative agreements to provide up to $900 million of funding for state, tribal, and territorial governments to purchase foods produced within the state or within 400 miles of delivery destination. This food provides for anti-hunger initiatives including food banks, schools, and organizations that reach underserved

[27] January 2023. "Food Retailing Market Concentration Increased More At National Level Than County Level Over Past Three Decades." U.S. Department of Agriculture, Economic Research Service. Available at: https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=105671
[28] Open Purchase Requests. U.S. Department of Agriculture, Agricultural Marketing Service. Available at: https://www.ams.usda.gov/open-purchase-request?field_term_grades_and_standards_target_id=867&page=0
[29] David Tuckwiller, Deputy Administrator for Commodity Procurement Program, and Elisa Gladstone, Associate Deputy Administrator; in response to questions asked by Farm Action staff on February 12, 2024.
[30] December 29, 2022. Letter to U.S. Secretary of Agriculture Tom Vilsack from Senator Edward Markey, Senator Elizabeth Warren, Congressman Seth Moulton, and Congressman Wiliam Keating. Available at: https://www.markey.senate.gov/imo/media/doc/letter_to_usda_on_section_32_-_december_2022.pdf

communities. LFS distributes up to $200 million to states for food assistance purchases of domestic local foods for distribution to schools. Even though LFPA and LFS offer a reliable market path for farmers while serving a critical public nutritional need, they will run out of funding by 2026. Not only should the necessary funding be secured to continue these programs, Commenters recommend expanding them for the opportunities they create for local, regional, and underserved producers.

While the overuse of Commodity Procurement Section 32 is an unfortunate consequence of the barriers producers face in selling their goods on a fair market, Commenters recommend expanding its funding in response to the high demand. This is meant only as short-term relief for an oversubscribed program as USDA works to rebuild and stabilize specialty crop markets.

Another powerful tool in the effort to rebuild regionalized supply chains for specialty crop growers is the Gus Schumacher Nutrition Incentive Program (GusNIP). Proven to increase consumption of fruits and vegetables,[31] this innovative program has the capacity to create and expand markets for specialty crop growers — but only if its purchasing is directed toward local farmers, rather than large, consolidated retailers whose supplies are dependent on foreign imports. The former option builds small businesses, creates local jobs, and opens pathways to the consumer for fresh, nutritious foods; the latter perpetuates the weakening of U.S. systems of food production and distribution, further diminishing our resilience.

Consider one GusNIP recipient as an illustrative case study: The Community Farm Alliance (CFA) in Kentucky, which runs two GusNIP programs. Participating community members may only purchase local products with their allotted funds, and can use their benefits at farmers markets, on-farm stores, and local grocery stores. To enable this last option, CFA has diligently assisted grocery stores in setting up Price-Lookup (PLU) codes and Point-of-Sale (POS) systems that facilitate a streamlined purchasing experience for program participants.

The requirements of this program incentivize grocery stores to purchase locally in order to access the vast market opportunity SNAP recipients represent. This arrangement offers immediate benefits to all involved — specialty crop farmers, local community members, retail grocery stores and their workers — even as it rebuilds the supply chains decimated by decades of industry consolidation.

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[31] 2023. "Gus Schumacher Nutrition Incentive Program (GusNIP): Year 3 Impact Findings." U.S. Department of Agriculture, National Institute of Food and Agriculture. Available at: https://nutritionincentivehub.org/media/2uwlf3ch/gusnip-y3-impact-findings-report.pdf

That's not to say there are no improvements to be made, however, or no significant room for growth. To strengthen GusNIP's connection to local actors, the program's evaluation criteria of applicants should strengthen the priority given to those with the commitment and ability to support local producers. It's worth noting the extensive technical expertise required to help grocery stores use their POS and PLU systems to allow exclusively local purchases with GusNIP benefits. To ensure smooth successful program execution and provide for scalable growth, GusNIP recipients should either have access to the necessary technical assistance or include mandatory training as part of their grant proposals. Commenters recommend training, including extensive work with different (POS) systems; study of methods for how to get more farmers' products into grocery stores; or how to market the program to grocery stores.

To help level the playing field even further for small and mid-sized specialty crop farmers, Commenters recommend establishing purchasing targets and set-asides for government produce contracts. Already, the Small Business Administration allows USDA's Commodity Procurement Program to create set-asides for small and minority-owned businesses to ensure these important economic players have a chance at winning government contracts despite being overshadowed by large conglomerates in their sectors. There is not an equivalent equalizing metric for vendors' geographic distance, so local vendors have no advantage when competing for contracts in their own communities. Congress could pass legislation that would empower USDA to more directly target local producers and, in so doing, bolster the strength of local supply chains.

A source at USDA's Commodity Procurement Program noted that they have a $3.3 billion dollar procurement budget, but are now operating at more than $5 billion with no additional staff.[32] Staffing limitations have historically indirectly influenced purchasing decisions, as purchasing from bigger suppliers who can deliver multiple truckloads is simply more efficient for a limited staff. Additional funding should be directed to staffing to facilitate USDA's purchasing from smaller vendors. These changes and more will be necessary to manifest any widespread or systemic shift toward more localized procurement practices.

Finally, Commenters note that the existing pathways from farms to public institutions are obstructed by administrative and operational barriers. Public institutions are more likely to engage in values-aligned procurement when they employ an individual champion who is willing to take on the

[32] David Tuckwiller, Deputy Administrator for Commodity Procurement Program, and Elisa Gladstone, Associate Deputy Administrator; in response to questions asked by Farm Action staff on February 12, 2024.

additional work.[33] The government should not rely on individuals' zeal to rebuild the local food systems required to maintain a resilient food supply, but should instead work to streamline these pathways for institutional and producer ease.

III. Conclusion

Commenters note that the recommendations contained in this document are by no means exhaustive. Numerous other methods to improve the competitiveness of the specialty crop industry exist, such as strategic investments designed to improve specialty crop producers' access to processing, distribution, storage, and aggregation capacity. In the wake of rampant consolidation of U.S. retail grocery markets, specialty crop growers face a grim landscape: Grocery conglomerates dominate the marketplace, and few other prospects large or reliable enough to sustain their businesses exist. As buyers vanish, so too do the fruit and vegetable farms that once sold to them. Furthermore, market demands are shifting, with increasing consumer interest in processed produce such as trimmed green beans, diced onions, and cut fruit erecting additional hurdles for small and mid-sized growers. USDA could meet these challenges by investing in processing and aggregation hubs, which would not only support regional expansion of specialty crop production, but would create local jobs and, ultimately, help to revitalize communities long hollowed out by industry concentration, disinvestment, and population decline.

Another possible method not explored in depth here would be for USDA to close the technology gap for small and mid-sized farms: Farm equipment and other technologies have evolved dramatically in capability and complexity, and farmers are growing increasingly reliant on these tools to run their operations. Unfortunately, these types of technologies are cost-prohibitive for many farmers. Corporations in the highly concentrated farm equipment sector have been able to leverage their market dominance and historically low interest rates to drive up prices to the point that their products are only affordable to operations of a certain scale. Not only does this preclude access by many specialty crop farmers to necessary technologies, increasingly expensive overhead costs drive farmland consolidation. Until antitrust enforcers are able to address monopolization in the equipment sector, increased dependency on technology will continue to push smaller producers out of markets. USDA can combat the pressures to consolidate by providing grant and loan opportunities for small and midsize farmers, facilitating access to expensive equipment and technologies.

[33] July 2023. "Values-Aligned Food Purchasing and Service: Promising Examples from US Federal Agencies and Programs." Federal Good Food Purchasing Coalition. Available at: https://smallplanetinstitutereal.app.box.com/s/drmbtzz4t3t9m77r07s41s87gurt6h8r

Commenters thank USDA for this meaningful opportunity to share the research, insights, and lived experiences of farmers and advocates for a fair, healthy, and sustainable food system. We encourage the Department to act swiftly on these recommendations on behalf of our nation's farmers, eaters, and rural communities.

Sincerely,

Farm Action
American Grassfed Association
American Sustainable Business Network
Creation Justice Ministries
Friends of the Earth
Hand, Heart, and Soul Project
Health Care Without Harm
Interfaith Power & Light
Michigan Clinicians for Climate Action
Michigan Food and Farming Systems
Michiganders for a Just Farming System
Northeast Organic Farming Association of New Hampshire (NOFA-NH)
Northeast Organic Farming Association of New Jersey (NOFA NJ)
NOFA/Mass
Pasa Sustainable Agriculture
Rural Coalition
Slow Food USA
Unitarian Universalist for Social Justice
The Transfarmation Project
Women Advancing Nutrition Dietetics and Agriculture