



Invest in Local and Regional Infrastructure to Connect Regenerative Producers with Businesses

Regenerative Agriculture and Justice Working Group

Over the last century, supply chains in the U.S. agricultural sector have experienced extreme concentration as small and mid-sized slaughterhouses, grain mills, and other processing and aggregation businesses closed across the country. This 'missing middle' severely limits independent farmers and ranchers' access to existing markets and businesses creating new ones.

There is an extremely limited supply and inconsistent availability of regenerative products for businesses. For mid-scale and larger brands, regenerative supply is still too dispersed and small-scale for these brands to access through their existing product development processes. For example, the supply chains for the fashion industry are almost completely located outside of the United States, with most processing located in China. Farmers producing regenerative fiber and small to medium-sized textile businesses are looking to national fashion brands for contracts that will give them guaranteed revenue to increase production, but the brands need guaranteed scale of production before they will commit to contracts.

Gaps in local and regional food system infrastructure become particularly apparent when it comes to smaller producers and underserved communities. Small-scale farmers may sell their products at farmers' markets and through other direct-to-consumer outlets or local restaurants and grocery stores. However, many farmers struggle to secure a full-time livelihood from direct-to-consumer sales. To access processing for value-added products, farmers often have to truck crops and animals across long distances, adding significant operational costs. Concentration in supply chains allows large-scale monopoly processors and aggregators to push down prices for farmers. Just 14% of every food dollar goes to the farmer today. Most existing **supply chain infrastructure is not set up to serve producers using regenerative agriculture methods**. There is a lack of available processing and aggregation that can work producers raising a diversity of crops and animals, a key component of a regenerative system. Existing infrastructure often is not able to separate out regenerative and organic goods from conventional goods. This prevents farmers and businesses from being able to differentiate their products and secure market premiums.

"Thousand Hills is a leader in regenerative agriculture and holistically-managed lifetime grazing. Our decentralized sourcing and processing model is resilient to supply disruptions while supporting rural economies. I didn't really know what resiliency truly meant until the COVID-19 pandemic. Our producers, processors, and distributors are geographically dispersed and decentralized. Even though plants had to slow down or close for a day or two during the pandemic, they weren't all hit at the same time. We were able to keep a 95% fill rate on our demand through the whole pandemic."

Matt Maier, Farmer Owner, Thousand Hills Lifetime Grazed 100% Grass Fed Beef



2023 Farm Bill Opportunities to Rebuild Local and Regional Systems for Regenerative Producers

Further, building local and regional supply chains is an issue of national security. Changing weather patterns have impacted crop yields and caused crop failures on a global level, creating uncertainty in the food supply. The COVID-19 crisis also showed that an overly centralized system is vulnerable to disruptions. To reduce risk and facilitate local adaptations, the food system needs to decentralize, localize, and create as many flexible and diverse pathways as possible for agricultural products to reach consumers.

To support a food and agricultural economy that is more resilient in the face of severe weather and other shocks, the 2023 Farm Bill must make significant investments in small- and medium-scale local and regional processing infrastructure and value chain coordination. These investments will support the nation's 270,000 small-scale farmers, many of whom struggled in the face of Covid-19 supply chain disruptions and operate on margins too thin for sufficient risk management protection. These investments will also help advance the spread of more resilient and environmentally sound production methods including regenerative agriculture, soil health practices, and organic farming.

1. Pass the [Local Farms and Food Act of 2023 \(H.R. 2723\)](#) to increase funding to the LAMP program and improve accessibility for the VAPG program by reducing the matching requirement from 50% to 25%
2. Pass the [Strengthening Local Processing Act \(H.R. 945/S. 354\)](#): This bill includes several provisions related to meat and poultry processing establishments, including support for smaller establishments (i.e., those with between 10 and 500 employees) and very small establishments (i.e., those with fewer than 10 employees or annual sales of less than \$2.5 million), grants to boost meat processing workforce training, and increasing federal cost shares for inspections of state certified processing facilities.
3. Permanently authorize the Meat and Poultry Intermediary Lending Program, Meat and Poultry Expansion Program, and Food Supply Chain Guaranteed Loan Program. These programs were created by the 2021 American Relief Plan Act and have provided a critical new funding mechanism for small and medium-scale facilities.
4. Establish [Alternative Lender Pilot Projects](#) within the FSA Cooperative Lending Pilot Projects to provide patient, flexible capital needed for underserved farmers and ranchers to access new markets. (Draft legislative text available [here](#).)
5. Establish the Small Rancher Market Access grant program, administered by the Agricultural Marketing Service, to help small producers and cooperatives add value and market meat products to local and regional markets with a focus on direct-to-consumer and direct-to-institution sales. See the [Small Family Farmer And Rancher Relief Act \(H.R. 8590\)](#).

The Regenerative Agriculture and Justice 2023 Farm Bill priorities have been endorsed by over 200 businesses, farmers, and organizations. [See them here](#). For questions, please contact Policy Director, Colton Fagundes: cfagundes@asbnetwork.org.