

ANALYSIS

Item 52: Department of Agriculture Resilient Food Systems

Analyst: Wendy Gibson

Request: Increase Federal Funds expenditure limitation by \$4,500,000 and establish two limited duration positions (1.26 FTE) to support resilient food systems, specialty crops, and food safety.

Analysis: The Oregon Department of Agriculture (ODA) is requesting two limited duration positions and a \$4.5 million increase in Federal Funds expenditure limitation to expend federal grant awards in two program areas. As described in further detail below, these include the Resilient Food Systems Infrastructure and Specialty Crop Block Grant programs.

Resilient Food Systems Infrastructure (RFSI) Program. The RFSI program partners with states to support infrastructure in the middle of the supply chain for farm and food businesses. The Legislature authorized ODA to apply for a U.S. Department of Agriculture (USDA) RFSI program grant during the 2023 legislative session. USDA awarded \$5.9 million to ODA for sub-awarding local infrastructure and equipment grants to Oregon businesses in the middle of the supply chain. ODA will also support projects identified through outreach efforts. The awarded funds will cover a four-year period from May 2023 to May 2027. ODA is requesting a limited duration Operations and Policy Analyst 3 position (0.63 FTE), an Administrative Specialist 2 position (0.63 FTE), and \$3.7 million in Federal Funds expenditure limitation to expend the funds. The two positions will administer the grant and issue the sub-awards. In the 2023-25 biennium, ODA anticipates granting \$3.5 million in local infrastructure and equipment awards.

Specialty Crop Block Grant Program (SCBGP). USDA awards grants to the SCBGP program to enhance the competitiveness of Oregon's specialty crops, such as Christmas trees, dried nuts, and turf grass. ODA's base budget includes Federal Funds expenditure limitation for the program. The Department received an additional grant award in 2022, which was not included in the agency's 2023-25 legislatively adopted budget. ODA needs an additional \$1 million in expenditure limitation to expend the full grant award. ODA's base budget includes Federal Funds expenditure limitation for reimbursement of program expenses related to implementing the Food Modernization Act. ODA estimates approximately \$200,000 in budgeted expenditure limitation will not be expended by the program in 2023-25 and can be used to offset the total Federal Funds expenditure limitation need.

Expenditure limitation requested	Federal Funds
RFSI Program limitation	\$ 3,700,000
<i>Infrastructure and equipment awards to Oregon businesses</i>	\$ 3,506,000
<i>Operations and Policy Analyst 3 (0.63 FTE)</i>	\$ 117,000
<i>Administrative Specialist 2 (0.63 FTE)</i>	\$ 75,000
<i>Services and supplies to support the positions (travel & Indirect)</i>	\$ 2,000
Additional SCBGP Program limitation	\$ 1,000,000
Unused limitation in Shipping Point Program	\$ (200,000)
TOTAL REQUEST	\$ 4,500,000

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend including an increase of \$4,500,000 in the Federal Funds expenditure limitation and authorizing the establishment of two limited duration positions (1.26 FTE) for the Department of Agriculture in a budget reconciliation bill during the 2024 legislative session to support resilient food systems, specialty crops, and food safety.

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Department of Agriculture
Filimoehala

Request: Increase Federal Funds expenditure limitation by \$4,500,000 for U.S. Department of Agriculture (USDA) grant funding and establish two limited duration positions (1.26 FTE) to support the USDA Resilient Food System Infrastructure Program.

Recommendation: Approve the request during the 2024 Legislative Session.

Discussion: In September 2023, the Oregon Department of Agriculture (ODA) received authorization to apply for a grant from USDA Agricultural Marketing Service of \$5,907,194. The grant was subsequently awarded with a four-year performance period and the Department anticipates utilizing \$3.7 million of the funding during the 2023-25 biennium. To administer the program the Department has requested two positions, one Operations and Policy Analyst 3 (0.63 FTE) and one Administrative Specialist 2 (0.63 FTE). In addition to administering the program, these positions will provide infrastructure and equipment awards of \$3.5 million to Oregon businesses.

ODA is also requesting a Federal Funds expenditure limitation related to the Specialty Crop Block Grant provided by the USDA. The Department was provided an additional award of \$2.7 million for the grant period ending in September of 2025. The Department is anticipating utilizing \$1.0 million of the funds in the 2023-25 biennium.

ODA has reported \$200,000 Federal Funds expenditure limitation related to the Shipping Point program will not be utilized in the 2023-25 biennium. This excess limitation will be used to offset this request reducing the total need by \$200,000. In total, ODA is requesting a Federal Funds expenditure limitation increase of \$4.5 million to carry out the Agricultural Marketing Service grant, increase support to the Specialty Crop Block Grant, and reduce the services of the Shipping Point program.

Legal Reference: Increase the Federal Funds expenditure limitation established by chapter 350, section 4(4), Oregon Laws 2023, for the Department of Agriculture, Market access, by \$4,500,000 for the 2023-25 biennium.



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November 30, 2023

Senator Elizabeth Steiner, Co-Chair
Representative Tawna Sanchez, Co-Chair
Interim 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 a \$4.5 million increase in federal funds limitation and establishment of two limited duration positions (1.26 FTE).

Agency Action/Background

The 2023 Legislative Assembly approved ODA to enter into a cooperative agreement with the U.S. Department of Agriculture (USDA), Agricultural Marketing Service (AMS) for Resilient Food Systems Infrastructure Program (RFSI). The purpose of the RFSI Program is to assist U.S. states and territories to coordinate initiatives to build resilience in the middle-of-the-supply-chain and strengthen local and regional food systems for food crops. Funds 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 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.

USDA AMS allocated \$5,907,194 to ODA for a four-year period ending May 2027, and ODA has not yet requested limitation for grant expenditures. It is anticipated that ODA will spend and disperse \$3.7 million from this grant in the 2023-25 biennium.

In addition to the limitation requested, ODA respectfully requests establishment of two full-time limited duration positions (1.26 FTE), an Operations and Policy Analyst 3 and an

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Administrative Specialist 2. These positions are critical for meeting the obligations of the grant and are included in the grant funds. If they are approved, ODA anticipates a Policy Option Package in 2025-27 to continue them on a limited duration basis for the remainder of the grant cycle.

ODA is also requesting an additional \$1 million federal funds limitation for the USDA Specialty Crop Block Grant Program (SCBGP). The purpose of the program is to enhance the competitiveness of specialty crops. Specialty crops are defined as fruits, vegetables, tree nuts, dried fruits, Christmas trees, turf type grasses and nursery crops (including floriculture and horticulture).

SCBGP is part of ODA's base budget. Budget limitation has increased with standard inflation, but those increases have not kept pace with the federal awards. In 2021-23, ODA received one-time federal funds limitation as part of an agency wide rebalance. An extra set of awards granted in Fiscal Year 22 were not accounted for in building the 2023-25 budget. This set of grants included \$2,742,866 in awards with a grant cycle ending 9/29/25. It is anticipated that an additional \$1 million in limitation is needed in the current biennium to cover this award.

The total requested limitation is offset by about \$200 thousand due to anticipated additional limitation in the Shipping Point Program related to the Food Safety Modernization. This brings the total request to \$4.5 million.

Action Requested

The department respectfully requests \$4.5 million federal fund expenditure limitation and two positions (1.26 FTE), an Operations and Policy Analyst 3 and an Administrative Specialist 2, in the Market Access Policy Area to allow the continuation of work on these important projects.

Legislation Affected

Oregon Law 2023 Chapter 350, Section 4, Subsection (4)

Sincerely,



Bill Ryan, Acting Director
Oregon Department of Agriculture

