



INTRODUCTION

THE WHAT AND WHY OF LOCAL AND REGIONAL FOODS

In America's rural towns and urban centers, in remote farm fields and on the edge of cities, a sea change is underway. Farmers and ranchers selling their products nationally or internationally are finding a reason and a means to keep some sales closer to home. New farmers, small and mid-sized farmers, and those who want to personally brand their products are finding enthusiastic buyers right in their communities. Urban residents who may never have set foot on a farm are gaining a new appreciation for and connection to the men and women producing our food. And business owners are tapping into a market whose steady growth over two decades—growth that has become exponential in recent years—spells opportunity in the form of jobs, revenue, and economic development.

Interest in local and regional food has transcended many geographical and demographic barriers on its journey into the mainstream. By 2011, over 85 percent of customers polled by the National Grocers Association said that they chose a grocery store based in part on whether it stocked food from regional producers.¹ 1,500 chefs



FAST FACTS

- USDA's Economic Research Service finds that on the farm, local food systems are generating 13 farm operator jobs per 1 million in sales.
- In 2011, 54 out of 55 U.S. states and territories requested USDA funding for local food system projects through the Specialty Crop Block Grant program.

nationally ranked local foods as the year's top restaurant industry trend.² Over 2,000 schools across the country have developed farm to school initiatives to source from local farmers, ranchers and food businesses³ and over 7,000 U.S. cities and towns host farmers' markets.⁴

The growing interest in local and regional food has also brought with it many questions. What exactly does "local" mean? Local and

regional foods still make up a small share of total U.S. agricultural sales—so why does this market matter? Who does it benefit? Is it worth the hype?

In 2008, then Senator Barack Obama pledged to promote local and regional food systems because they help farmers and ranchers “get full retail price for their food—which means farm families can afford to stay on the farm, doing the important work which they love.”⁵ In 2010, Agriculture Secretary Tom Vilsack laid out a five-year strategic plan for the U.S. Department of Agriculture (USDA). One pillar of this plan was the development and support of regional food systems. He stated:

*An increased emphasis on regional food systems will have direct and significant benefits to rural communities. Increased economic activity in food-related sectors of the economy helps communities build and maintain prosperity. Building on the foundation established [by Congress] in the 2008 Farm Bill, USDA will work closely with all its strategic partners... to develop and revitalize the critical infrastructure necessary for vibrant regional food systems.*⁶

As Americans, we share a common desire to invest in our communities and reap the benefits that stem from that investment. And since we all eat, the money we spend on food is a powerful investment tool. The data, literature and on-the-ground evidence in this document show that regional food systems are helping to drive job growth in agriculture, increase entrepreneurship opportunities in rural communities, and expand consumer choice and food access. They are a critical complement to our strong national and international food systems. By taking advantage of each system’s unique strengths, we ensure that American agriculture can provide a bounty long into the future.



Corey Chapman, EBT Coordinator for City of Chicago farmers markets, processes a woman’s benefits card so she can purchase items at the market.

WHAT AM I READING?

The Know Your Farmer, Know Your Food Compass is a digital guide to help stakeholders navigate USDA resources and efforts related to local and regional food systems. It explains USDA’s recent work to create new market opportunities and to use consumer interest in where their food comes from to foster a national conversation that benefits all of American agriculture. The Know Your Farmer, Know Your Food initiative (KYF), a management and communications effort described in the **next section**, has facilitated these efforts since its inception in 2009. The KYF Compass organizes USDA’s work on local and regional food systems into seven thematic areas; each section discusses resources related to the theme and provides case studies and examples of USDA-supported programs and projects in the field.

A large selection of these programs and projects is also visible on the **KYF Map**, which can be displayed by topic, program, or recipient type.

The KYF Compass and map describe only a portion of USDA resources available for local producers and food businesses. As part of the KYF initiative, USDA identified an initial list of 27 programs that are available to support local food efforts; the KYF Compass and map provide examples of these programs at work. Yet there are programs that play a significant role that are not included in this list. For example, USDA Rural Development’s Rural Energy for America Program (REAP) is helping producers, including those selling locally, become more energy efficient. REAP is not mentioned on the map or in the KYF Compass, but it certainly plays a role in helping local producers enhance their profitability.

Similarly, it may be tempting to add up the dollar amounts displayed on the map to estimate USDA's overall monetary support for local and regional food systems—but this total would be misleading. For example, to showcase support available for local producers through the Farm Service Agency's farm loans program, the map includes several case studies in a handful of states. The actual number of local producers that have benefited from FSA backing is much greater, but total monetary support for this sector is not displayed on the map.

The map and KYF Compass, like the KYF initiative itself, are more useful as an illustration of the value of agency coordination at a time of limited government resources. Many of the efforts described in the KYF Compass have been made possible because of inter-agency coordination facilitated through the initiative. For example, due to the coordinated efforts of USDA's Food and Nutrition Service, Agricultural Marketing Service, and Rural Development, the number of farmers' markets that accept electronic nutrition benefits grew by more than 50 percent between 2010 and 2011. Using limited resources, these agencies were able to coordinate to help over 2 million women, infants and children and nearly 1 million seniors access local food at farmers' markets nationwide in 2010.

The KYF Compass and map also make it clear that strategic investments can have a big impact, even if resources are limited. For example, through the Environmental Quality Incentives Program (EQIP), USDA's Natural Resources Conservation Service helped fund the construction of over 4,200 high tunnels—greenhouse-like structures—on farms around the country in 2010 and 2011 at a cost of \$13 million. For many producers, this support has been



transformational. Yet it is only a tiny portion of the total EQIP budget of \$1.4 billion for 2012. These kinds of investments do double or triple duty to meet other high-priority goals for the Department. High tunnels extend the growing season for producers selling locally, but they also help manage nutrient runoff and pest management, meeting important conservation goals as well. USDA's emphasis on local food systems has thus allowed the Department to achieve specific program goals and a wider set of cross-program benefits.

Both the [map](#) and [KYF website](#) will continue to be refreshed over the coming months to showcase additional resources and projects that build jobs, economic opportunity, and community across the country.

WHAT IS A LOCAL AND REGIONAL FOOD SYSTEM?

Defining local foods. What are local and regional foods? Local and regional food systems typically centralize within a specific region all of the activities associated with producing, processing, distributing and marketing foods. But there's a lot more to it than simply geography. Local food systems convey information to consumers so that they can learn about and feel more connected to where their food comes from. In turn, the knowledge that they gain allows them to target their purchases to support their local economy.

How one defines "local" or "regional"—which are often used interchangeably, and will be for the purposes

of this document—can depend on geographic, social, governmental, physical, or economic parameters; seasonality; or other factors. When a community comes together to plan and build a local food system, it generally must come to agreement on a definition for the purposes of making policy or developing marketing campaigns.

This portfolio contains case studies and examples from communities around the country engaged in building local food systems. These examples are perhaps the best illustration of the diversity of definitions at work. You can see where USDA has supported local food projects in your community by visiting the [KYF Map](#).

The impact of this interest in local food stretches far beyond just the producers and businesses engaged in local markets. The system's emphasis on transparency and producer-consumer relationships has opened up new opportunities for farmers and ranchers of all sizes and in all regions, who are finding ways to tell their own stories—be it directly, through branding and packaging, on the Internet, or through certification—and respond to consumer demand. Entrepreneurs are developing new tools to connect producers' identities with the products they grow, raise, and process. You can get involved by [joining the national conversation](#) about where our food comes from.

Local supply chains involve many players. Most people think of a farmers' market or a farm stand—a direct farm to consumer sale—when they hear the phrase “local food.” But many more players can be involved. For example, in Charlottesville, VA, the [Local Food Hub](#) buys produce from more than 50 family farms within a 100-mile radius. It sorts and stores the produce in its warehouse and then markets and distributes it to schools, hospitals, grocers and



restaurants in the region—including the USDA cafeteria in Washington, DC. Other systems may involve different local companies that store, process, and transport the food. As long as these processes happen in the region and convey information along the supply chain in a transparent way, it's still a regional food system.

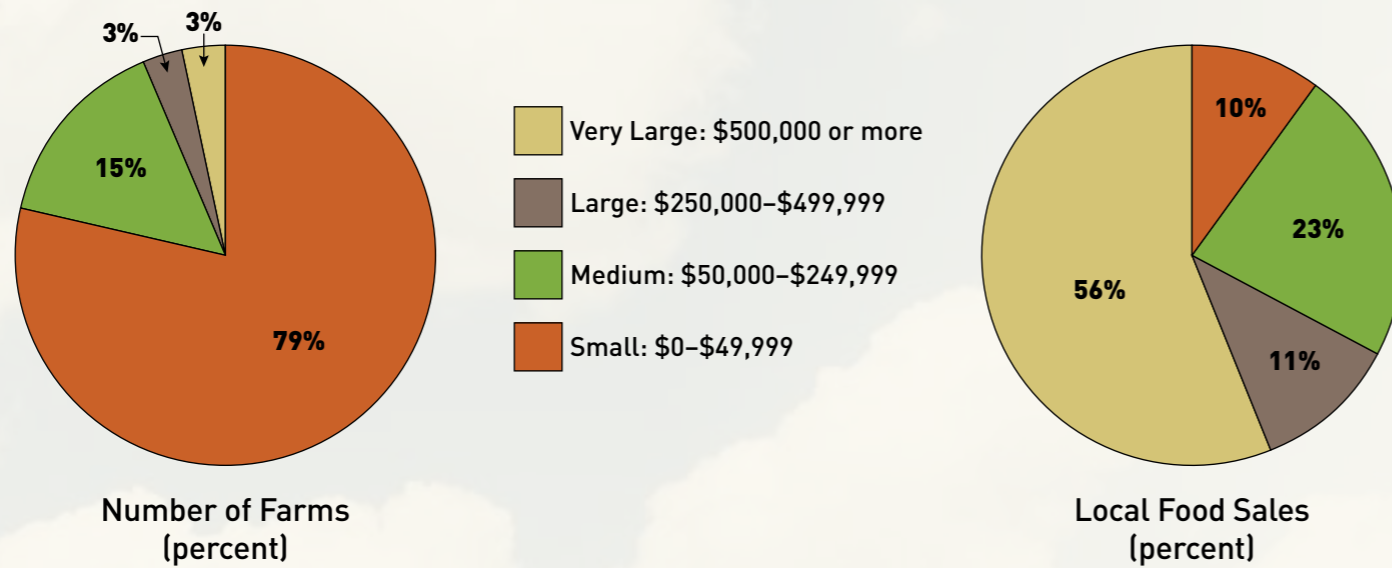
Local food comes from farms, ranches and businesses of all sizes. Another common assumption is that the farms and ranches selling into local and regional markets are always small or organic. This is not the case, although as we'll see, these markets do offer opportunities for smaller producers and for those who want to differentiate their products based on special attributes. But [recent USDA data](#) show that large, mid-sized and small farms are all selling into local and

regional markets. In fact, sales to local distributors, retailers and restaurants are more likely to come from large farms. Direct-to-consumer sales are evenly split among the three farm size categories.

Local markets demand a variety of products.

Finally, it is commonly assumed that only fresh fruit and vegetable growers sell into local and regional markets. Tell that to the farmers behind [Shepherd's Grain](#) brand wheat, produced by a farming cooperative in Washington and Oregon. Participating producers grow much of their wheat for export, but between 15 and 30 percent of their crop is high-quality hard red spring wheat that is processed and sold regionally, offering the farmers a better return and local bakeries a popular product. With support from the [Sustainable Agriculture Research and](#)

**FARMS ENGAGED IN AND THE VALUE OF LOCAL FOOD SALES
BY FARM SALES CLASS, 2008-2009 AVERAGE**



Source: USDA, ERS/NASS, 2008 & 2009 Agricultural Resources Management Survey (ARMS)

Education program, administered by USDA's National Institute of Food and Agriculture, the cooperative was able to train its producers in the use of no-till farming to preserve the soil and reduce fuel use—and then convey that information to its customers.

Now that we've discussed what local foods are, let's look at what they have to offer.

**LOCAL AND REGIONAL FOODS:
AN IMPORTANT COMPONENT OF
A DIVERSE INDUSTRY**

After twenty years of steady and even exponential market growth, local and regional foods are more than a passing trend. Consumers are expressing an interest in knowing where their food comes from and in connecting with the men and women who put food on our tables. In response, producers are taking advantage of the opportunity to reach a new market; local food businesses are springing up; buyers in every sector of the food system have increased local food purchases; and conversations between farmers and consumers are taking place every day across the country.

In 2009, USDA responded to this wave of enthusiasm by launching the Know Your Farmer, Know Your Food initiative (KYF), which brings together employees from across USDA's 17 agencies and many staff offices to share information, collaborate on joint projects, communicate transparently with the public, and fulfill mandates related to local and regional food as effectively as possible. With no dedicated funding or fulltime staff, KYF has helped USDA better serve America's rural communities by encouraging consumers to learn more



“We actually have a waiting list for communities that would like to start farmers markets, as well as area schools, restaurants and institutions who would like to purchase more foods from local sources.”

— Bahia Nightengale, local food coordinator with Southwest Iowa Food and Farm Initiative, whose initiative has received support from USDA's Rural Development agency.



Claudia Crow, a farmer from Shawnee, OK, assists a customer during the Pottawatomie County Farmers Market Five-Year Anniversary.

about where their food comes from and by supporting local food producers and businesses. For more information on the Know Your Farmer, Know Your Food initiative and how it works, [click here](#).

You may be wondering: Why is there so much enthusiasm for local foods? Why does Congress—and in turn USDA—care about this relatively small market segment?

Consumers want to understand more about where their food comes from. We see this desire in the growing number of people seeking out products directly from farmers and ranchers at farmers' markets, farm stands and other direct sales outlets. Consumers are also purchasing local food at supermarkets, restaurants and other “indirect” outlets, including a growing number of large, mainstream supermarkets. Together, these local food sales were **estimated** to be close to \$5 billion in 2008. In 2011, every state but one requested

federal funding for projects related to local food through the **Specialty Crop Block Grant program**. States are asking for this support because their residents are demanding it. So although the local food market segment is still fairly small, it is growing very quickly.

This demand is driven by consumers' desire to engage, discuss and build relationships around many aspects of their lives, including food. Thanks to the Internet, information about a product's origins and the people involved in getting it from the farm to the table is more accessible than ever. Consumers are able to choose foods based on specific attributes—how it was produced, where it was produced and by whom, how much it costs, or how revenues are distributed. Although a producer does not need to be selling locally in order to communicate these attributes to consumers, local and regional food systems play a lead role in building



“We see ourselves, first and foremost, as agricultural ambassadors.... [Our branding as ‘Kentucky Proud’] makes us who we are. We have so much support from our community that it is crazy to see how far we’ve come.”

—Carl Chaney, Chaney’s Dairy Barn,
Bowling Green, KY; recipient of a farm
loan from USDA’s Farm Service Agency



Connecticut’s AGvocate Program promotes local farmers by inviting the public to area events and demonstrations. One event allowed residents to ride a wagon through a dairy barn to learn how milk is produced and how they can support local dairy farmers.

awareness about agriculture and transmit knowledge to consumers. For example, in Farm to School programs, local farmers supply food to schools and often engage in educational activities with students. Does the fact that elementary school students know the name of the farmer growing their salad bar lettuce influence the choices they make in the cafeteria? Does it help them to appreciate the work that went into growing it? From the experience of **schools around the country**, the answers appear to be yes.

These relationships are critical for a generation with no living memory of a time when much of America was involved in agriculture. In the early 1900s, 40 percent of our population lived on farms; today, 1 percent does. 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 non-farming Americans reconnect with all of agriculture.

Growing consumer demand for local food means new jobs. The opportunity presented by new consumer demand and the infrastructure required to meet that demand translates into new farm jobs managing, producing, processing and marketing food. A 2011 USDA study finds that produce growers selling into local and regional markets generate thirteen full time operator jobs per \$1 million in revenue earned, for a total of 61,000 jobs in 2008. Additional farm labor is not included in this figure. In contrast, farms that do not sell into these markets generate only three full time operator jobs per \$1 million in revenue. There may be many reasons for the difference beyond farm size; farms selling locally may grow a wider variety of crops or be packing or processing on the farm, requiring more management time. (Learn more [here](#).)

In addition to creating new jobs in food production, a strong local food system drives growth in related businesses: equipment manufacturers, processors, cold



storage facilities, **food hubs**, transportation networks and retailers. And community planning efforts to develop local food markets can pull together not just producers and food businesses, but also land use groups, economic development and food policy councils, food access advocates, local schools, and residents interested in improving quality of life in the community.

These opportunities come at a critical time for America's rural economy. Midsized farms, which can supply large volumes of food while maintaining a diverse product mix, are disappearing. Between 1992 and 2007, the number of midsized farms in the U.S. fell by over 100,000, or 21 percent. This shift has transformed the rural landscape and impacted related farm businesses. Demand from institutions, local distributors and local grocery stores provides an opportunity to keep midsized farmers on their land and rural communities thriving. For that reason, USDA supports local and regional markets as an important component of its broader agenda to boost job growth in agriculture and support rural economies.

With new markets come new farmers. Another challenge facing U.S. agriculture is the aging farm population. 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. To meet our current and future needs, Agriculture Secretary Vilsack called on federal, state and local governments to support the development of 100,000 new farmers and ranchers by 2012.

Because of the capital required to start farming, many new farmers start small and begin by selling into local and regional markets. Some will want to stay there; others will use it as a jumping-off point to expand into national or even international sales.



VISIT BARRETT FRUIT IN WASHINGTON STATE TO SEE HOW THEY SHIFTED FROM WHOLESALING TO DIRECT MARKETING, AND LEARN HOW TO SET UP YOUR OWN DIRECT MARKETING BUSINESS.

[Click here to watch the video](#)



Local markets mean opportunities for disadvantaged farmers. Farmers from socially-disadvantaged groups—including minority, women and Native American farmers—may also lack the capital to access large markets because of a multitude of factors. For these producers and businesses, local food demand presents an opportunity to stay on the land and build capital and financial security. Local foods play other important roles as well. For many farmers in Indian Country, self-sufficiency through the utilization of local food resources is a longstanding cultural tradition. And for immigrants and refugees, farming can be an important way to make a new home in this country, contributing to their new community and maintaining cultural ties to the places they have come from by producing and consuming their traditional foods.

Local food systems strengthen rural economies. Some research suggests that communities benefit economically when production, jobs and sales are retained locally. A [2010 study](#) by USDA’s Economic Research Service looks at producers selling several products locally: spring salad mix, blueberries, milk, beef and apples. It then compares the performance of these marketing efforts to that of mainstream supply chains, where producers sell to wholesalers whose products are not necessarily then sold locally. The study finds that compared to their mainstream counterparts, revenue per unit for producers selling locally ranges from 50 percent greater for apples to 649 percent greater for salad mix. The study also finds that “[i]n all five cases, nearly all of the wage and proprietor income earned in the [local] market chains is retained in the local economy.”



Agriculture Secretary Tom Vilsack chopping peppers at DC Central Kitchen in Washington, DC



CASE STUDY



In Iowa, Local Food Systems Mean Economic Development

The state of Iowa is already an agricultural powerhouse, but new local food efforts are making it even more so. Here are three examples:

1 In northeast Iowa, local farmers, agri-business owners, community development specialists and consumers first gathered in 2007 to discuss how they could build a healthier and more economically vibrant community. They established the Northeast Iowa Food and Fitness Initiative, which quickly expanded to six counties with more than 100 producer members and 50 others working together.

Thanks to their efforts, sales of local food by farmers in northeast Iowa rose from less than \$10,000 in 2006 to over \$2 million by 2010. The groups estimate that the increase has brought 26 new jobs to the region as workers are hired to farm, process products, manage farm marketing, and do other tasks. By 2010, 21 farms were selling to local schools and 11 new farms had begun selling into the regional market. The group applied for and received a **Rural Business Enterprise Grant** from USDA Rural Development in 2011, providing resources to expand this work.

2 Statewide, the Iowa Department of Agriculture and Land Stewardship (IDALS) reported 228 farmers' markets across the state in 2010, an increase of more than 40 from two years earlier. An estimated 99,000 Iowa consumers and 1,500 producers participate in the markets. IDALS research shows that an estimated \$59.4 million in direct and indirect sales, an additional \$12.2 million in personal income, 374 direct jobs and more than 200



FAST FACT

- Sales of local food by farmers in Northeast Iowa rose from less than \$10,000 in 2006 to over \$2 million by 2010.

indirect jobs had been created as a result of the activities of farmers' markets in Iowa.

3 Demand for local food in Iowa still outpaces production. "We actually have a waiting list for communities that would like to start farmers' markets, as well as area schools, restaurants and institutions that would like to purchase more foods from local sources," says Bahia Nightengale, local food coordinator for the Southwest Iowa Food and Farm Initiative. A recent **study** from Iowa State University showed that 10 southwest Iowa counties could generate \$2.67 million in wages, an equivalent to 45 additional jobs, by increasing fruit and vegetable production to meet local demand during the Iowa growing season.

"USDA Rural Development is very interested in supporting the exciting local foods initiatives that are surfacing across Iowa using our loan and grant programs," says Bill Menner, Rural Development's State Director in Iowa. "People want to know where their food is coming from and are requesting locally grown foods. They also recognize the importance of supporting local producers and local economies."

In Northeast Iowa, Farmer Vince Spain shows students the seeds he uses to grow produce for their cafeteria. Farm-to-school programs can increase healthy food access while teaching young people about agriculture.

“We were working hard to protect the region’s farmland but realized that without a new generation of farmers and stronger local food systems, there would be no one to work the land, protected or not.”

—Noelle Ferdon,
Director of Local Food Systems,
Northern California Regional Land Trust



A mobile market delivers fresh produce to residents of Spartanburg County, South Carolina

Although additional research on the economic benefits of local foods is needed, several studies conducted by universities or private entities flesh out the findings of the ERS study. A recent Georgia study finds that the state could generate \$2 million in sales revenue if each resident put just \$10 of their weekly food budget toward meat and milk from Georgia producers. A 2010 study in **16 counties in Northeastern Ohio** models what would happen if Ohio farmers met 25 percent of local demand with local production. It finds that 27,664 new jobs would be created, providing work to about one in eight unemployed residents, and annual regional sales would rise by \$4.2 billion.

Local food systems help preserve farmland and open space. Sprawl has swallowed up some of America’s best farmland. Approximately 40% of

producers are now located in “metro” counties. Their proximity to urban markets brings development pressure, but it also creates opportunities to sell to the nearby population center. Business planning, infrastructure investment and farmland protection programs can all help producers connect to local markets—and a strong connection to the local market is key to ensuring that farms on the urban fringe stay economically viable and the land stays in farming.

Local food systems help boost healthy food access.

50 million Americans—most of them children or the elderly—are food insecure. Nearly **25 million** live more than one mile from a supermarket, a distance that is particularly hard for the elderly or residents without cars to travel carrying groceries. In some rural areas, the nearest market can be an hour’s drive

“We asked people how far they were driving for fresh produce. In some cases the answer was 45 minutes each way. Our goal became clear: grow fresh produce locally and get it to the people...”

—Rev. Stephanie Ahlschwede, United Methodist Ministries, Omaha, Nebraska

or longer. **Farmers’ markets**, mobile grocers and other unconventional retail outlets stocked with local food can help address food access challenges in areas not being reached by the traditional system.

And for schoolchildren, university students, hospital workers and patients, farm to institution initiatives can help build a foundation for healthy eating in the future by increasing access to healthy foods and providing opportunities for nutrition or agricultural education.

A complement to international and national food systems. Any smart investor knows that there is security in a diversified portfolio. The strength of America’s agricultural industry is in its diversity—in the range of products, supply chains and markets that our producers serve. The local, regional, national and international systems each have unique strengths and thrive under different conditions. Producing food for local and regional markets will not be successful everywhere, just as there are places where it’s impractical to produce agricultural products in bulk for sale on the global market.

But in many places, market demand and good conditions create a ripe opportunity to expand local and regional food production. USDA is committed to helping our farmers and ranchers take advantage of these important market opportunities. The face of that commitment is the Know Your Farmer, Know Your Food initiative.