



# Massachusetts' Food Security Infrastructure Grant Program

## Summary, analysis, and recommendations

March 17, 2021

Shortly after the COVID-19 crisis began in 2020, breakdowns in the food supply chain resulted in food shortages at grocery stores, increased demand on the emergency food system, and heightened interest in the local food system and its ability to address these concerns.

Massachusetts' local food system stepped up in significant ways, but gaps in capacity and infrastructure quickly became apparent. In response, Massachusetts launched the Food Security Infrastructure Grant Program (FSIG), seeking funding proposals for:

Projects to ensure that individuals and families throughout the Commonwealth have access to food, with a special focus on food that is produced locally and on equitable access to food. The program also seeks to ensure that farmers, fisherman and other local food producers are better connected to a strong, resilient food system.<sup>1</sup>

Following the final grants being committed in February, 2021, the Massachusetts Food System Collaborative filed a public information request and received data about all of the FSIG program applicants. Review of the applicant pool and funds granted provides information about how well the program worked to meet the expressed demand.

### **BACKGROUND**

The public health restrictions imposed as a result of COVID-19 in early 2020 had an immediate and dramatic impact on the food system. Where consumers had typically eaten just half of their meals at home, the closing of restaurants, institutions, and other congregate dining settings meant a switch to nearly all meals being eaten at home. The national and global supply chains struggled to adapt, resulting in shortages at retail stores. Public safety concerns and labor challenges brought on by the rapidly spreading illness caused further disruptions in food production and distribution. At the same time, mass layoffs meant an abrupt increase in demand on the emergency food system, which struggled to keep up.

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<sup>1</sup> *FY 21 Food Security Infrastructure Grant Program RFP*, 6/10/2020. Downloaded 3/16/2021 from: <https://www.mass.gov/doc/fy21-food-security-grant-program-rfr/download>

The local supply chain was able to adapt quickly, but also struggled with rising demand. Competition for seeds and vegetable starts grew dramatically, as did orders for chicks and other young livestock. Farmers markets had to adjust how they managed customers, as did farmstands and Community Supported Agriculture (CSA) delivery operations. Some farms developed delivery systems, bringing food directly to customers, while others offered curbside pickup. Local farms and processors that sold products to institutional markets and restaurants had to find other outlets for their inventory. All of these changes required infrastructure and labor investments.

The emergency food system, too, was forced to make changes. More food was needed to meet the growing demands of households in need, requiring additional space, cold storage, and delivery vehicles. Food pantries found themselves short-staffed when their volunteers, many of them seniors, could no longer contribute their time due to safety concerns. Schools continued to cook meals for children, but had to develop new ways to get that food to families safely.

In response to the crisis, Governor Baker launched a Food Security Task Force, which held its first meeting on April 21, 2020. Less than a month later the Task Force's recommendations advanced by the Governor included a proposal to develop a grant program that would support food system entities in their efforts to adapt to the crisis. On June 10 the application period for FSIG opened, with a deadline of September 15. The application stated that awards would be made on a rolling basis, with successful applicants to be notified no later than October 15.<sup>2</sup> A detailed list of eligible entities and programs was included in the Request for Proposals (RFP) as issued by the Executive Office of Energy and Environmental Affairs (EOEEA), and individual grants were capped at \$500,000. Evaluation criteria included:

- Ability to Address Demonstrated Food Insecurity Challenge;
- Equity;
- Demonstrated Economic Impact & Need;
- Proposed Use of Funds and Support;
- Feasibility of Action Plan; and
- Sustainability & Scalability of Efforts.

The first round of grants were announced on July 22, with five rounds to follow, culminating with the final awards being announced on February 11, 2021.<sup>3</sup>

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<sup>2</sup> *FY 21 Food Security Infrastructure Grant Program RFP*, 6/10/2020. Downloaded 3/16/2021 from: <https://www.mass.gov/doc/fy21-food-security-grant-program-rfr/download>

<sup>3</sup> "Food Security Infrastructure Grant Program." Downloaded 3/16/2020 from: <https://www.mass.gov/service-details/food-security-infrastructure-grant-program>

## **FUNDING REQUESTS**

More than 1,300 applicants from entities in 314 municipalities submitted requests for nearly \$202,000,000 of projects through FSIG. Grant reviewers divided each applicant into one of nine categories.

	<b><u>Applicants</u></b>		<b><u>Amount Requested</u></b>	
	<b><u>Number</u></b>	<b><u>% of total request</u></b>	<b><u>Number</u></b>	<b><u>% of total request</u></b>
<b>Total</b>	<b>1,351</b>	<b>100%</b>	<b>\$ 201,852,371</b>	<b>100%</b>
Distributor/supplier	66	5%	\$ 13,646,305	7%
Farms	599	44%	\$ 84,820,918	42%
Fisheries	135	10%	\$ 21,874,430	11%
Food bank/pantry	77	6%	\$ 10,702,156	5%
Municipal government	14	1%	\$ 1,512,743	1%
Other	13	1%	\$ 2,823,593	1%
Other for profit	85	6%	\$ 15,823,199	8%
Other nonprofit	231	17%	\$ 35,545,362	18%
Schools	131	10%	\$ 15,286,661	8%

Notable from a review of the list of applicants is the significant percentage of requests from producers – farms and fisheries make up more than half of all proposals. Added to distributor/suppliers, applicants from the production portion of the supply chain made up 60% of the requested funding. Schools, food banks and pantries, and other categories largely representing food access efforts made up the other 40%.<sup>4</sup>

While the applicant pool is a fair representation of the breadth and balance of demand, there are also external variables that likely impacted the range of proposals from each sector. The RFP was issued and circulated by EOEEA, and so was more likely to reach potential applicants used to working with agencies in that secretariat, such as farms and fisheries, rather than corner stores or other small food businesses, for example. The application process occurred during the peak growing season for farms, during which they have limited ability to commit staff time to developing proposals, so fewer applications are likely to have come from farms than had the RFP been issued in the winter. Additionally, nonprofit organizations are more likely to have capacity and experience in grant writing, and so may have been more inclined to apply than for-profit businesses.

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<sup>4</sup> Upon review of the data, it is worth noting that there are some inconsistencies as to how applicants were coded by reviewers, particularly in the “other” categories. Quite a few nonprofit farms were categorized as “other nonprofit,” for instance, though some nonprofit farms were listed as “farms.” Similarly, some of the “other nonprofit” applicants were requesting funds for food bank or pantry operations and so should have been coded as such. Any formal audit of the program should take these inconsistencies into consideration.

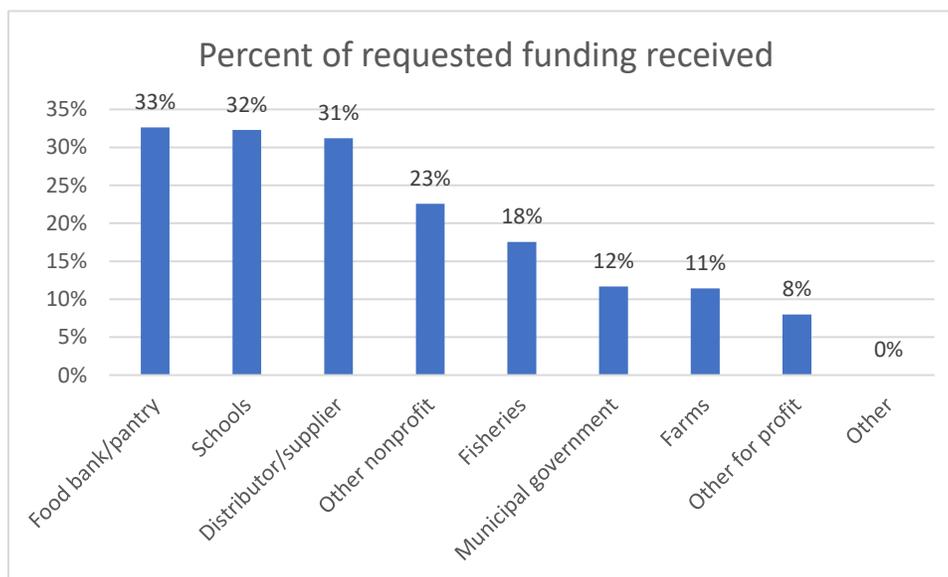
## FUNDS AWARDED

369 grants were awarded to entities in 182 municipalities, totaling slightly less than \$36,000,000 and meeting just 18% of the requested total amount.

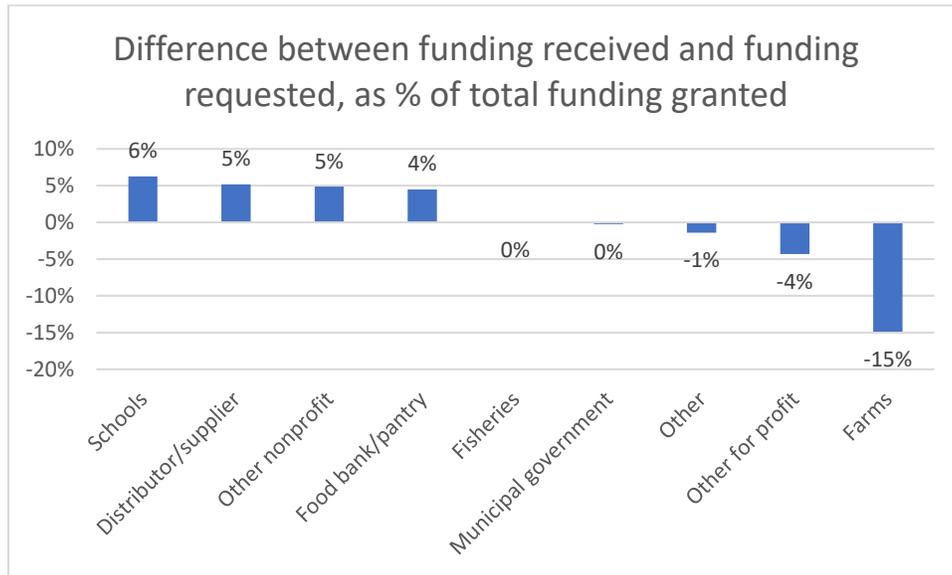
	<u>Applicants Funded</u>			<u>Amount Funded</u>		
	<u>Number</u>	<u>% of request</u>	<u>% of total</u>	<u>Number</u>	<u>% of request</u>	<u>% of total</u>
<b>Total</b>	<b>369</b>	<b>27%</b>	<b>100%</b>	<b>\$ 35,661,756</b>	<b>18%</b>	<b>100%</b>
Distributor/supplier	16	24%	4%	\$ 4,258,818	31%	12%
Farms	121	20%	33%	\$ 9,677,568	11%	27%
Fisheries	28	21%	8%	\$ 3,839,141	18%	11%
Food bank/pantry	34	44%	9%	\$ 3,489,918	33%	10%
Municipal government	5	36%	1%	\$ 176,390	12%	0%
Other	1	8%	0%	\$ 350	0%	0%
Other for profit	16	19%	4%	\$ 1,262,335	8%	4%
Other nonprofit	104	45%	28%	\$ 8,018,209	23%	22%
Schools	44	34%	12%	\$ 4,939,025	32%	14%

Producer applicants were significantly under-represented in the final grants, with farms and fisheries receiving just 11% and 18% of the funds they had requested, respectively, while distributors, food banks/pantries, and schools were awarded 31%, 33%, and 32% of the amounts they had applied for, respectively.

While there are unknown variables that likely impacted individual grant award decisions – adherence to criteria, quality of proposals, amount requested, and other factors – assuming that such mitigating circumstances were likely to be found in applications from all categories the disparities between the percentages of requests granted to each of the categories are significant.



Put another way, rather than each category of applicants receiving funding proportional to the amount requested overall in relation to the total amount available, the share ranged from farms receiving 15% less than the share they requested (27% vs. 42%), to schools receiving a 6% greater share than they had requested (14% vs. 8%). This suggests that the program placed a higher value on some categories, though no such values were ever stated explicitly.



Of the funds granted, about 75% were in the form of grants between \$100,000 and \$500,000, while the remainder was for projects less than \$100,000. This was despite the fact that 85% of the funds requested were from applicants requesting less than \$100,000. Again, while there was no stated priority given to larger applicants, this disparity indicates that higher-cost projects were seen more positively by reviewers.

Of the 369 awards, 166 were fully funded, 58 received less than half of their requested amount, and 145 received between 50-99% of their request.

Decisions were made on three of the six rounds of grant announcements, totaling \$11.5 million in grants, before the application deadline of September 15 (the third was announced on September 30, but recipients were applicants who had submitted proposals before the final deadline). The rolling deadline and decision dates were likely intended to provide funds quickly, but also may have led to some of the imbalances described above, since some decisions were made before all applications had been reviewed, preventing reviewers from being able to judge each based upon the complete pool.

Also notable is the fact that most applicants that received awards in the earlier rounds of funding received their full requests, while later awards had a higher percentage of partial funding. This suggests that a significant proportion of the applications were submitted at or close to the deadline. This, combined with the tendency toward larger grant awards throughout the process,

likely resulted in fewer applicants receiving funding overall than might have been funded had all applications been reviewed in the context of the entire set of proposals.

Press release date <sup>5</sup>	# of Awards	% Receiving full request
7/22/2020	24	67%
8/81/2020	32	81%
9/30/2020	33	67%
10/28/2020	47	28%
11/24/2020	54	39%
2/11/2021	175	37%

### **PROGRAM LIMITATIONS**

Though not quantifiable in the same way as the funding amounts, some of the criteria for the program included constraints that impacted the kinds of projects and applicants that were able to benefit from the program and, in doing so, limited the reach and efficacy of the program. Some of those constraints as observed, and as cited by applicants and potential applicants, included:

**Funds available only on a reimbursement basis.** Grantees are required to incur the costs of the project themselves, to be reimbursed upon submission of receipts. This practice favors larger entities with sufficient capital or credit to cover those costs upfront.

**Inability to use funds retroactively.** Many businesses and organizations began making investments in adaptation to COVID as soon as the crisis began in March, but only expenses incurred after grants were made and contracts were signed are allowable under FSIG.

**Funds must be spent within the state’s fiscal year.** State procurement requirements mean that all grantees are expected to spend their grants by June 30, 2021, despite the fact that many grantees were not notified of their awards until January 2021, and some additional recipients who had received notification earlier had not received final contracts as of early 2021.

**Labor costs ineligible.** For many entities, adapting to COVID meant the need for additional staff to manage the additional infrastructure being requested through the application. Since labor and

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<sup>5</sup> “Food Security Infrastructure Grant Program.” Downloaded 3/16/2020 from: <https://www.mass.gov/service-details/food-security-infrastructure-grant-program>. Note that four grants were included in the information received from our information request (which did not include dates), that did not appear on the press releases (which did include dates), resulting in the total number of grants being slightly different for this portion of the analysis.

overhead were prohibited expenditures, applicants needed to secure resources from other sources for those needs.

**Used equipment ineligible.** FSIG disallowed the use of funds to purchase used equipment. Allowing such purchases would not only mean grantees would be able to spend less on their projects, allowing resources to go farther, it would also benefit the sellers of the used equipment – many of which would likely be purchasing larger or newer equipment themselves – and would keep more resources circulating in the state’s economy.

**Lack of coordination with, or consideration of, other funding.** As implemented, FSIG was designed to meet the needs of a wide range of food system enterprises, some of which had similar opportunities available to them from other state sources during the crisis. Grant programs administered by the Executive Office of Housing and Economic Development (EOHED) through the Massachusetts Growth Capital Corporation (MGCC) distributed more than \$600 million in grants as of early March,<sup>6</sup> with significant amounts of that funding going to restaurants, retailers, and other food businesses. And the administration granted an additional \$15 million to community foundations for COVID-19 relief, much of which went to support the emergency food system.<sup>7</sup> In contrast, no additional state funding pools were established for farms, which made up 44% of the FSIG applicants. At the same time, for profit businesses do not have the same access to philanthropic funds that nonprofits do. Not taking into account availability of existing resources for individual sectors yet structuring the program so that all sectors were in the same competitive pool may have exacerbated some imbalances.

**Lack of attention to equity and diversity among grantees.** The FSIG criteria included equity considerations for the projects themselves, but while announcements about other investments made during the pandemic, as well as at other times, have cited the state’s commitment to supporting minority-owned and women-owned operations,<sup>8</sup> no such data was collected or noted through FSIG. The state’s commitment to racial equity should be reflected in all programs.

**Lack of connection to climate change goals.** Though the Commonwealth has committed to taking steps to reduce greenhouse gas emissions in an effort to mitigate climate change, environmental sustainability was not a criteria considered in the FSIG program. Many grants were awarded for vehicles and other carbon-emitting equipment, for example, and not reviewing

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<sup>6</sup> “Baker-Polito Administration Awards Nearly \$40 Million in Grants to 1,026 Additional Businesses for COVID Relief,” 3/3/2021. Downloaded 3/16/2021 from: <https://www.mass.gov/news/baker-polito-administration-awards-nearly-40-million-in-grants-to-1026-additional-businesses>

<sup>7</sup> “Baker-Polito Administration Awards Additional \$5 Million to Community Foundations for Immediate COVID-19 Relief,” 3/12/2021. Downloaded 3/16/2021 from: <https://www.mass.gov/news/baker-polito-administration-awards-additional-5-million-to-community-foundations-for-immediate>

<sup>8</sup> “Baker-Polito Administration Awards Nearly \$40 Million in Grants to 1,026 Additional Businesses for COVID Relief,” 3/3/2021. Downloaded 3/16/2021 from: <https://www.mass.gov/news/baker-polito-administration-awards-nearly-40-million-in-grants-to-1026-additional-businesses>

those requests for their environmental impact represents a missed opportunity to further this issue.

**Lack of alignment with system-change goals.** The 2015 Massachusetts Local Food Action Plan and, more recently, the work of the Food Security Task Force, have indicated a state policy priority of systemic change to avoid food insecurity, rather than solely relying on the charity model of the emergency food system. While the present crisis necessitates support for the system of food banks and pantries, targeted investment in efforts to alleviate the root causes of food insecurity would have greater and more effective long-term impact.

Along with these concerns related to criteria, applicants have expressed frustration with a number of operational issues:

**Review time.** While all applications were submitted by the September 15 deadline and the RFP committed to an October 15 notification date, many grant recipients were not notified until early 2021. While the number of applicants and the complexity of the program understandably required thorough and thoughtful consideration, the fact that the state was able to provide \$450 million in grants to 9,900 awardees through another program in the same timeframe<sup>9</sup> indicates that such tasks can be accomplished when sufficient resources are allocated to do so.

**Contract completion time.** After being notified, some applicants experienced significant delays in completing contracts with the state, without which work on their projects could not commence. A program administrator was hired to alleviate this challenge, but did not begin in their role until January 2021.

**Incomplete funding.** Some projects were only partially funded, placing applicants in a position of needing to quickly find other resources to make up the difference, or consider turning back the award and not be able to complete the project.

**Extensions.** To date, all applicants have been told to not expect extensions to the June 30 deadline for expenditures to be completed, despite the above-mentioned delays. Some projects involve construction, which is subject to of contractor availability and weather conditions, among other factors, making that deadline impossible in some cases. Others involve ordering capital items with manufacturing lead times, some of which have shortages as a result of the pandemic, such as refrigerated trucks.

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<sup>9</sup> “Baker-Polito Administration Awards Nearly \$174 Million in Grants to 4,043 Additional Small Businesses for COVID Relief, Increases Capacity Limits for Businesses and Other Activities,” 2/4/2021. Downloaded 3/16/2021 from: <https://www.mass.gov/news/baker-polito-administration-awards-nearly-174-million-in-grants-to-4043-additional-small>

## **CONCLUSION AND RECOMMENDATIONS**

When many sectors of the economy abruptly shut down in early 2020, the local food system did not. Massachusetts businesses and organizations that produce and distribute food adapted quickly to feed their communities, and continued to contribute to the local economy. In doing so, the need for additional infrastructure for an already under-resourced sector became quickly apparent, and FSIG was implemented to do just that.

FSIG is unique in defining food security as encompassing production, processing, distribution, and access, whereas earlier programs tended to focus on a single sector of the food system. It signals a recognition on the part of state policymakers that a strong local food system is critical to the overall wellbeing of the state and to our resiliency in times of crisis, and that public resources to ensure its sustainability are a worthy investment.

FSIG was developed, launched, and implemented in an extremely short timeframe. The application process was streamlined, dozens of individuals across many state agencies contributed to the review process in addition to maintaining their regular duties, and the commitment of many state leaders and personnel to the program and its mission allowed it to function well in a time of extreme crisis.

Most importantly, the program made a significant investment in the local food system very quickly at a time when that funding was urgently needed, and the supported projects not only address immediate needs but will have a lasting impact. Thanks to those investments, many farms, fisheries, food security organizations, and other entities are better able to remain resilient through crises, and households throughout the Commonwealth are able to benefit from the goods and services they provide.

With the stated goal that the program is intended to support the food system beyond the COVID crisis, in that it “seeks to ensure that farmers, fisherman and other local food producers are better connected to a strong, resilient food system to help mitigate future food supply and distribution disruption,”<sup>10</sup> the program has thus far not only provided significant support to do so, but has revealed evidence of the need for additional funding. The impacts of the COVID crisis are still being felt throughout the food supply chain, even as other crises – such as climate change – are becoming more urgent as well.

The significant demand for funding through FSIG, a large portion of which was unmet by the program due to limited resources, presents an opportunity for continued operation with some modifications to program design. We offer the following recommendations for the next round of funding for FSIG.

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<sup>10</sup> “Food Security Infrastructure Grant Program.” Downloaded 3/16/2020 from: <https://www.mass.gov/service-details/food-security-infrastructure-grant-program>

- \$30 million in grants to be disbursed.
  - \$25 million targeted to for-profit enterprises, with priority given to farms.
  - \$5 million targeted to nonprofit entities, with priority given to entities focused on systemic solutions to food insecurity.
- \$100,000 cap per applicant.
- Proposal deadline should not coincide with peak growing season for farmers (April-October).
- The state should undertake a coordinated outreach effort with community partners to ensure that all eligible enterprises are aware of the resource, particularly those operated by and serving individuals and communities of color, low-income communities, indigenous communities, and other traditionally underserved communities.
- Webinars and email and phone support should be made available to assist with the application process.
- All applications should be reviewed and scored before any funds are committed.
- Up to 50% of grant funds should be disbursed upon completed contract, with remainder upon submission of receipts.
- Priority should be given to fully funding proposals that meet criteria, or applicants should be consulted prior to partial funding being awarded as to whether the resulting gap would mean the project would be unable to proceed as proposed.
- Grant completion date should be one year from date of completed contract.
- Short-term labor costs related to installing or launching use of new infrastructure should be allowable, within the timeframe of the contract. Such labor costs must be for new employees, or additional hours for existing employees.
- Allow for the purchase of used equipment from sellers within Massachusetts.
- The availability of other state funding resources should be a criteria, with priority given to those with fewer other opportunities for grants for similar projects.
- Adequate staff resources should be committed to ensure that reviews, decisions, and contracts are processed in a timely manner.
- Demographic information, including race, should be collected about the applicants themselves and the communities to be served by the project, and made public upon completion of decisions.
- Program administrators should write a final report, summarizing the program's grantmaking and demonstrating how the stated objectives and criteria were met through the investments.
- Analysis of the applicant pool should be used to guide future state investments in the local food system, through existing grant programs and potential new ones.