

Testimony of

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Opportunities in Global and Local Markets, Specialty Crops, and Organics: Perspectives for the 2018 Farm Bill

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Good morning Chairman Roberts, Ranking Member Stabenow, and members of the Senate Agriculture Committee. Thank you for the opportunity to testify on behalf of the farmers and communities we serve in the Southeast (Alabama, Georgia, South Carolina, Tennessee) and Mid-Atlantic regions (Delaware, Maryland, New Jersey, New York, Pennsylvania, and the District of Columbia) of the United States. I am Haile Johnston, a Co-Founder and Co-Director of The Common Market, a nonprofit food distributor, and I hope to convey some of the many positive outcomes resulting from investing in stronger local agricultural markets.

I believe our shared interest is to ensure the health and economic well-being of all Americans. At The Common Market, we build the infrastructure to support regional food systems that facilitate wholesale market access for small and mid-sized farms while improving the accessibility of local food for all people. We are particularly focused on improving economic opportunity and health outcomes for the most vulnerable in rural and urban communities. We see our work and partnerships as vital to removing the barriers to success for farmers and food enterprise and the barriers to better food access for all. Primary among our partners in this work has been the USDA through its various agencies and programs.

Since our first sale in the summer of 2008, we have delivered over \$16 million of local fruits, vegetables, yogurt, eggs, meat, and grocery items to hundreds of customers throughout the Mid-Atlantic and the Atlanta metro. We have delivered food from over 150 small and mid-sized sustainable farms to more than 500 public, charter, and independent schools, hospitals, eldercare communities, colleges and universities, grocery stores, community organizations, and restaurants. By selling to a wide variety of wholesale buyers, we can keep our prices affordable for customers with tighter purchasing budgets, often the customers serving vulnerable populations. By facilitating local trade, we are able to return more of the food dollar to local farmers and rural economies. This work has translated to nearly \$30M of direct regional investment by The Common Market in the last nine years.

The Common Market arose from urban agriculture and nutrition education programming during the emergence of the “farm to school” movement more than a decade ago. Demand for source identified, sustainably-grown, local foods began to surge beyond direct markets and more affluent demographics. Retailers, schools, hospitals, and other institutions were beginning to express a strong desire to invest in local economies and better health through food purchasing, yet many local farmers and the regional supply chains, lacked capacity to meet wholesale institutional demand and food safety requirements. Our model evolved to assist farmers in building capacity and infrastructure to meet these demands,

while also developing the relationships, logistics, and facility to connect their product to re-emerging market opportunities. We have helped all of our growers in the Mid-Atlantic achieve USDA Good Agricultural Practices (GAP) certification. This happened alongside other model interventions in retail and community food access, which have demonstrated profound impact in supporting economic empowerment and health.

After proving the viability and impact of our work in the Mid-Atlantic states, The Common Market launched a new chapter two years ago in Atlanta, partnering primarily with farmers from rural Georgia and Alabama. While our model and approach is similar in the Southeast, the needs and historical challenges facing our growers there are markedly different. The Common Market is connecting our partners with resources to: improve food safety and handling, working toward GAP certification; invest in farm infrastructure to improve post-harvest handling and product quality; and assist in crop planning to better anticipate opportunities within wholesale markets. All of this translates to growth in income for farmers and food enterprises, viable trade opportunities for new and beginning farmers, increased acreage in agricultural production, job and wealth creation for rural economies, preservation of rural community culture, and the generational transfer of agricultural practices and land. Programs and partnerships on the market side are improving the quality of and connection to regionally grown foods. This regionally grown product is now available in early childhood education centers, schools, hospitals, and through community food access programs where food insecurity is most severe. I am happy to share that after successful replication in Georgia, we are partnering with growers in Texas to offer a similar program.

We have had the good fortune to work in direct partnership with the USDA through the Local Food Promotion Program (LFPP), the Food LINC value chain coordinators initiative, the Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers Program 2501, the Community Food Projects grant program, and Farm to School grant program. USDA investment in our communities has yielded staggering results that continue to grow. It's safe to say that as a market opportunity for American producers the Common Market would not be where we are today had it not been for these investments. It is critically important that the next Farm Bill continue support for these and other local food programs to build on our efforts and support new local and regional food systems across the country.

According to our recent farmer producer engagement survey, our growers are the stewards of nearly 21,000 acres with more than 6,600 under conservation easement and employ more than 1,050 rural workers. Eight of our farmers are Veterans, 15 are African American, and 29 qualify as "new or beginning" farmers. Again, this has translated to nearly \$30M in direct investment in the communities where we work and more than 1,000 jobs. These are real jobs and real food with real impact.

As a social enterprise, we believe that fair market opportunities are the key to supporting the financial viability of agriculture and vibrant rural communities. The Local Food Promotion Program (LFPP) has played a critical role in catalyzing market opportunities for farmers and food enterprises, and creating local and regional food systems that show incredible potential for lifting regional economies. In 2014, The Common Market received an LFPP grant to improve the post-harvest handling practices of our produce growers, improving the product quality and competitiveness of local products on the wholesale market. Through the grant, we purchased cooling equipment and provided technical and marketing assistance to a cooperative of 22 farmers in Pennsylvania, which dramatically improved the quality of

their vegetables and increased the demand for their products. Over the course of the grant, we increased sales of their food by over 300%, and today they are our top vegetable producer. Additionally, the work from our LFPP grant project helped them secure new sales contracts with other food distributors and wholesale buyers.

Our LFPP project created peripheral impact for our communities beyond our intended project outcomes. The LFPP increased the competitiveness and marketability of local food and is growing demand for American grown and American-made foods. LFPP projects across the US are generating countless direct purchasing relationships that are creating new income for America's farmers and are building strong regional economies that support the health and wealth of different communities within each region. Local food systems are relatively still in their infant stage of growth. Meanwhile, low commodity prices and tightening international commodity markets, have more and more farmers looking to local and regional marketing opportunities to ensure long-term viability of their farms and the next generation of farmers. Therefore it is critical that Congress protects and increases funding for the FMPP/LFPP so that it can continue to support market development and spur economic innovation with a lasting impact.

The focus of our LFPP project in providing post-harvest handling technical assistance and marketing assistance highlights an issue area that we view as increasingly important for expanded growth within local and regional food systems and one in which additional focus in the next farm bill is pertinent – food safety. The Food Safety Modernization Act (FSMA) and its associated rules and regulations are the law of the land and all farmers including those we work with will have to become increasingly focused on understanding and in many cases on compliance with the Food Safety Modernization Act (FSMA) produce regulations, whether through direct application of those regulations or the indirect impact of driving increased reliance on third party food safety auditing in the larger local and regional markets.

Understanding FSMA, and becoming third party food safety audited for FSMA compliance and/or market access is critically important to not only the kind of producers we work with but for all American producers. However, there is a lack of resources being invested in providing robust and scale appropriate outreach, education, and training to producers regarding FSMA and compliance. Providing funding for the Food Safety Outreach Program through the next Farm Bill would go a long way in helping to address this challenge. In addition to that, looking at other ways the next Farm Bill could be re-tooled to better support producers when it comes to food safety practices implementation and demonstrating compliance through program like the USDA Good Agriculture Practices (GAP) audit and certification program would be welcomed investments.

Capital is critical when it comes to growing food and farm businesses and capital needs across the food system are as diverse as the food system itself.

From farming to manufacturing to processing and distribution, regional and local food systems are characterized by a great variety of enterprises with different capacities and financing needs. Farmers primarily need access to land and farm equipment. Processors and manufacturers, depending on their sector, need access to commercial real estate and processing equipment. Food hubs and distributors often need more cold storage and trucks. Businesses at every level of the food system need access to more flexible capital especially, working capital. For many smaller operations, the lack of entrepreneurs with strong business skills is a serious impediment to attracting the right type of capital to launch and grow their businesses. The reality is that most entrepreneurs in the food systems space manage small, often family-owned operations.

All these factors point to the need for USDA to offer a diversity of flexible financial tools and business development services. The Healthy Food Financing Initiative (HFFI) is an example of such a program. Authorized by the 2014 Farm Bill and seeded with \$ 1 million in FY 2017, HFFI at USDA will use the market knowledge and financing expertise of a National Fund Manager to create new and grow existing businesses along the supply chain, with the goals of fostering new market opportunities for our nation's farmers; creating much needed jobs in rural and urban communities; and improving access to healthier and more nutritious foods at affordable prices, especially for low-income consumers.

Reinvestment Fund, a national community development financial institution (CDFI), was selected recently to serve as the National Fund Manager and is tasked by USDA with raising private capital, providing financial and technical assistance to regional, state and local partnerships, and channeling capital to fund eligible businesses that will improve access to fresh, healthy foods in underserved communities and support local and regional supply chains. CDFIs are uniquely positioned to attract the right resources, both capital and technical assistance, and direct them to the small businesses underserved and overlooked by conventional banks. My organization, The Common Market, received that kind of support in its early years. In 2008, we received a low-cost loan from Reinvestment Fund for our project in Philadelphia procuring fresh, local foods sourced from local, family farms.

Since 2004 when Reinvestment Fund launched the Pennsylvania Fresh Food Financing, CDFIs across the nation have played a critical role leveraging public funds with private capital to finance a wide range of projects in rural and urban low-income communities including full-service supermarkets, food hubs, mobile farmers markets, urban farms and food business incubators.

While, it is not currently considered a Farm Bill program, one of the best USDA programs that facilitate food access, farm capacity building, and job creation is the USDA Farm to School Grant Program. The Program increases the use of and improves access to local foods in schools – thus boosting farm income and economic opportunities – while also fostering experiential food education for our nation's children.

Since its inception in 2010, states have also ramped up their legislative and administrative efforts to ensure their local farms are providing nutritious food to their local schools. For example, in the last two years over 210 Farm to School Policies have been proposed in the 50 states and US territories. Certainly more can be done to improve the quality of school food, including increasing funding for regional farm procurement.

Schools purchased nearly \$790 million in local food from farmers, ranchers, fishermen and food processors in SY 2013-2014 - a 105% increase over **SY 2011-2012**. Every dollar spent on local food generates up to an additional \$2.16 in economic activity, indicating school districts' local food purchases can lead to over \$1 billion in local economic activity. (USDA Farm to School Census 2015)

The USDA Farm to School Grant Program has helped 12,300+ schools improve nutritious meal options made with local ingredients for 6.9 million students, while expanding market opportunities for family farmers and ranchers. (USDA Summary of Grant Awards FY 2013-15) While communities have already benefited greatly from the USDA Farm to School Grant Program, demand significantly outweighs current available funding. Since 2013, USDA has received more than 1,600 applications requesting over \$100 million, and was able to make only 221 awards. While the farm to school grant program has historically been treated as a child nutrition program it is much more than that it is in many ways a local and regional market development program. Recognizing this reality Congress can build on the success of

farm to school program by strengthening the program's scope and by providing \$15 million per year in mandatory funding for the program through the next farm bill.

Thank you for the opportunity to testify. I encourage the committee members to give careful consideration into how the next Farm Bill can strengthen existing programs and build upon past successes.