

Empowering Small-Scale Farmers to Address Production and Financial Risk Management Inherent in Transitioning to Local Food Sales

As consumers' demand for local foods has grown, small scale specialty crop producers have benefitted significantly. However, as with most opportunities, there are production and financial risks associated with selling food directly to the public. A new knowledge and skill set is needed to handle the risks that come with the rewards of the local marketplace.

The Northeast Sustainable Agriculture Research and Education (NE SARE) project, "Empowering Farmers to Comply with Food Safety Modernization Act (FSMA) Preventive Controls for Human Foods (PCHF)", links the prime investigators at University of Scranton Small Business Development Center (SBDC) with the Penn State Extension Food Safety and Quality Team and the Penn State Center for Ag and Shale Law to co-present awareness sessions small-scale producers, educating about the impact of current food safety regulations on farms, as well as the need for food product liability coverage, as **musts for local food**.

In 2021, the updated USDA Risk Management Checklist recognized **food safety**, in compliance with FSMA, as another type of risk. Specialty Crop producers were to consider the Produce Rule and those adding value were to determine how they comply with the modernized Good Manufacturing Practices (precursor to FSMA PCHF). The NE SARE Project empowers farmers one step further, by providing a path from the voluntary GAP/GHP to mandatory Produce rule compliance, and by introducing the GMP checklist as a resource on the way to a full PCHF system.



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This awareness of FSMA is only the first step on the way to more effective risk management — because the farm must not just protect the customer, but also the agricultural business. The increasing number of recalls illustrates that despite adoption of FSMA, food borne incidents happen. Food product liability insurance is needed to address the unexpected. Rarely in a farm business policy, this product addresses the costs of medical care of customers, defense costs in a lawsuit, and any subsequent judgments of the court, resulting from a food borne outbreak. The NE SARE Project Team use in-person and online sessions to address the particulars of getting, and updating, this coverage.

As with most information, one session often is not sufficient to meet the needs of producers. The ongoing work for this project includes self-directed worksheets and one-to-one consults to empower farmers to customize what they have learned — selecting the types of production and financial risk strategies that best fit their individual business and personal goals. This often means they may decide to stop adding value, or determine that it is best to stay small (with modest returns for the investment, or to commit to adopting a FSMA-compliant food safety system that will allow them to pursue or maintain their ecommerce strategy, having accounted for additional risk).