

TESTIMONY OF KATHY ZEMAN

**Submitted to the U.S. House of Representatives, Committee on Agriculture
Subcommittee on Biotechnology, Horticulture, and Research**

“Economic Opportunities from Local Agricultural Markets”

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Chairwoman Plaskett, Ranking Member Dunn, and members of the subcommittee, thank you for the opportunity to testify today.

My name is Kathy Zeman, and I am the Executive Director of the Minnesota Farmers' Market Association (MFMA), a position I've held since 2012. I am also an organic livestock farmer in Rice County, Minnesota. I primarily direct market eggs and meats, as well as value-added farm products, like goat milk soap and wool dryer balls from my Icelandic sheep.

I am an individual member, and MFMA is an organizational member, of Minnesota Farmers Union (MFU). I'd like to take this opportunity to thank National Farmers Union (NFU) and MFU for the leadership opportunities they afford farmers like me, and for their support building local foodsheds in Minnesota and throughout the country.

I am here today to share my perspective on and experience with local food system development in Minnesota and the three federal grant programs housed under the umbrella of the Local Agriculture Market Program (LAMP), especially the Farmers Market Promotion Program. These programs are incredibly important for strengthening and growing the local and regional foodshed in Minnesota. They have improved the viability and profitability of many farm businesses, including mine. I look forward to sharing why these programs are so important and where there are opportunities for program improvement.

The importance of local and regional food systems, and the role of farmers' markets

"Local" and "regional" food systems have grown tremendously in recent decades. Nationally, between 1992 and 2007, direct-to-consumer sales of unprocessed products approximately doubled from \$706 million to \$1.4 billion (in 2017 dollars).¹ The number of farmers' markets in the United States grew from fewer than 2,000 in 1994 to more than 8,600 registered in the USDA Farmers' Market Directory today.² In Minnesota, we grew from approximately 15 markets in 1998 to more than 300. This growth can be attributed to many factors. But, to help these systems sustain their growth and serve their communities, and to help organizations like the Minnesota Farmers' Market Association (MFMA) continue building capacity, there is a need for strategic investment through programs like LAMP.

¹ Jeffrey K. O'Hara and Matthew C. Benson. "Where have all the direct-marketing farms gone? Patterns revealed from the 2017 Census of Agriculture." *Journal of Agriculture, Food Systems, and Community Development*. August 23, 2019.

² Farmers Market Coalition. <https://farmersmarketcoalition.org/education/qanda/>

Farmers' markets are perhaps the most widely known approach to direct-marketing food and other farm products. Farmers and ranchers on average receive only about 15 cents of every food dollar that consumers spend.³ At farmers' markets, farmers capture a much larger share. These markets can be a boon for local economies because they generate local business, which also creates local jobs. We also find that farmers' markets tend to drive business to brick and mortar stores wherever they are located, helping keep the consumer dollar circulating in local and regional economies.

Farmers' markets are also excellent business incubators, including for underserved communities. These markets have low overhead costs and they provide a relatively simple and straightforward opportunity for businesses to test out new products for customer satisfaction and pricing for profitability.

Farmers' Markets: Promoting economic opportunity and local food access

Minnesota Farmers Market Association (MFMA) is Minnesota's membership organization for the more than 300 farmers' markets in the state, as well as several thousand farmers, food makers, and artisanal craft vendors that sell at these markets. MFMA's mission is to support all Minnesota farmers' markets. And our vision is as follows:

We envision a community of vibrant, profitable, and professionally managed Minnesota farmers' markets that:

- Cultivates, nourishes and inspires a vibrant local foods community;
- Provides accessibility to local farm fresh foods; and
- Allows opportunities for local food producers to thrive and grow.

The second and third planks of our vision – making local food accessible while also helping local food producers receive a fair price for what they have grown or made – can at times be at odds. An important way we bridge that gap is through the Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps. SNAP helps low income Americans purchase food, and the program also supports farmers and farmers' markets in all 50 states.

In 2019, 106 markets in Minnesota accepted SNAP benefits. SNAP customers at these markets spent just shy of \$165,000 using the SNAP Electronic Benefit Transfer (EBT) system. While challenges remain that make it difficult for farmers' markets to accept EBT, this process has

³ National Farmers Union. The Farmer's Share. January 31, 2020.

become much more mainstream. Additionally, Minnesota funds a program called Market Bucks, administered by Hunger Solutions Minnesota, which doubles SNAP-EBT purchases up to \$10, dollar-for-dollar, at participating farmers' markets in the state. Matching dollars came to a little over \$140,000 in 2019, creating over \$546,000 in additional economic activity in communities throughout Minnesota.⁴

The USDA Farmers Market Promotion Program (FMPP) has been critical to the development of food access at farmers markets. The viability of SNAP and incentive programs at farmers markets was tested and demonstrated through early FMPP grants, which laid the groundwork for the current program including the Gus Schumacher Nutrition Incentive Program.⁵

The Gus Schumacher Nutrition Incentive Program (GusNIP), formerly known as the Food Insecurity Nutrition Incentives (FINI) Program, provides grants on a competitive basis at the federal level to projects that help low-income consumers access and purchase fresh fruits and vegetables, similar to Market Bucks in Minnesota. Strong federal funding and support for programs like GusNIP, as well as the removal of unnecessary barriers to accepting incentives and benefits provided by these programs, are incredibly important, both for ensuring low income consumers have access to healthy, local produce and to increase economic opportunity for local farmers and food makers.

The legal environment can sometimes pose challenges to the success of farmers' markets, and we have worked hard in Minnesota in recent years to increase the viability of our markets and vendors. MFMA has worked collaboratively to change laws at the state level in Minnesota to open new opportunities for vendors, while still protecting consumer health and safety. Key changes include:

- In 2014, the Safe Food Sampling law was passed that now allows food sampling and cooking demos at any farmers' markets, without a license, if food safety requirements are followed. Food sampling is critical for our produce farmers if they want people to buy crops like kale, or try out novel items like cauliflower pizza crusts; and
- In 2015, our Cottage Foods Law was amended to mandate food safety training, allow online advertising, allow sales from homes as well as farmers' markets, and expand the sales cap. Since then, we have registered just shy of 4,000 cottage foods producers, with estimated annual sales of \$25 million and growing.

⁴ Market Bucks, Hunger Solutions Minnesota. <http://www.hungersolutions.org/programs/market-bucks/>

⁵ Farmers Market Promotion Program 2010 – Final Performance Report. "Expanding Farmers Market Opportunities and Sales in Chicago."

<https://www.ams.usda.gov/sites/default/files/media/IL%20FY10%20Experimental%20Station%20-%20%2461%2C784.pdf>

We collaborated on the above efforts with a wide range of organizations, including Minnesota Farmers Union, Renewing the Countryside, the University of Minnesota Institute for Sustainable Agriculture (MISA) and the Regional Sustainable Development Partnerships, the Sustainable Farming Association (SFA) of Minnesota, Land Stewardship Project, and the Minnesota Departments of Agriculture and Health.

The Minnesota Farmers' Market Association (MFMA) and Farmers Market Promotion Program (FMPP) Grants

The Minnesota Farmers' Market Association has first-hand experience with a key federal program aimed at increasing economic opportunities from local agricultural markets: the Farmers Market Promotion Program (FMPP). The purpose of FMPP is to increase domestic consumption of, and access to, locally and regionally produced agricultural products, and to develop new market opportunities for farm and ranch operations serving local markets.⁶

MFMA is pleased that FMPP, as well as the Local Food Promotion Program (LFPP) and the Value-Added Producer Grant (VAPG) program, all have permanent, mandatory funding through the 2018 Farm Bill under the LAMP umbrella. We are grateful that lawmakers recognized the growing demand for locally and regionally produced food, and the unique economic opportunities created by burgeoning local and regional food systems.

FMPP grants have been essential to the innovation, growth, and development of farmers' markets. Because these grants fund communitywide and statewide projects, rather than individuals, their benefits are often far-reaching. Moreover, the entities eligible for FMPP grants truly need these funds; in many cases, organizations doing farmers' market and local food capacity building work are not able to secure loans, venture capital, or other vital resources. FMPP has helped countless farmers' markets get started or expand operations, have created new market opportunities for numerous farmers and entrepreneurs, and have created a venue for communities to procure fresh, locally produced produce and other products.

In 2014, MFMA received a 2-year, \$61,496 FMPP grant called "Developing Sustainable Farmers' Markets in Minnesota." The goal of the project was to improve farmers' markets in Minnesota through regional trainings to market managers and vendors.⁷ In order to ensure our work was

⁶ USDA-AMS, Farmers Market Promotion Program. <https://www.ams.usda.gov/services/grants/fmpp>

⁷ USDA-AMS, FMPP Awarded Grants, FY 2014.

<https://www.ams.usda.gov/sites/default/files/media/FMPPAward2014.pdf>

accessible, we traveled across Minnesota teaching eight 1-day “Farmers’ Market Academies,” to market managers and vendors, with a focus on profitability and food safety. We contracted with two University of Minnesota Extension educators to develop curriculum; reached 548 attendees; and completed 78 one-on-one consultations with markets and vendors on layout and design of the markets and vendor booths to optimize sales.

This FMPP grant offered numerous benefits to farmers and vendors in the local foodshed while strengthening MFMA as an organization. Through our work on the Academies, MFMA welcomed over 40 new members and gathered 250 new contacts, which increased our ability to offer education and support throughout the region in which we work. Approximately 80 percent of Farmers’ Market Academy attendees ranked them “very useful.” Ultimately, MFMA only needed to spend about \$98 per attendee to help each person we served through our project.

In 2017, MFMA became an advisor to an FMPP grant received by the University of Minnesota, a 3-year \$448,410 grant called “Building a Community of Farmers’ Markets for a Healthier Food System in the Twin Cities Metro.” With a focus on the farmers’ markets in the 7-county Minneapolis-St. Paul metro region, this project is aimed at providing data collection tools and data products that help market managers customize metrics and reports for existing partners and prospective funders. Data are being gathered from the markets, their vendors, and their customers. Reliable data are essential for maintaining or growing funding for local and regional food system initiatives. More and better data can also ultimately contribute to improving policy development and design for the local food sector in general.

Each year, grant funds paid markets a stipend of \$150 and vendors \$25 to collect data. They also helped fund the travel expenses for 10 student interns each summer to gather and analyze data under the supervision of University of Minnesota project leaders. In 2019, 70 markets with 1,308 unique vendors participated in the project, with 11,200 market visitors completing surveys.⁸ Key research findings from this project include:

- 24 percent of vendors selling at farmers’ markets are 35 years-old or younger, with an average age of 48 (the average age of all farmers in Minnesota was 56.5 in 2017)⁹;
- 74 percent of vendor businesses are owned by women;
- 35 percent of vendor businesses are owned by people of color;

⁸ University of Minnesota. FM360: The Farmers Market Metrics Project. <https://fm360.umn.edu/>

⁹ USDA-NASS. 2017 Census of Agriculture. Minnesota. Table 52, Selected Producer Characteristics, 2017 and 2012.

https://www.nass.usda.gov/Publications/AgCensus/2017/Full_Report/Volume_1,_Chapter_1_State_Level/Minnesota/st27_1_0052_0052.pdf

- Farmers' market vendors employed, on average, approximately 6 people; and
- Vendors reported sales of about \$29 million, or about \$22,000 in annual sales per vendor.

Findings thus far indicate that farmers' markets are important community assets. They are outlets for entrepreneurship that create jobs in the community and do so in a way that is diverse and inclusive.

The project's findings also show that we still need improved data on farmers markets and local and regional farm and food systems. This grant only allowed us to collect data in 7 counties, but there are 80 additional counties in Minnesota that are home to farmers' markets. We also need to extend this work by refining data collection methodologies. We would be better positioned to make smart investments in our local farm and food system in Minnesota if we could paint a more thorough picture of that ecosystem through solid qualitative and quantitative data.

Opportunities to improve the Farmers Market Promotion Program (FMPP)

As described above, FMPP has been immensely impactful, but there are also opportunities for program improvement. The following are some ideas I hope the Committee and USDA will consider that can help FMPP, and in some cases LFPP and VAPG, continue to build on their many successes, while also taking cues from past challenges presented by program design and implementation.

Local and regional food system development is typically carried out by smaller, and in some cases under-resourced, community organizations. These organizations know the communities in which they are embedded and should be integral to local and regional food and farm system development. But, to do their job well, they need more technical assistance than they are currently receiving, both for grant application development and carrying out grant requirements successfully. We applaud lawmakers for including in the 2018 Farm Bill the opportunity for a simplified application and reporting process for recipients of smaller grants. However, more can be done through technical assistance from USDA to help all FMPP, LFPP, and VAPG grant recipients apply for grants and deliver successfully on grant deliverables.

The 2018 Farm Bill included a new 25 percent matching requirement for FMPP that was previously only required for LFPP. Matching requirements can be important for maintaining program integrity, but they can also disadvantage smaller, under-resourced organizations. In

the spirit of equity, we would welcome the opportunity for the match to be waived on a case-by-case basis for certain community-based organizations.

As noted earlier, we need more and better data and research, and funding for this research, so that we can make smart decisions about how to strengthen both farmers' markets and our local and regional farm and food system more broadly. The U.S. Census of Agriculture, which first started asking question about sales of edible products to direct-to-consumer outlets in 1978, is incredibly important for helping researchers uncover broader trends in the sector. And the Local Food Marketing Practices Survey (LFMPS), first administered in 2016 to collect 2015 data, is another important product.¹⁰ These data are not granular enough to help us make improvements in our state and at the community-level.

Finally, we would like to note that we have not been the recipient of an FMPP grant since program changes were made with the creation of the LAMP. We are excited by LAMP's new initiatives, including the regional partnership program, as well as support for value chain coordination, food safety infrastructure development, and food safety certification. We look forward to following and engaging with the program as it continues to evolve and hope to play a constructive role in its future development.

Conclusion

Local food, whether direct-to-consumer via farmers' markets or through other marketing channels, has cemented itself as an important feature of the food system in the state of Minnesota and throughout the United States, in urban and rural communities alike. In order to help local and regional food systems continue to mature, they need strong investment from well-designed federal programs, for which LAMP and its subprograms play a leading role. I look forward to working with Congress and USDA to continue to improve and grow these programs so that farmers and eaters, and the communities in which they are embedded, can thrive.

Thank you for the opportunity to testify. I look forward to your questions.

¹⁰ Jeffrey K. O'Hara and Matthew C. Benson. "Where have all the direct-marketing farms gone? Patterns revealed from the 2017 Census of Agriculture." *Journal of Agriculture, Food Systems, and Community Development*. August 23, 2019.