Statement of Jody Hardin
Farmer, Hardin Farms, Grady, AR, and Scott Heritage Farm, Scott, AR

Hearing on Healthy Food Initiatives, Local Production, and Nutrition
U.S. Senate Committee on Agriculture, Nutrition, and Forestry

March 7, 2012

Good morning Chairwoman Stabenow, Ranking Member Roberts, and Members of the Senate Agriculture Committee. Thank you for this opportunity to testify about the economic benefits of food production for local markets. I know from my own experience that local food is good for farmers, consumers, and our communities, and I am delighted to share my story with you.

I am a fifth-generation family farmer from Grady, Arkansas. I have been farming since I was a child on a farm that has seen many changes throughout our 110-year history. Our family has witnessed many changes over the years, and we are known for being innovative and quick to adapt to changes as they come. I hope that with over one hundred years of farming the same land my testimony will give you a fresh perspective on the meaning of the words sustainable farming.

We currently own 1,000 acres, with about 50 percent of it leased to conventional row-crop farmers. We raise nearly 150 acres in vegetables each year that are sold in regional wholesale markets, and directly to consumers through a community supported agriculture (CSA) program with 80 family subscribers and in our own farm stores that feature local and regional specialty crops. One of these stores, Argenta Market, is located in a downtown food desert, and the other, Hardin's Farm Market, is located in a rural location adjacent to our CSA farm in Central Arkansas. I have been participating in farmers markets for over 26 years, the income from which I used to fund my college education.

In addition to being a farmer, I am also an entrepreneur. I was the founder of the All Arkansas Basket a Month CSA that has served nearly 200 families with locally grown food year-round for the last six years, and I am proud to say, with great success. This cooperative buying program serves nearly 40 farmers and was a catalyst that seemed to spawn a local foods movement in central Arkansas that continues to expand today.

As founder and President of the Certified Arkansas Farmers Market, a non-profit producer cooperative (501-C6) since 2007, I have personally witnessed the tremendous growth in the demand for local foods and its impact on the local and rural economy. I have 37 employees that are supported by the local food economy, including jobs that were created in a downtown food desert through our store.

I am here today to share the successful economic opportunities I have found in producing food for local markets, and to discuss the barriers to continued growth.

Farmers Market Promotion Program (FMPP)

In 2009, Delta Land & Community, a community-based organization in Arkansas, received a Farmers Market Promotion Program (FMPP) grant from USDA's Agricultural Marketing Service (AMS). FMPP increases and strengthens direct producer-to-consumer marketing channels through a competitive grants application process, funding marketing proposals for community-supported agriculture (CSA) programs, farmers markets, roadside stands, and other direct marketing strategies such as agritourism. The FMPP grant was awarded to improve sales at two existing farmers markets, including our Certified Arkansas Farmers Market in Argenta, and to establish two new farmers markets in the state.

The FMPP grant was an incredible opportunity. It gave us a lot of impetus to build our farmers market. Small farmers are not well organized and lack a collective voice in the marketplace. Through efficient advertising and effective communication, FMPP brought farmers together to create a robust farmers market.

With the FMPP grant, we were able to create food festivals coinciding with peak harvest periods throughout the spring, summer, and fall growing seasons that greatly assisted many of our farm vendors. We realized that farmers' sales could not keep pace with harvest. For example, when strawberries were ready for harvest, farmers lacked sufficient demand to sell their entire product. The new FMPP-funded harvest festivals changed that. We did research on peak harvest for several crops. Then, we invited 20 top chefs from Little Rock to each partner with a local farmer. These festival-placed partnerships, with chefs present at our farmers market, attracted an additional 2,000 to 3,000 customers. We went from insufficient demand to a booming marketplace. Plus, we created a huge demand from the chefs themselves. They started buying from the farmers and these farmer-chef relationships are ongoing. With the help of FMPP, we were able to build direct relationships with farmers and chefs that led to exponential growth of our small farm products in the years to follow, creating greater demand than supply of local products and thus leaving room for new farming opportunities in our area.

Along with these stories, the numbers say it all. FMPP literally changed our lives. Our customer base went from 400 per market day to over 1,000. We went from less than $5,000 in sales per market day during the summer season to between $15,000 and $20,000 in sales per market day after our FMPP grant. In total, we went from $300,000 in sales in our 2008 season to $1.5 million in our 2010 season, the year after our FMPP grant. We quadrupled our annual sales thanks to FMPP. As farmers got wind of the increasing consumer demand, we went from between 12 and 15 farmers per market day to over 30; in other words, we doubled our farmer presence at the market in a three-year period. Through community collaboration, we developed 20 lasting partnerships with local and regional chefs that continue today. All in all, we were able to build a larger clientele, we were able to build a larger base of farmers, and we generated dollars back into the economy.

FMPP worked. We were able to leverage the grant funds to build one of the most exciting new farmers markets in the state, one that has attracted thousands of customers, chefs, children, and tourists to a once blighted downtown food desert. The success of this farmers market has led to the development of new restaurants in the area, the new grocery store Argenta Market that I co-founded, and unprecedented real estate development in the downtown North Little Rock area. Our grant was a great experience for us, and it had a major impact. In fact, I can honestly say that without it, our market and thus our economy would be lagging.

We have seen incredible growth at our direct producer-to-consumer outlets through our FMPP grant. I live and breathe this. My father and grandfather are in disbelief at the growth and opportunities to sell locally produced food.

But we have a real problem. There is widespread and growing demand for locally produced food, but significant barriers exist to meeting that demand. All roads point to a glass ceiling for small-scale, diversified farms that we can shatter – with an investment in minimal processing, aggregation, and storage infrastructure, as well as with appropriate market technologies, training, and risk management tools.

"Food Hubs" – Aggregation, Processing, Storage, and Distribution

We were not able to tap the school market and in fact had to turn schools away. We have the buyers lined up. We have the demand lined up. We even have a grassroots effort in our state to get farm to school programs going, to get Arkansas-grown food into our schools. We just cannot get the critical mass due to a distinct lack of the necessary infrastructure to meet the demand.

It is a huge obstacle. School food has unique needs. It needs light processing and packaging in a way that school districts can accept it and prepare it to serve to our nation's schoolchildren. The same applies for other institutional markets like hospitals and prisons. Retail outlets – our grocery and corner stores – as well as restaurants, also have their own specific needs for purchased food products.

One part of the solution is an aggregation and distribution center, which we have tried to start. Today some folks are calling these places "food hubs" – centers that can aggregate, process, store, and distribute product. No matter what you call it, it makes sense.

I'll give you an example. In the summer in Arkansas, a large number of our crops come off the farm around the same time. It is when farmers need the most help because prices are lower. At the same time, schools are looking for an inventory of affordable, local food so that they can plan their meals out in advance of the coming school year. If we could process food in the summer – when farmers are producing and schools are out – using simple processing techniques like individually quick frozen (IQF) flash-freezing and then store these products for the school year, farmers would win and schools would win. Schools could buy the large supplies they need at the prices they can afford when farmers need help the most. Then, school food service companies like Sysco can work with the food center to distribute the food to the buyers, the schools.

As I mentioned already, we tried to start such a center in Arkansas. Unfortunately, despite our best efforts and my experience, we cannot seem to get a food center off the ground. We first tried to start the aggregation and distribution center with only private money. We thought we could do this with the help of our customers and local philanthropists and using my own entrepreneurial skills. When this did not go as planned, we started a multi-step project.

First, we would buy products directly from farmers and distribute directly to consumers, all on a small scale. We had no need for capital because our customers were prepaying. This went along for six years, but we could not grow.

We then decided we needed a facility to keep us going. As I communicated with schools, I found a big statewide need. People from all over, not just in and around Little Rock, were saying, "We need this." Not just farmers and not just schools. We had two food distribution companies wanting such a center too. They wanted it located centrally so they could distribute across the state and region.

USDA's Rural Development Under Secretary Dallas Tonsager suggested we apply for a Rural Development grant. Much to our disappointment, there was not a good match for what we wanted to do from among the Rural Development programs. While food centers benefit farmers in rural areas, the distribution sites sometimes need to be situated closer to the larger markets, which may be outside the area served by Rural Development. We also tried USDA's Farm Service Agency (FSA) for a loan, since they are not restricted in the same fashion, but FSA is also not well equipped and prepared to serve this small but growing local food producer sector. Hopefully, this situation is improving to a degree as the Department's Know Your Farmer, Know Your Food initiative begins to mature and FSA becomes more familiar with the needs of these food systems. The situation would also be improved by providing access in the Farm Bill to grants and loans that support aggregation and distribution facilities in larger populations areas. Although these facilities truly benefit rural growers, most do not qualify for programs like Rural Development business and cooperative programs.

I have come to realize that we need public dollars to jump-start the initiative as a public-private partnership. I am thrilled to report that we are getting local cooperation and some state help, but we still need federal support. Just like we found with our FMPP grant, a little seed money in the short-term can make a huge difference in the long-term. We have food service companies eager and willing to buy our products. We have three major distributors in our area: Sysco, Ben E. Keith, and PFG. Two of them are begging me to connect them with local farmers and to send them local food. Their combined sales in Arkansas are about half a billion dollars per year. This is an incredible opportunity for my state. What we lack, however, is the appropriate infrastructure to get the foods ready for market. We need some federal assistance to get if off the ground and become sustainable.

Need for Local Marketing Promotion Program – Direct and "Scaled Up" Sales

Earlier I spoke about the overwhelming success of our Farmers Market Promotion Program, which works well for direct producer-to-consumer sales. As I think about the growing desire by farmers to supply wholesale local foods, I realize we are in need of an "FMPP plus" or a Local Marketing Promotion Program. We have more and more farmers and ranchers wanting to connect with schools, grocery stores, and restaurants to boost income. Along with renewing and increasing funding for the Farmers Market Promotion Program (FMPP) in the new farm bill, I would like to see the program expanded, programmatically and in dollars, to include grants for these "scaled up" sales. As my story illustrates, limited dollar investments in marketing activities go a long way in fostering sustained growth in economic activity.

Expanding Access to Electronic Benefit Transfers (EBT) Technology

As our experience with FMPP has shown, marketing can go a long way in boosting local food sales and in improving farmer income. Along these lines, I would like to mention another simple, inexpensive step that can be taken to enhance sales at direct marketing outlets like farmers markets, thus stimulating local economies.

As you know, low-income Americans use their electronic benefit transfers (EBT) cards when making SNAP purchases. Grocery and corner stores can receive federal and state funding for their EBT equipment and fees, but the same does not apply for wireless food retailers like my farmers market. We need to level the playing field. Wireless outlets, not just farmers markets but also farm and roadside stands and other places farmers sell fresh food directly to consumers, deserve the same opportunity as stores.

Currently, only about five percent of sales at the Certified Arkansas Farmers Market (CAFM) are SNAP purchases. The opportunity, however, is far greater. Wearing my hat as President of the Arkansas Farmers Market Association, I have heard nothing but positive stories about the economic gains made by accepting SNAP at farmers markets. Not only do all consumers have access to fresh, local foods, but farmers also win. It is simple: when SNAP benefits are accepted, market sales increase. More dollars are put in our farmers' pockets and more dollars are kept in our own community. The markets currently not accepting SNAP due to lack of access to wireless equipment are losing customers and thus losing dollars. SNAP recipients are losing access to fresh, local food. The next farm bill should fix this. All wireless outlets where producers sell directly to consumers deserve a fair chance to sell their products to SNAP participants.

Food Safety Training for Farmers and Small Processors

Along with needing basic infrastructure to aggregate and process Arkansas-grown and -raised foods, there is another particular challenge that producers of local food are facing as they work to seize the institutional and retail demand for local foods. As I mentioned, we have three food distribution companies in the state that service our schools, hospitals, and other institutions. All three of these companies require that their farmers have Good Agricultural Practices (GAP) certification, which our farmers more often than not do not have.

Chairwoman Stabenow, in the recent Food Safety Modernization Act, you championed a National Food Safety Training, Education, Extension, Outreach, and Technical Assistance competitive grants program. Thank you for this. It is incredibly important. As you write the next farm bill, I would like to see this program funded so it can begin providing grants to train farmers and small processors on food safety measures. We all want a safe food supply. This program would help us to realize this goal. If we can train farmers in groups as this program would allow, we can reach more people with less dollars, thus maximizing our federal investments in food safety.

Whole Farm Adjusted Revenue Risk Management Insurance (Whole FARRM)

I learned from my father, a fourth generation farmer, and subsequently experienced on my own, the extraordinary challenge specialty crop producers and diversified farm operators face when it comes to crop insurance. Over the years, we have had disasters on our farm. In fact, we face increased adversity every year from a changing ecosystem. In Arkansas, as I understand is the case around the country, we have a checkerboard approach to crop insurance for farmers like me. A special form of revenue insurance is available in certain states in certain places within states to farmers with diversified production including multiple crops or integrated crops and livestock. Some counties have this option available to them, but most do not. Called Adjusted Gross Revenue (AGR) insurance and Adjusted Gross Revenue-Lite (AGR-Lite), these products insure the total farm revenue stream on coverage up to $250,000 based upon the average revenue reported on five years of farm tax returns. The product does not allow for buy up coverage equivalent to most revenue insurance products and its diversification incentive is quite weak. While it may work in some places and for some folks, the plain truth is that this "hit or miss" approach does not adequately serve diversified and produce farms.

I would like to see our federal agriculture policy keep AGR and AGR-Lite in place so those producers who use it now and like it can maintain their coverage. Additionally, however, I want the new farm bill to authorize the creation and implementation of a Whole Farm Adjusted Revenue Risk Management (Whole FARRM) product that is available in all states and all counties and is relevant to all diversified operations, including but not limited to specialty crops and mixed grain/livestock or dairy operations, both organic and conventional. The Whole Farm product should be offered at the same buy-up coverage levels as other policies and should include a strong diversification incentive to reward risk reduction through diversity.

I am not only confident that such an insurance product would serve my family well, but more importantly that it would serve my entire community well. By offering specialty crops producers and other diversified farm operators a crop insurance option that works for them, you would be making a tremendous contribution to the health of the farming sector and the rural environment. It is critical the new farm bill direct RMA to develop this product as quickly and efficiently as possible.

Organic Crop Insurance

Finally, I would like to speak to the specific crop insurance barriers for organic producers. Like demand for foods grown locally, demand for organic foods has skyrocketed. Even in the worst economic downturn in 80 years, the organic sector experienced positive growth and grew by 8 percent in 2010.

My family operates what we like to call a "crossover farm." We have conventional row crops and are in the process of transitioning to certified organic production for our produce. As we make this transition, my family and I are learning the challenges organic producers face in today's marketplace.

As a real world example, I will tell you about the difficulty my younger brother faced when he went to the Farm Service Agency (FSA) to get an operating loan for his organic crop production system. The first year, he was flat out rejected despite having done everything right according to USDA's organic program and because of this rejection almost went out of business. The following year, he was fortunate enough to get an FSA loan. This experience demonstrates the urgent need for loan officers, be they FSA or Farm Credit or commercial banks, to become more knowledgeable about and conversant with organic production and organic markets. We need fair access and a level playing field.

We have a multi-faceted crop insurance problem for organic agriculture. First, organic farmers have been required to pay a surcharge for coverage on organic crops based on the dubious assumption that organic production methods result in more risk. The 2008 Farm Bill mandated that the Federal Crop Insurance Corporation (FCIC) enter into one or more contracts to review the underwriting risk and loss experience of organic crops to determine the variation in loss history between organic and nonorganic crops. As a result of these investigations, the surcharge for a handful of organic crops has thankfully been removed to date, but the unjustified surcharge must be removed for all organic crops.

Second, FSA and RMA lack organic price data that they can rely on. As a result, organic farmers have found that most crop insurance policies do not pay farmers for losses at organic prices but instead at conventional prices for the crop, which are generally considerably lower. Furthermore, organic farmers with diverse, integrated operations have difficulty sourcing crop insurance and other effective risk management tools because most risk management tools are designed for mono-cropping, while most organic operations have diversified and integrated systems.

The new farm bill should ensure RMA has sufficient data on organic prices for crops so that organic producers can receive indemnity payments at the correct prices should there be a disaster. I would also like the new farm bill to remove the organic premium surcharge from all crops, not just some. These simple, low-costs steps can go a long way in leveling the playing field for organic producers like me and give us access to the effective risk management tools from which the rest of agriculture benefits.

Thank you for the opportunity to testify today. I would be happy to try to answer any questions you may have.