

## ANALYSIS

### Department of Agriculture Resiliency for Oregon Agricultural Producers

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**Analyst:** April McDonald

**Request:** Approve the submission of a federal grant application to the U.S. Department of Agriculture for a Resilient Food Systems Infrastructure program grant in the amount of \$5,907,194, over a four-year period, to expand opportunities for locally produced foods and improve resiliency for small and midsized agricultural producers.

**Analysis:** The U.S. Department of Agriculture (USDA), Agricultural Marketing Service (AMS), is entering into cooperative agreements with each state and territory for the Resilient Food Systems Infrastructure Program (RFSI). On May 3, 2023, the USDA announced the RFSI program would make available \$420 million in American Rescue Plan funding for states and territories to improve the resiliency of local food producers. The amount allocated for Oregon is \$5.9 million, with no state match requirement, and the Oregon Department of Agriculture (ODA) seeks permission to apply for this funding opportunity.

The goal of RFSI is to create more and better processing options for local and regionally produced food crops and dairy (excluding meat and poultry, as they are funded through other USDA programs). As part of the agreement, states will submit plans to build resilience across the middle of the food supply chain for agricultural producers. Funds will support expanded capacity for the aggregation, processing, manufacturing, storing, transporting, wholesaling, and distribution of locally produced food. States will work with the USDA to make competitive subawards for infrastructure grants to create more diverse local and regional market options and create more economic opportunities for communities. RFSI investments aim to create a food systems infrastructure to support competitive and profitable market access for domestic food and farm businesses.

The USDA engaged with states to provide further details about this program in a webinar on May 11, 2023. The USDA has asked states to sign and return cooperative agreements no later than May 25, 2023 and submit state plans by August 23, 2023. The subrecipients of infrastructure grants will be required to provide matching funds. ODA has not requested any additional staff to support delivery of this grant program and may return to the Legislature for increased federal funds expenditure limitation if ODA is not able to accommodate the grant within existing budget authority.

**Legislative Fiscal Office Recommendation:** The Legislative Fiscal Office recommends approval of this request.

## Oregon Department of Agriculture Crawford

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**Request:** Authorization to apply for \$5,907,194 from the U.S. Department of Agriculture's Agricultural Marketing Service to enter into a cooperative agreement for the Resilient Food System Infrastructure (RFSI) program and create a state plan to fulfill the goals of the RFSI program.

**Recommendation:** Approve the request.

**Discussion:** The purpose of the RFSI program is to assist states in efforts to build resilience in the middle-of-the-supply-chain, as well as strengthen local and regional food systems. States must develop a state plan, as well as subaward grants to private businesses to create more local and regional options. The goal of the RFSI program is to create food system infrastructure to support competitive and profitable market access for domestic farm products.

The state plans developed under this grant must identify how subaward grants will prioritize:

- Underserved farmers and ranchers;
- New and beginning farmers and ranchers;
- Veteran producers;
- Processor and other middle-of-the-supply businesses owned by socially disadvantaged individuals, as defined by the Small Business Administration.

This is a non-competitive grant for which Oregon has been allocated \$5,907,194 for a four-year period ending in May 2027. No match is required for the grant, however sub-awarded grants to private businesses are required to provide matching funds.



**OREGON  
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May 17, 2023

Senator Elizabeth Steiner, Co-Chair  
Representative Tawna Sanchez, Co-Chair  
Joint Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301

Dear Co-Chairs:

**Nature of the Request**

The Oregon Department of Agriculture (ODA) respectfully requests permission to enter into a cooperative agreement with the U.S. Department of Agriculture (USDA), Agricultural Marketing Service (AMS) for Resilient Food Systems Infrastructure Program Cooperative Agreements (RFSI). States learned about this program in a webinar with USDA on May 11, 2023, the USDA has asked states to sign and return cooperative agreements by May 25, 2023, and to submit a state plan by August 23, 2023. Oregon has been allocated \$5,907,194 for a four-year period ending May 2027. This is a non-competitive grant with no match required by the state; infrastructure grant subrecipients are required to provide matching funds.

**Agency Action/Background**

The purpose of the Resilient Food Systems Infrastructure Program (RFSI) is to assist U.S. states and territories (States) to coordinate initiatives to build resilience in the middle-of-the-supply-chain and strengthen local and regional food systems for food crops. Funds will support expanded capacity for the aggregation, processing, manufacturing, storing, transporting, wholesaling, and distribution of locally and regionally produced food products, excluding meat and poultry products, which are funded through other USDA programs. States will make subawards in the form of Infrastructure Grants to middle-of-the-supply businesses to create more diverse local and regional market options and create more economic opportunities for communities, allowing them to retain more of the value chain dollar. RFSI investments aim to create a food systems infrastructure to support competitive and profitable market access for domestic farm products.

RFSI serves as an important component of USDA's framework to transform the food system to benefit consumers, producers, and rural communities by providing more options, increasing access, and creating new, more, and better markets for small and mid-size producers. The pandemic and recent supply chain disruptions have revealed the perils of a national food system that depends on capacity concentrated in a few geographic areas and requires many steps to get from farm to fork. To be more resilient, the food system of the future needs to be more diversified, distributed, and local.

States must ensure that Infrastructure Grants are used for the purpose of expanding middle-of-the-food-supply-chain capacity for locally and regionally produced foods and offer more and better market opportunities and new streams of revenue to small and mid-sized agricultural producers, including those who may not have access to value-added opportunities or processing to meet market demand for premium or value-added products, such as underserved producers. The RFSI program will focus on funding Infrastructure Grant activities in each state that:

- Expand capacity for processing, aggregation and distribution of agricultural products to create more and better markets for producers;
- Modernize manufacturing, tracking, storage, and information technology systems;
- Enhance worker safety through adoption of new technologies or investment in equipment or facility improvements;
- Improve the capacity of entities to comply with federal, state, and local food safety requirements;
- Improve operations through training opportunities;
- Support construction of a new facility;
- Modernize or expand an existing facility (including expansion and modifications to existing buildings and/or construction of new buildings at existing facilities);
- Construction of wastewater management structures, etc.;
- Modernize processing and manufacturing equipment; and
- Develop, customize, or install equipment that reduces greenhouse gas emissions, increases efficiency in water use, improves air and/or water quality, and/or meets one or more of USDA's climate action goals.

States must propose in their State Plan how they will prioritize Infrastructure Grant applications that benefit the following:

- Underserved farmers and ranchers;
- New and beginning farmers or ranchers;



- Veteran producers;
- Processors and other middle-of-the-supply businesses owned by socially disadvantaged individuals, as defined by the Small Business Administration (SBA).

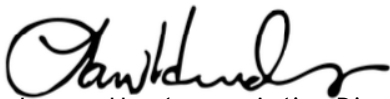
**Action Requested**

The department respectfully requests permission to enter into a cooperative agreement with the U.S. Department of Agriculture (USDA), Agricultural Marketing Service (AMS) for Resilient Food Systems Infrastructure Program Cooperative Agreements (RFSI).

**Legislation Affected**

ODA may return to the Legislature for increased federal funds expenditure limitation if ODA is not able to accommodate the grant within existing budget authority.

Sincerely,



Lauren Henderson, Acting Director  
Oregon Department of Agriculture

