

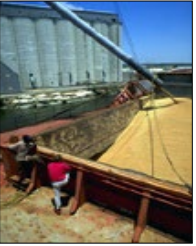


FCA Board Meeting July 2025



Aggregators, Food Hubs, and Local and Regional Food Systems July 10th, 2025

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Outline

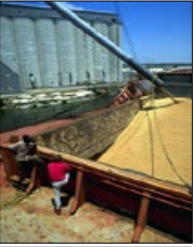
- ▶ Definition
- ▶ Characteristics of food hubs
- ▶ Challenges and opportunities
- ▶ Financing within the Farm Credit System





What is an aggregator/food hub?

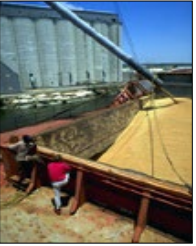
- ▶ Definition of an aggregator/food hub is based on function, not organizational structure.
- ▶ Food hubs focus on local markets connecting multiple producers with multiple consumers.
- ▶ Functions of food hubs include:
 - Coordination
 - Aggregation
 - Marketing
 - Transportation
 - Other functions





Role of food hubs/aggregators in the US food system

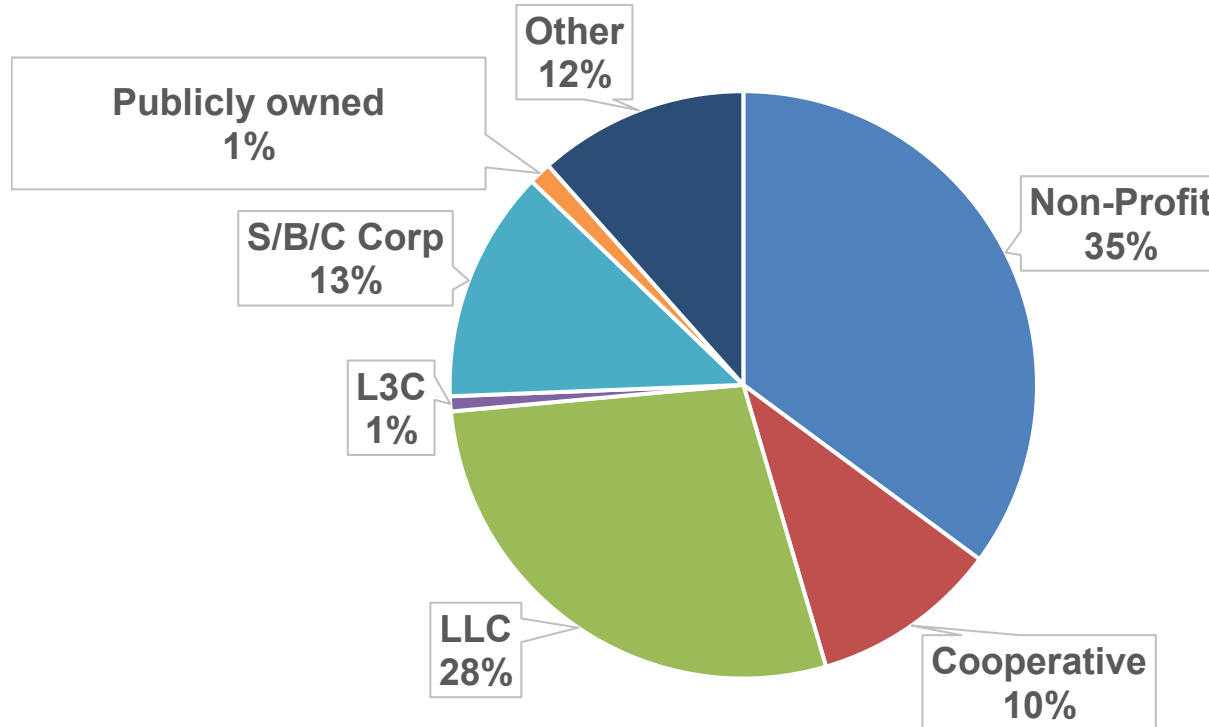
- ▶ Supporting **local food system** and **local producers**
- ▶ Top organizational values of food hubs are:
 - Farmer viability
 - Access to healthy food
 - Local food sourcing
 - Regional food system resilience





Only 10 % of Food-Hubs are organized as cooperatives

Organizational Structure of Food Hubs



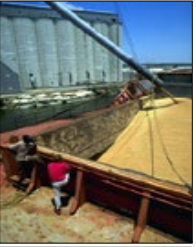
Source: USDA Food Hub Directory Data as of April 2025

n= 242



Challenges faced by farmers

- ▶ Limited distribution channels
- ▶ Lack of processing and marketing infrastructure
- ▶ Limited scale to reach markets
- ▶ Staffing for post harvest





Food Hub Networks

- ▶ Groups of food hub businesses and organizations that work collectively to share information or pursue common goals and create a more connected local food system. (Source: Informa Economics IEG.)
- ▶ Large scale buyers need certificates
- ▶ Individual food hubs need additional resources to fulfill large scale orders





Northwest Food Hub Network - example

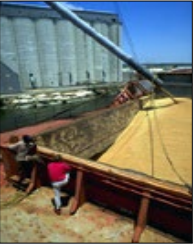
- ▶ A network of farmer-owned cooperative food hubs and partner organizations that share supplies, services, and infrastructure to serve markets across Montana and Washington.
- ▶ They work together to create economic opportunity for over 200 farmers and local food producers.
 - ▶ Puget Sound Food Hub Cooperative
 - ▶ Local Inland Northwest Cooperative (LINC) Foods
 - ▶ Western Montana Growers Cooperative





Food Hubs and Aggregators support farmers and local food systems

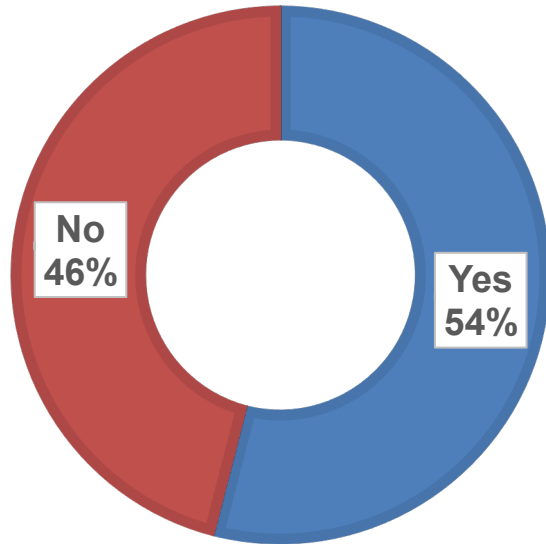
- ▶ 89% of food hubs reported mostly or exclusively purchasing from small- to mid-size farms (2017 Food Hub Survey).
- ▶ During the COVID-19 pandemic food hubs were providing essential services to their community, while supporting local farmers and producers (2021 Food Hub Survey).
- ▶ On average, each food hub maintains relationships with 79 producers/suppliers (2015 Food Hub Survey).
- ▶ 82% of surveyed food hubs claimed their activities increase market access for small- and mid- size farmers and ranchers and ensure producers receive a fair price (2017 Food Hub Survey).



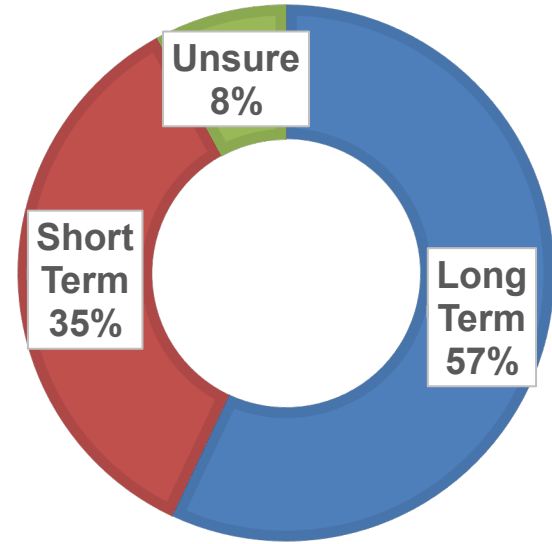


Impact of the 2020 COVID-19 pandemic

Did your business model change in 2020?



Percentage of Organizations Indicating Predicted Longevity of Business Model Changes



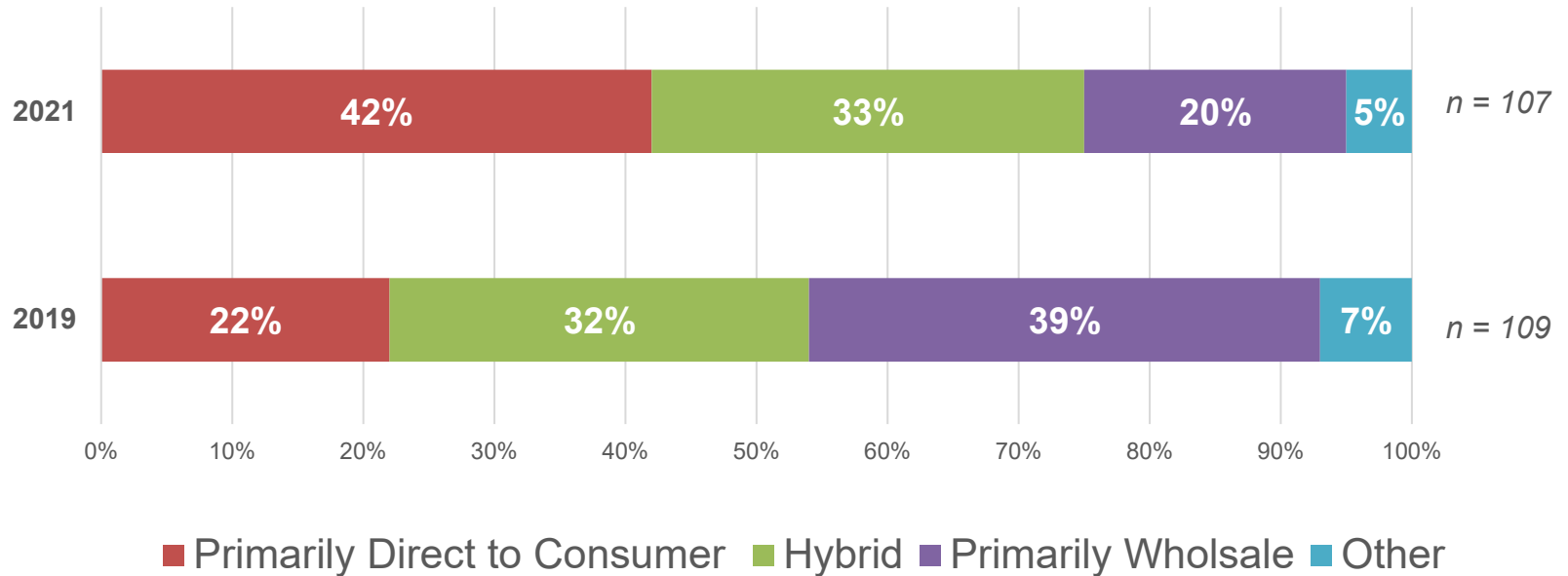
Data source: 2021 National Food Hub Survey Report



Opportunities and Challenges facing Food Hubs and Aggregators (1)



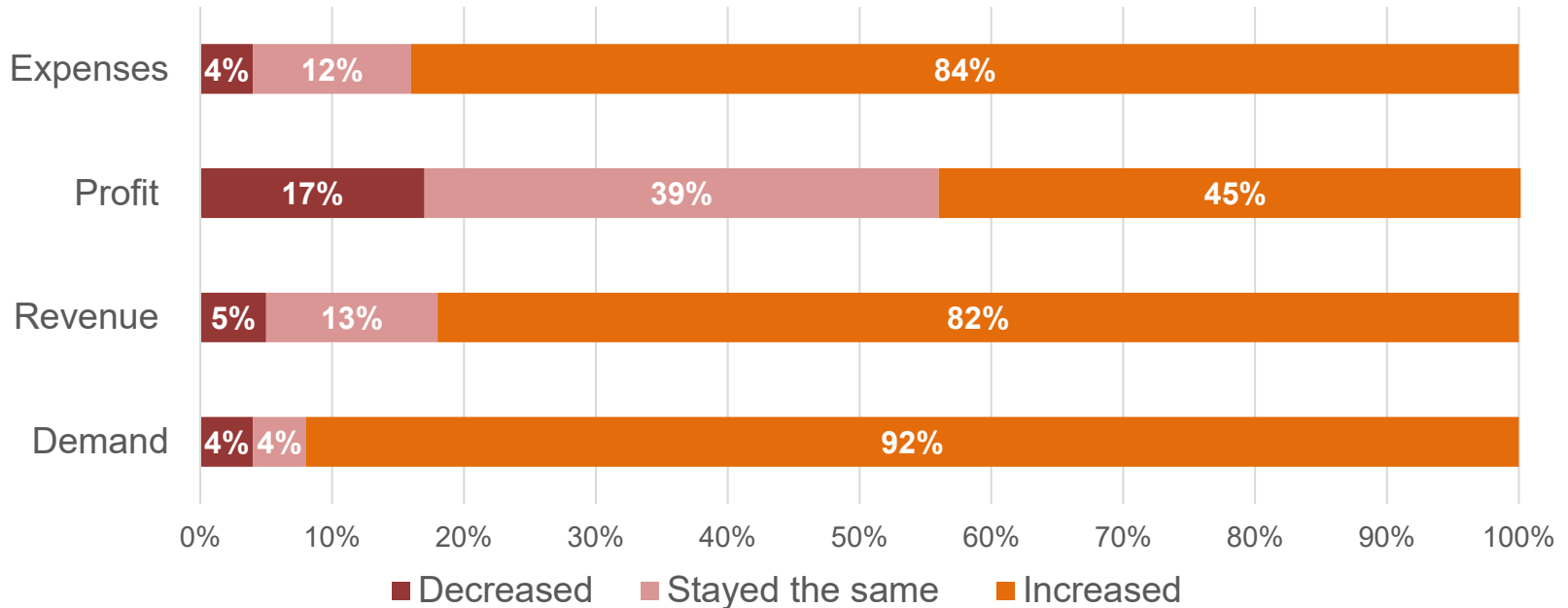
Percent of Organizations by Business Model





Opportunities and Challenges facing Food Hubs and Aggregators (2)

Percentage of Perceived Change in Financial Outlook

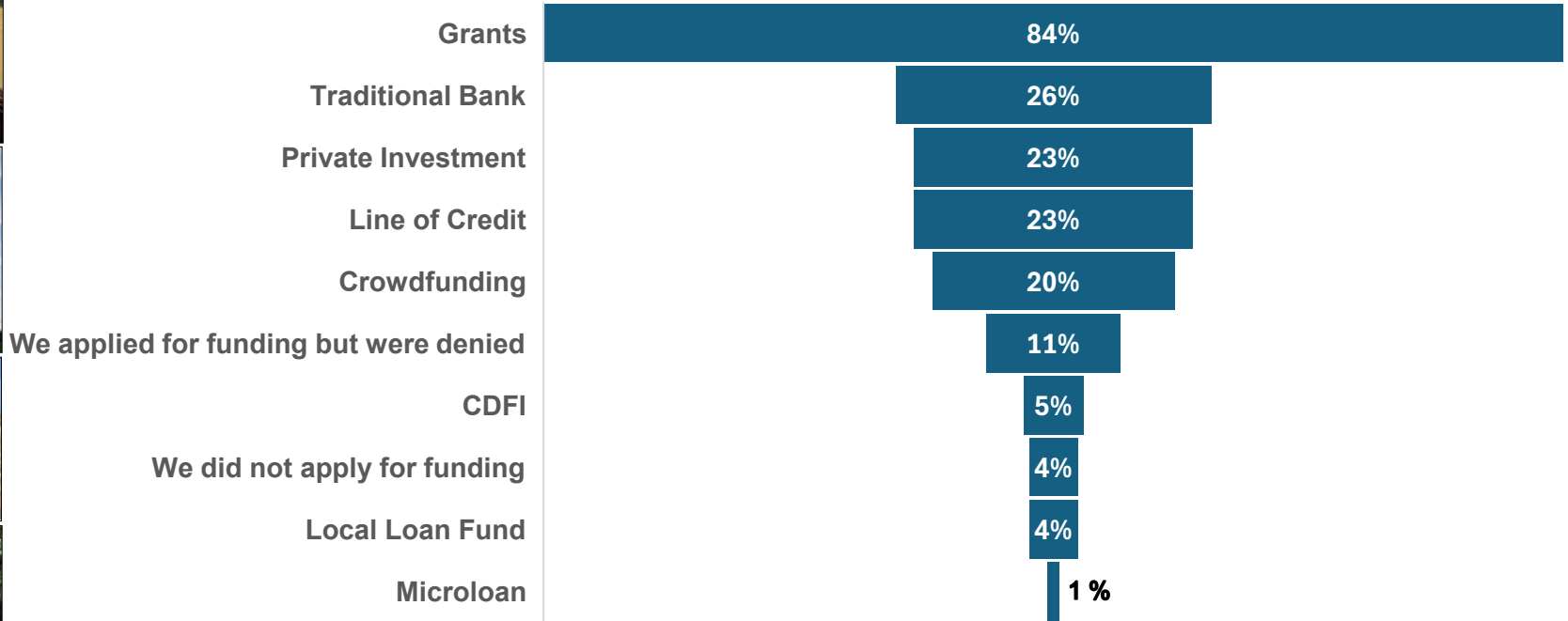


Data source: 2021 National Food Hub Survey



Opportunities and Challenges facing Food Hubs and Aggregators (3)

Percentage of Organizations' Access to Sources of Capital



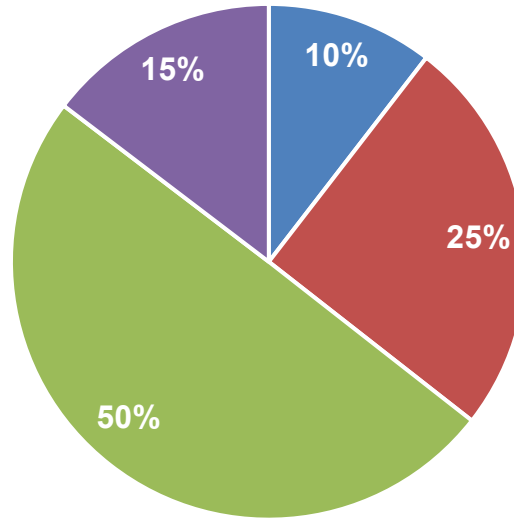
Data source: 2021 National Food Hub Survey



Most food hubs take ownership of the product they sell to consumers



Service Procurement Type



- Take ownership of the product & sell on a consignment basis
- Sell on a consignment basis
- Take ownership of the product
- Other

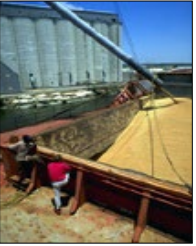
Source: USDA Food Hub Directory Data as of April 2025

$n = 239$



Current Regulations and Guidance

- ▶ § 613.3020 Financing for farm-related service businesses
- ▶ BL-066 Providing Credit to Farmers and Ranchers Operating in Local/Regional Food Systems
- ▶ § 613.3010 Financing for processing or marketing operations





Function of an aggregator

- ▶ The function of an aggregator can potentially be viewed as a service of taking a farmer's product and creating a market by selling the product to a consumer or an institution.





Regulation §613.3020 - Title interpretation

- ▶ FCA's current interpretation is that the ownership (title) of the product must remain with the producer (BL-66.)
- ▶ The interpretation of ownership is based on 1979 correspondence from the Governor of the FCA.





Regulation §613.3010 Financing for processing or marketing operations (1)

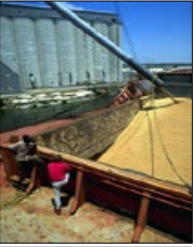
- ▶ Functionally, aggregators process and market agricultural products on behalf of agricultural producers.
- ▶ The current regulations include specific requirements regarding:
 - ownership, structure and control,
 - throughput,
 - and the number of producers providing throughput.





Regulation §613.3010 Financing for processing or marketing operations (2)

- ▶ The limit in (a)(5) requiring that the business processes **only a single producer's throughput** is a significant limitation for aggregators to be eligible for FCS financing.
- ▶ Amendment of the regulation requirement increasing the number of producers providing throughput would allow FCS institutions to finance food hubs.

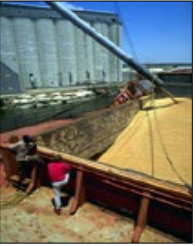




Summary

Food hubs

- ▶ Provide a service and/or market and process.
- ▶ Support local producers and increase viability.
- ▶ Primarily rely on grants for funding.





Next Steps

- ▶ Current interpretation on §613.3020 requires producer to maintain title.
- ▶ Current marketing and processing regulation has strict requirements on ownership, throughput and control and only applies to one producer.





Questions