



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

April 7, 2010

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 746: Farm-to-School Programs and Grants

Assembly Bill 746 would require the Department of Agriculture, Trade and Consumer Protection (DATCP) to promote farm-to-school programs. Under farm-to-school programs, local school systems purchase ingredients for their food-service programs from nearby farms and agricultural producers. The bill would establish a grant program in DATCP for school systems, nonprofit organizations, farmers or others to create or expand farm-to-school programs. The bill would also create a farm-to-school council in DATCP.

The bill was introduced on February 12, 2010, and referred to the Assembly Committee on Agriculture. On February 25, 2010, the Assembly Committee on Agriculture recommended adoption of Assembly Amendments 1 and 2 by votes of 11 to 0, and recommended passage of the bill as amended by the same vote. The bill was referred to the Joint Committee on Finance on March 2.

CURRENT LAW

Agriculture, Trade and Consumer Protection

DATCP is required under the statutes to promote and market state agriculture and agricultural products. These responsibilities are primarily carried out by DATCP's Division of Agricultural Development, which, in addition to general promotional activities, currently administers several programs that promote local products and the development of locally based food systems. These programs are described below.

Agricultural Development and Diversification (ADD) Grants. The statutes currently require DATCP to operate an agricultural diversification program with the general responsibilities of: (a) researching and planning for marketable uses of agricultural products; (b) assisting producers and

processors with bringing products to market; and (c) promoting and assisting the development and use of products derived from agricultural commodities, including alternative fuels produced from agricultural sources. To further these goals, DATCP has authority to make grants for various activities relating to agricultural diversification. The primary grant program the Department administers is the Agricultural Diversification and Development (ADD) grant program. Grants must have one or more of the following purposes: (a) the creation of jobs in agriculture; (b) investment in new capital or the expansion of agriculture; (c) development and expansion of markets for agricultural products; (d) diversification and expansion of the production, processing and distribution of agricultural products; (e) commercial application of new agricultural technologies or practices; (f) increasing the use of surplus agricultural products; (g) improving the competitive position of Wisconsin agriculture; or (h) increasing the efficient use of farmland or other agricultural resources. Projects receiving grants must be no longer than three years, and funding to any one project may not exceed \$50,000. Funding may also not exceed 75 percent of project costs. DATCP is appropriated \$356,700 GPR each year for ADD grants under a biennial appropriation in 2009-11.

Buy Local, Buy Wisconsin. The Buy Local, Buy Wisconsin program was created by 2007 Act 20 to make grants for: (a) the creation or promotion of regional food and cultural tourism trails; and (b) the development of regional food supply systems. Under 2007 Act 20, the program was authorized 1.0 GPR position with \$64,100 GPR for salary and fringe benefits and \$165,000 GPR for marketing and promotional activities, supplies, training, data tracking and information services. The act also provided \$225,000 GPR for grants in 2007-08 only. Under 2009 Act 28, the Buy Local, Buy Wisconsin program is appropriated \$222,700 GPR annually for grants under a biennial appropriation. Grant awardees must provide a match of at least 33 percent of the total grant award, which equals 25 percent of total project costs. In the program's first two grant cycles in 2008 and 2009, several grants have been awarded to projects intended to increase purchasing of locally produced food by institutional buyers, including nearby school systems. DATCP currently attributes \$140,900 GPR to program administration and promotion, including: (a) 1.0 position for program administration, with \$70,000 for salary and fringe benefits; (b) \$40,900 for other program costs such as limited-term employees (LTE), conferences and workshops, a marketing guide for local foods, and support of the Buy Local, Buy Wisconsin advisory group, which provides direction and consultation for the program; and (c) \$30,000 for the Producers First program, which is described below. DATCP reports other funds originally authorized under 2007 Act 20 are not specifically identifiable but also may support local foods promotions, such as marketing efforts of the Alice in Dairyland program. The Buy Local, Buy Wisconsin program is also currently operating with federal support for LTE staffing and food safety assessment work.

Producers First. DATCP recently began a subprogram of the Buy Local, Buy Wisconsin grants under which grants are available for small and mid-sized farms whose ultimate purchasers and consumers are locally based. Preference would be given to those farms with 75 percent of their purchasers and consumers within 300 miles of the farm, and that have gross sales of at least \$35,000. DATCP has made \$80,000 available for the program, consisting of a \$50,000 federal grant and a state match of \$30,000 GPR. The Department has allocated \$60,000 for grants, which are likely to be awarded later in 2010, and \$20,000 for administration. Awardees can receive grants

up to \$3,000 for professional consultants to assist them with a range of business development and planning activities.

Something Special from Wisconsin. The Something Special from Wisconsin program was created under Chapter 357, Laws of 1981, as a program to promote commodities produced in Wisconsin. It was given its current name under 1983 Act 92. DATCP maintains a slogan and logo for the program as registered trademarks, and has promulgated administrative rules specifying eligibility criteria for products. To be eligible, a product or commodity must: (a) not be an imitation of something for which there is an identity standard created by state or federal law; and (b) have at least 50 percent of its added value be attributable to Wisconsin ingredients, production or processing activities. Producers and sellers pay annual fees for use of the materials on packaging or in sales displays. User fees are deposited to a program revenue appropriation in DATCP for advertising and promoting the program. The appropriation had 2008-09 revenues of \$21,600, and a July 1, 2009, balance of \$44,900.

Savor Wisconsin. The Savor Wisconsin project, begun in 2002, is a collaborative effort of DATCP, the UW–Extension and the Wisconsin Apple Growers Association (WAGA). The project intends, in part, to be a means for producers to directly market their products to consumers around the state and beyond. The project Web site, SavorWisconsin.com, contains listings for more than 1,600 producers and farmers markets. The site is owned by WAGA and administered by DATCP.

AmeriCorps Farm-to-School Program. The AmeriCorps Farm-to-School Program is supported by funding from Serve Wisconsin, a citizen board appointed by the Governor that receives federal funding through the Corporation of National and Community Service. Funding for the farm-to-school program supports AmeriCorps volunteers in 10 host sites throughout Wisconsin. Each site hosts two part-time AmeriCorps staff, one of whom focuses on locating producers who would sell products to the site, and one that provides education and outreach to students about nutrition and healthy eating habits. The program is supported by \$280,100 in federal funding for the 2009-10 school year.

Public Instruction

In 2009-10, the Department of Public Instruction (DPI) awarded grants totaling \$1.3 million from the federal Fresh Fruit and Vegetable Program under the U.S. Department of Agriculture to 73 public and private schools. The competitive grants served approximately 26,000 elementary school pupils in lower-income communities, providing free fruits and vegetables as snacks outside the regular meal service periods. The program encourages schools to use funds to procure locally grown produce. Funding will again be available for 2010-11, with schools selected for grants to be announced in May, 2010.

Health Services

The Department of Health Services (DHS) applied for and received several chronic-disease and wellness grants under the American Recovery and Reinvestment Act, which included two

grants for improving nutrition among Wisconsin residents. First, DHS received approval on February 5, 2010, for a two-year, \$862,600 grant for obesity and tobacco use, with the implementation and promotion of farm-to-school programs included as a policy goal. The grant includes \$119,800 to support a half-time farm-to-school program coordinator position in DATCP for the two-year project period.

DHS also received federal approval on March 19, 2010, for a two-year \$6,000,000 stimulus grant for state-coordinated obesity prevention activities in La Crosse and Wood Counties. The grant application specified a range of nutrition and physical activity objectives to be accomplished at these sites, including the adoption of farm-to-school programs in at least three school districts in each county.

SUMMARY OF BILL

Assembly Bill 746

The bill would create a farm-to-school council in DATCP. The council would be appointed by the DATCP Secretary, but the bill does not specify a number of persons to be appointed. The council would consist of: (a) a DATCP employee; (b) farmers; (c) experts in child health; (d) school food service personnel; and (e) other persons with interests in agriculture, nutrition and education. The Secretary of Health Services and the Superintendent of Public Instruction would each be required to appoint one employee of their departments to the council. The council would be required to report at least annually to the Legislature and the DATCP Secretary on needs and opportunities for farm-to-school programs.

Farm-to-school programs would be defined as programs connecting schools and nearby farms to provide children with fresh fruits and vegetables for school meal programs. Programs would also have the goals of: (a) helping children develop healthy eating habits; (b) providing education on nutrition and agriculture; and (c) improving farmers' income and direct access to markets.

As part of its promotional responsibilities, DATCP would be required to encourage schools to purchase food produced in Wisconsin, as well as encourage schools to provide education through farm visits, cooking demonstrations, and on-site composting and gardening. In addition, DATCP would be required to: (a) identify and seek to reduce impediments to schools in providing locally purchased foods; (b) advise other state and local agencies on actions to promote farm-to-school programs, and coordinate departmental activities with related activities in other agencies, including DHS, DPI and local and nonprofit groups; (c) promote communications and sales between farmers and local school systems; (d) provide training and technical assistance to farmers, distributors, processors and school food preparers regarding farm-to-school programs, food safety, and procurement; (e) create public education campaigns; (f) provide information on the DATCP Web site on farm-to-school programs; and (g) consult with the farm-to-school council and other interested parties.

The bill would require DATCP to make grants to school districts, farmers, nonprofit organizations and other entities to create and expand farm-to-school programs. The bill would specify that preference be given to proposals that are innovative or that establish models that other school systems could adopt. Projects receiving funding would be required to: (a) create, expand, diversify or promote the production, processing, marketing and distribution of Wisconsin-produced food to Wisconsin schools; (b) create, expand or renovate facilities, including equipment purchases, that would ensure the use of Wisconsin-produced food in Wisconsin schools; (c) provide, expand or promote training for food service personnel, farmers and distributors; or (d) provide, expand or promote nutritional and agricultural education in schools. Grant priorities for each fiscal year would be established in consultation with the farm-to-school council. DATCP would be required to promulgate administrative rules for administering the program.

The bill would create two GPR appropriations in DATCP; one would provide funding for grants and one would support program administration. No funding would be provided in either appropriation, but the bill would authorize 1.0 GPR position under the administrative appropriation.

Assembly Amendment 1

Assembly Amendment 1 would specify that DATCP grants to school districts be made in coordination with DPI.

Assembly Amendment 2

Assembly Amendment 2 would specify that dairy products are included in the types of foods procured by schools in farm-to-school programs.

FISCAL EFFECT

Although the bill would create GPR appropriations for grants and program administration, with 1.0 GPR position authorized under the administrative appropriation, DATCP indicates the bill provisions could only be implemented on a limited basis until funding is provided. Specifically, DATCP's fiscal estimate notes that the farm-to-school council would be the only provision implemented immediately. The Department estimates that staffing the council would require 116 hours annually, with staffing provided by at least one DATCP employee. Further, DATCP estimates the annual report to the Legislature would require approximately 40 hours to prepare, with associated costs of \$6,300. Supplies and travel costs for the council are estimated at \$5,000. DATCP reports council costs and staffing could be provided from existing resources.

DATCP estimates a grant program may create enough interested applicants to justify 10 to 15 grant awards each year and approximately \$200,000 GPR in annual funding. No local match requirement is specified under the bill. DATCP estimates the administrative appropriation could require approximately \$172,800 GPR annually in base funding, consisting of: (a) \$72,800 for salary and fringe benefits for the position authorized in the bill, which DATCP reports would be

created as an economic development consultant; and (b) \$100,000 for other administrative costs, including supplies, promotions and outreach, training seminars for program participants and travel. Administrative rules that would be required under the bill would have estimated one-time costs of \$42,300 for staffing associated with research, drafting, public hearings and other associated tasks. The administrative rule-making process is generally expected to last about one year. Therefore, DATCP estimates ongoing costs of approximately \$373,000 annually to implement the program. Although no funding is provided in the bill for the 1.0 GPR position authorized, salary and fringe benefits would be included as a standard budget adjustment of approximately \$72,800 annually in the 2011-13 budget. Further, it should be noted that a technical correction to the bill could be made regarding the placement of the administrative appropriation. The bill would authorize the appropriation and position in DATCP's agricultural assistance program, but this program currently contains only grants and aids DATCP disburses, with administrative appropriations under its agricultural development services program.

The bill would create a grant program most similar to the ADD and Buy Local, Buy Wisconsin programs. Further, DATCP's estimates for possible amounts for farm-to-school grants and administration are generally in line with the grants and administration currently associated with each program. For its first full year of operation in 2008-09, Buy Local, Buy Wisconsin was authorized 1.0 GPR position with \$229,100 GPR for promotion and administration, which consisted of \$64,100 for salary and fringe benefits and \$165,000 for related supplies, services, educational and promotional activities. DATCP was also provided \$225,000 GPR for the first Buy Local, Buy Wisconsin grants made in 2008. The ADD program is currently supported by staff equivalent to approximately 1.2 GPR positions, with associated program costs of approximately \$97,000 GPR. DATCP indicates that whereas Buy Local, Buy Wisconsin offers outreach activities and material to prospective participants, the ADD program generally does not, which results in lower program costs.

The table below shows attributes of the Buy Local, Buy Wisconsin, ADD and farm-to-school program as estimated by DATCP.

Comparison of DATCP Agricultural Development Grant Programs

<u>Program</u>	<u>Grants</u>	<u>Promotion/ Administration</u>	<u>2009 Applicants</u>
Ag. Development and Diversification	\$356,700	\$97,000	88
Buy Local, Buy Wisconsin	222,700	140,900	75
Farm-to-School	200,000	172,800	--

The amendments introduced would clarify the administration of the program, and would not be expected to alter the bill's fiscal effect. Further, DPI and DHS each expect that any costs resulting from the bill would be absorbed by existing resources. DPI also indicates that although there may be both costs and savings to local school systems that purchase food locally, these amounts may vary by district and cannot be determined at this time.

The bill would become effective immediately upon enactment. DATCP has responsibilities under the bill to administer the program and make grants to school districts and other entities that create or expand farm-to-school programs. Given that there is no funding in the bill for either purpose, implementation of the bill will likely be minimal unless the program is funded in the current or some future biennia.

Prepared by: Paul Ferguson, Layla Merrifield and Sam Austin