

# Federal Funding Cuts Impacting Hawai'i's Food System

Part 2, More Than Just Money at Stake September 2025

John Boyes and Amanda Shaw

Design by Merideth Welch

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#### **About Agriculture Stewardship Hawaii**

Our mission: Empower Hawai'i's agricultural communities to nourish land and people. Our vision is of thriving, resilient agricultural communities stewarding Hawai'i's lands, waters and agroecosystems.

#### **About the Report**

This report has been updated as of August 13th and provides a general overview of federal funding changes, followed by program specific information.

Please note, the U.S. Federal budget process has not been finalized so figures are subject to change.



# Executive Summary

Our <u>first federal funding report</u> found \$88M dollars were cut or at risk of being cut in March 2025. This represented approximately 13% of Hawai'i's total annual agricultural economy, based on reported GDP. At that time, farmers indicated that agricultural production was being scaled back, hiring efforts were stopped, and infrastructure improvement projects were paused or totally cancelled as a result of the uncertainty surrounding federal funding sources. This second report outlines the status of federal funding cuts and changes as of August 13, 2025, and their impact on Hawai'i's food systems, farmers, and consumers.

Federal cuts are constricting Hawai'i's food systems at multiple points: cuts to individual and household food access programs combine with fewer resources for farmers and the purchase of local food. The total amount of direct federal funding that could be lost due to these changes for Hawai'i's food system is estimated at nearly \$175M, - a sum equal to 25% of Hawai'i's agricultural economy, based on GDP.\* However, the true economic costs of \$175M in lost funds is far greater as economic activities generated as a result of these investments are not reflected in simple programmatic funding cuts. In fact, a recent Hawai'i Appleseed report found that cuts to SNAP alone would lead to an annual \$1.3 billion economic loss in Hawai'i. This is because every SNAP dollar generates up to \$1.80 in total economic activity.

<sup>\*</sup>Based on the last data available showing \$.7B in agricultural cash receipts https://economicimpact-of-ag.uada.edu/hawaii/

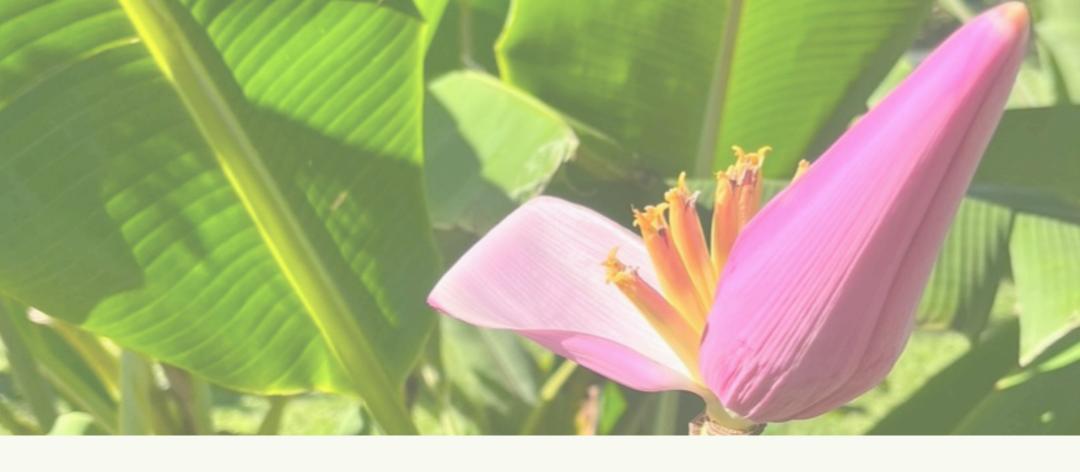
Not only will cuts have potentially devastating effects on household food insecurity and overall farm economic viability, but they also make achieving the state's goal of increasing local food purchases by key state entities to 30% by 2030 more difficult (e.g. Act 175/144). This impact is compounded by our review of recent reports on **changes to USDA priorities that may create greater competition for fewer resources for Hawai'i's farmers** and for small, diversified farmers throughout the U.S. At the same time, the direct scale of funding impact to some of Hawai'i's conservation and farm disaster relief programs is difficult to assess because some programs saw a net increase in total available funds nationwide from past years. However, increases in total program funding do not guarantee benefits to Hawai'i farmers given they do not grow Title 1 commodities.

Ongoing loss of USDA staff may further distance Hawai'i farmers from critical safety net and disaster relief funding. Hawai'i has 18% fewer USDA staff compared with September 2024 due to government-wide budget cuts and changes to administration priorities. The new consolidation plan for USDA offices is also expected to further reduce agency staffing by 20-30%.\*\* Having fewer experienced USDA staff to support local farmers, ranchers, and rural small businesses in accessing federal programs adds further impediments to Hawai'i's pursuit of food self-sufficiency goals and mandates.

Finally, there has also been a discontinuation of policies that address historical discrimination and unequal access to USDA programs which can include payment factor increases for disaster relief and conservation programs as well as targeted outreach efforts. This could mean that between 4-5,000 farmers in Hawai'i could receive fewer farm bill dollars than in previous years. These changes are taking place within the landscape of pre-existing high economic uncertainty for local producers and agricultural suppliers (e.g. Appendix A) and amidst deepening threats to food security and immigrant farmers and farmworkers.

<sup>\*\*</sup>These include regional (not local) offices of the Agriculture Research Service, National Agricultural Statistics Service, Food and Nutrition Service, Forest Service, Natural Resources Conservation Service and Animal and Plant Health Inspection Service.

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# Introduction

Agriculture Stewardship Hawaiʻi', previously known as Oʻahu Resource Conservation and Development Council, published a first federal funding report in March 2025. The report found that \$88M dollars were cut or at risk of being cut. This represented approximately 13% of Hawaiʻi's total annual agricultural economy, based on reported GDP. At that time, farmers indicated that agricultural production was being scaled back, hiring efforts were stopped, and infrastructure improvement projects were paused or totally cancelled as a result of the uncertainty surrounding federal funding sources. This second report outlines the status of federal funding cuts and changes as of August 13, 2025, and their impact on Hawai'i's food systems, farmers and consumers.

# Impacts to Food Access

#### Federal cuts are constricting Hawai'i's food systems at multiple points:

Federal cuts to individual and household food access programs combine with fewer resources for farmers and the purchase of local food. The total amount of direct federal funding that could be lost due to these changes for Hawai'i's food system is estimated at nearly \$175M, - a sum equal to 25% of Hawai'i's agricultural economy, based on GDP. However, the true economic costs of \$175M in lost funds is far greater as economic activities generated as a result of these investments are not reflected in simple programmatic funding cuts. In fact, a recent Hawai'i Appleseed report found that cuts to SNAP alone would lead to an annual \$1.3 billion economic loss in Hawai'i. This is because every SNAP dollar generates up to \$1.80 in total economic activity.

## Detailed Impacts to Food Access Table

Area of Impact	Cuts/ Changes	Hawaii Impact
Federal funding overall	Nearly 175M (25% of g GDP)	Less farmer support and local food
SNAP Economic Impact	Reduction of 730M+ from Hawaii's economy	Lost support for 2,500 jobs and \$1.3B in economic activity
Work Requirements	Expanded strict work requirements for able-bodied adults without depenents	Reduced eligibility and access for many people
School Meals	Reduced funding	Less children receive free/ reduced meals
SNAP Benefits	SNAP cut by \$300B nationally	Need for Hawaiʻi to pay up to \$109M annually (depending on SNAP error rate)
Grant Programs	Potential Cuts to Grants	Da Bux grant at risk, less support for purchasing locally grown food
SNAP-Ed	Complete Elimination	End of nutrition education outreach

# Impacts to Hawai'i's Agriculture Producers

Not only will these cuts have devastating effects on household food insecurity and overall farm economic viability but they also make achieving the state goals of increasing local food purchases by key state entities to 30% by 2030 more difficult (e.g. Act 175/144). Additionally, our in-depth review of program changes within this report found that these changes in priorities will **likely increase competition for fewer resources for Hawai'i's farmers** and for small, diversified farmers throughout the U.S. For example, the need to compete nationally for EQIP funding and changes to Agriculture Risk Coverage and Price Loss Coverage programs (ARCPLC) are some changes which may increase competition for Hawai'i farmers or exclude them and the crops they grow from new benefits.

At the same time, the direct scale of funding impact to some of Hawai'i's conservation and farm disaster relief programs is difficult to assess because some programs saw a net increase in total available funds nationwide. There is also discontinuation of policies that address historical discrimination and unequal access to USDA programs which can include payment factor increases for disaster relief and conservation programs. These changes are taking place within the context of already high economic uncertainty for local producers and agricultural suppliers (e.g. Appendix A) and amidst deepening threats to food security and immigrant farmers and farmworkers.



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# Detailed Impacts to Hawai'i's Agriculture Producers

- USDA-wide emphasis on Farm Bill initiatives tied to Title 1 commodities (which
  excludes fruits, vegetables, orchard crops, coffee, and nursery/floriculture)
  coupled with administrative restriction on the use of discretionary authority to
  develop programs and regulations not explicitly enumerated in legislation
  mean widespread cuts for agriculture safety nets and conservation programs
  for Hawai'i.
- Hawai'i farmers will face increased competition and may even have to compete against applications from the U.S. Continent as they apply for existing programs, with some limited exceptions where cost-share prices and access to funding have been expanded.
- Increases to reference prices and yields for the Agriculture Risk Coverage and Price Loss Coverage programs (ARCPLC) are a win for U.S. Continent farmers who farm on acreage previously devoted to Title 1 crops (i.e. corn, wheat, long & medium grain rice). Hawai'i has zero base acres and grows few covered commodities (grains/oilseeds, pulse crops, rice, and cotton), meaning these major safety net programs and the added dollars will not make their way to Hawai'i. Though seed corn is an eligible commodity, the income restrictions to apply for these safety net programs inhibits the managers of those seed corn acres from accessing those dollars.
- DaBux nutrition assistance program could be impacted by USDA-wide budget cuts of ~10%; as USDA looks to reshape its organization and also meet budget reduction targets, DaBux could see administrative funding cuts which would ultimately reduce the subsidy that SNAP recipients receive to purchase local foods often at lower costs than imported foods.
- Livestock producers and tree, bush, and vine growers will see added flexibility and increased benefits under USDA's disaster assistance programming.
- Elimination of the Regional Food Business Center, a \$30M project with \$5M destined for Hawai'i's food system thwarts forward progress on strengthening the local food system and activities in the middle of the value chain.

# Other USDA Changes

- USDA Staffing cuts. Hawai'i has lost 18% of its USDA staff since September 2024 out of a total of 858 USDA employees, according to NSAC analysis of numbers from the Federal Office of Personnel Management (OPM). 84 staff accepted deferred resignation and 64 were "separated" from USDA employment between January and March 2025. "Separated" refers to "employees who quit, experienced a "reduction in force", retired (early, voluntary, or for disability), were terminated due to an expired appointment or contract, transferred out, or had some other separation from the department (NSAC).
- Proposed 2026 legislation would significantly reduce USDA staffing, including
  a \$110 million cut to the Farm Service Agency and a 5% reduction for the
  Natural Resource Conservation Service, with broad impacts across nearly all
  USDA programs. The shift toward regional customer service models, rather
  than county-level administration, may result in loss of institutional knowledge,
  longer wait times for application reviews, and reduced guidance for producers
  navigating program processes. More information <a href="https://example.com/here-nearly-ne
- The recent August 27, 2025 <u>USDA reoganization memo</u> makes substantial changes to the USDA footprint in Washington DC, distributing staff and offices into regional hubs while also shifting how some USDA work takes place, including consolidation of work within the Office of Tribal Relations and Office of Partnerships and Public Engagement offices that Hawai'i farmers, farming and food systems organizations and experts have worked with in the past.
- While it does not appear that any regional offices will be eliminated in Hawai'i, these shifts could cause disruptions and impact to local USDA staff as they seek out technical guidance and leadership from regional hubs. Already, Hawai'i's food and farming system struggles to access support for the specific challenges of Hawai'i agriculture and faces an uncertain outlook with new forms of regional consolidation. According to the USDA itself, relocation to new regional hubs is also expected to be rejected by 20-30% of existing staff, leading to further USDA staff losses.
- A wide-sweeping elimination of race- and gender-based determinations for socially disadvantaged status could mean that between 4-5,000 farmers in Hawai'i could be receiving fewer farm bill dollars than in previous years.

## Updated Table of Cancelled or Impacted Programs

Program Umbrella	Project	Agency/Funding Source	Direct HI Funding Impacted	Status
Partnership for Climate Smart Commodities	Lynker + various - 30+ HI farmers, 4,000+ acres	USDA	\$46,000,000.00	Terminated* <
	Hawaii Ulu Cooperative	USDA; The Nature Conservancy	\$6,000,000.00	Terminated ~
Regional Food Business Center	Hawaiʻi Good Food Alliance +, Regional Food Business Center	USDA AMS	\$5,000,000**	Terminated ~
Resilient Food Systems Infrastructure Program	HDAB Infrastructure Grants	USDA AMS; HDAB	\$2,600,000.00	Awarded ~
Local Food Purchasing Assistance Cooperative	Hawai'i Food Bank: Poi to Food Banks	USDA	\$1,100,000.00	Terminated ~
Local Food for Schools Program	DOE Local Foods in Schools		\$1,800,000.00	Terminated ~
Emergency Food Assistance Program	Hawai'i Food Bank: Delivery of fresh foods	USDA Comm. Credit Corporation	\$3,200,000.00	Terminated ~
SNAP-Ed	UH, DOH SNAP Education	USDA FNS; UH Manoa Extension	\$1,600,000.00	Terminated ~
SNAP	SNAP	USDA FNS	\$109,000,000.00	Pending ~
REAP	REAP (IRA)	USDA RD	\$1,200,000.00	Pending ~
Market Access Program	Market Access Program	USDA FAS	\$103,000.00	Pending ~
Regional Ag Promotion Program	Regional Ag Promotion Program	USDA FAS		Pending ~
GusNIP	Federal funding for DaBux SNAP for local	USDA NIFA	\$100,000.00	Pending ~
Specialty Crops Research Initiative	Specialty Crops Research Initiative	USDA NIFA		Pending ~

The direct funding impact to some of Hawai'i's conservation and farm disaster relief programs is difficult to assess because some programs saw a net increase in total available funds nationwide. Funds from the Inflation Reduction Act were redirected to fill Farm Bill baseline funding accounts. Funding distribution from these pools is likely to change, so there is not a reliable way to predict the overall economic impact of these program changes to Hawai'i's food systems.

\$175.1M Total at Risk

<sup>\$64.7</sup>M Confirmed Cuts

<sup>\*</sup>Partnership for Climate Smart Commodities Terminated with pathway to reapply

<sup>\*\*</sup>This grant was \$30M overall but \$5M for Hawai'i.

#### Direct Funding Impact of Hawai'i's Conservation and Farm Disaster Relief Programs

Program	Agency	OBBB Impact	HI Implications
EQIP - Environmental Quality Incentives Program	USDA - NRCS	<ul> <li>Authorized through 2031</li> <li>Inflation Reduction Act funding folded into Farm Bill baseline, stripping from new initiatives</li> <li>Diluted funding power to address climate- specific targets</li> </ul>	<ul> <li>Competition for funds may become more intense as Hawai'i may have to compete nationally</li> <li>Potential reduction nationwide in funding for irrigation upgrades, invasives management, and soil health initiatives at smaller scales</li> </ul>
CSP - Conservation Stewardship Program	USDA - NRCS	<ul> <li>Authorized through 2031</li> <li>Inflation Reduction Act funding folded into Farm Bill baseline</li> <li>No new enhancements to conservation practice standards, like including indigenous ecological knowledge as eligible conservation practice</li> </ul>	<ul> <li>Limits conservation practice development from including indigenous or traditional ecological practices (i.e. lo'i kalo restoration work)</li> <li>Fewer incentives to implement long-term land stewardship practices</li> </ul>
ACEP - Ag. Conservation Enhancement Program	USDA - NRCS	<ul> <li>Authorized through 2031</li> <li>Blanket funding increases for Farm Bill initiatives</li> </ul>	Hawai'i will now likely have to compete nationally for ACEP funds, meaning lower approval odds
RCPP - Regional Conservation Partnerships Program	USDA - NRCS from Commodity Credit Corp.	<ul> <li>Reallocation IRA funds to baseline Farm Bill Initiatives</li> <li>Cancellation of private forestry climate- smart practices</li> </ul>	<ul> <li>Increases competition for Hawai'i's farmers</li> <li>Dependent on state allocations of funds and priorities</li> </ul>
CRP/CREP - Conservation Reserve Program & Conservation Reserve Enhancement Program	USDA - FSA	<ul> <li>Does NOT reauthorize CRP/CREP beyond existing extension (2025)</li> <li>Does NOT adjust the acreage cap for CRP enrollment, meaning additional enrollment if extended will be highly competitive nationwide.</li> </ul>	<ul> <li>No opportunity for ranchers to enroll in CRP Grasslands in HI</li> <li>No opportunity to pursue conservation work through CREP funding agreements</li> </ul>
LIP - Livestock Indemnity Program	USDA - FSA	<ul> <li>Regional prices can be used for livestock death loss reimbursement</li> <li>Unborn/fetal livestock losses now eligible for reimbursement</li> </ul>	<ul> <li>Documentation needed to support regional price increases for all classes of livestock</li> <li>Ranchers may be required to keep more detailed pregnancy records to qualify for unborn livestock losses</li> </ul>
TAP - Tree Assistance Program	USDA - FSA	<ul> <li>Cost-share rate increases from 50% to 65%</li> <li>Stands no longer have to experience 15% total death loss to be eligible for payment</li> <li>Payment accounts for normal mortality, meaning states will have the power to set normal mortality rates for each crop type for TAP</li> </ul>	<ul> <li>Increased accessibility to TAP funds</li> <li>More substantial reimbursement for damages and death losses</li> <li>No need to meet 15% stand death loss</li> </ul>
LFP - Livestock Forage Disaster Program	USDA - FSA	<ul> <li>Changes minimum requirements for the drought status designation, triggering drought payments earlier than before.</li> <li>One month's worth of payments after 4 weeks of qualifying drought.</li> <li>Two month's worth of payments after 7 out of the previous 8 weeks of qualifying drought.</li> </ul>	Faster deployment of payments to producers will help ranchers mitigate economic impacts of drought-related forage losses.
FCIC Crop Insurance	USDA - RMA	<ul> <li>Beginning farmers will see an increase in premium subsidies, meaning total cost to obtain crop insurance policies decreases for Beginning Farmers.</li> <li>Premium subsidy increases also will apply to Whole Farm Revenue plans.</li> <li>This does not eliminate the requirement to submit 3 consecutive years' worth of tax records (Schedule F) as a beginning farmer (5 years for non-beginners) (USDA Risk Management Agency).</li> </ul>	<ul> <li>Beginning farmers will see lower premium costs for up to 10 years after starting a farming operation, but Whole Farm Revenue plans will not be accessible to them until filing three years' worth of Schedule F tax returns.</li> <li>Zero Whole Farm Revenue policies were sold for the 2024 insurance year.</li> </ul>



# Detailed Analysis by Program



## **Resilient Food Systems Infrastructure Program**

#### Congressional Authority: American Rescue Plan Act Section 1001 (b)(4)

#### Program Overview:

The Resilient Food Systems Infrastructure Program allowed states to request grant funding to help strengthen middle-of-the-food chain infrastructure including manufacturing, packaging, and processing equipment. The State of Hawai'i Department of Agricultural and Biosecurity submitted for grant funds that were awarded.

#### Administrative Impacts:

- No adverse impact to food systems grants awarded by HDAB in 2024.
- Hawai'i Stats:
  - Total Dollars awarded: \$2,587,480
  - Total Awardees: 17
    - 4 Infrastructure Grants
    - 13 Equipment Grants

- Added investment to Hawai'i's agricultural supply chain will help strengthen the local food economy and provide more opportunity for local produce distribution.
- Existing investment through RFSI alone is not enough to scale-up agricultural production to meet increased institutional demand with state goals to reach 30% local food procurement by 2030, for example.



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## **Regional Food Business Center**

#### Congressional Authority: American Rescue Plan Act Section 1001 (b) (4)

#### Program Overview:

"The USDA Regional Food Business Centers support farms and food businesses to create new market opportunities, enhance competitiveness, and strengthen their regional supply chains" (USDA AMS).

#### Administrative Impacts:

- Nationwide cancellation of Regional Food Business Center agreements was announced on July 15, 2025.
- Hawai'i Good Food Alliance lost their grant award of \$30,000,000; their initial investment of \$5,000,000 into planning efforts was reimbursed.

- Mid-supply chain infrastructure improvements that would help small to mid-sized entrepreneurs increase total outputs has been halted.
- Unique supply-chain logistical challenges in island and remote communities remain in place with limited capital to invest in planning and problem-solving efforts. This will make interisland coordination more difficult to help meet higher institutional demand for local goods on Oahu versus outer islands.



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# The Emergency Food Assistance Program (TEFAP)

#### Congressional Authority: Discretionary authority under the Commodity Credit Corporation Charter

#### Program Overview:

The Emergency Food Assistance Program (TEFAP) is a federal program that helps local food banks purchase and distribute locally grown produce.

#### Administrative Impacts:

- Rescission of this program stripped funding that was helping local communities
  procure locally-grown produce to provide to low income households and
  supplement benefits under SNAP.
- HI Stats:
  - \$3,200,000.00 in funding cut to Hawai'i, with future order deliveries paused indefinitely

#### What It Means:

• This program was initially constructed using discretionary authority under the Commodity Credit Corporation Charter, which prior administrations have used to extend disaster assistance to communities and farmers. For example, it was used under Secretary Perdue to mobilize funds for a livestock feed voucher program to help dairy producers in Puerto Rico who were hit by hurricanes. A stricter administrative interpretation of these same clauses means a more conservative use of Commodity Credit Corporation funds.

**State funding** will ultimately be the source to shore up funding shortages, and **long term sustainability of those funds** should be of high concern given this administration's more fiscally restrictive policies.

# **Local Foods for Schools Program**

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#### **Program Overview:**

The local Hawai'i grant award was a multi-pronged effort to increase local food procurement for school meals across the state. Specifically, it leveraged commodity procurement strategies and community education to help achieve the legislatively-mandated goal to increase purchases of local foods within state institutions to 30% by 2030.

#### Administrative Impacts:

- Hawai'i Stats:
  - \$1,800,000.00 in grant funding was cancelled
- HI Department of Education now needs to secure state-appropriated funds to fill the gap left by the grant cancellation.
- Forward progress to educate vendors and stakeholders on the state procurement process as well as internal planning efforts to improve institutional procurement has been hindered.

- The initiative to increase local food purchases in schools is being undertaken with
  the goal to remain budget neutral. However, these grant funds were going to be
  used to educate and improve processes of procurement that will now have to be
  funded using state dollars, making the goal of increasing local food
  procurement while remaining budget-neutral more difficult.
- Education is a huge component in local institutional purchases, especially in schools when there are strict food safety requirements and expectations. With less than 200 farms currently certified under USDA's Good Agriculture Practices certification (GAP), food safety education and community network building costs now fall to the state.
- This cut distances the Department of Education from reaching its goal to get to 30% local food purchases by 2030.

# Supplemental Nutrition Assistance Program (SNAP) (1/2)

#### Congressional Authority: 7 CFR Chapter II Subchapter C

#### Program Overview:

"SNAP provides food benefits to low-income families to supplement their grocery budget so they can afford the nutritious food essential to health and well-being" ("Supplemental Nutrition Assistance Program (SNAP) | Food and Nutrition Service").

#### One Big Beautiful Bill Impacts:

- Restricts the Thrifty Food Plan (calculation to determine the price of groceries)
  - No updates to the price of groceries until October 2027
  - Future updates to grocery prices must remain cost-neutral and follow the Consumer Price Index
- Updates working hours requirement for able-bodied adults without dependents (ABAWD's), requiring ABAWD's between the ages of 50-64 to now meet the minimum monthly 80 hour working requirements. Hawai'i is still waived from this requirement, but the continued waiver is not guaranteed.
- Requires state cost-share requirements based on program payment error rates starting in 2027. For example, if Hawai'i kept its error rate at 6% in 2026, the state would be required to contribute 5% of the total SNAP benefit and the federal funds would be reduced accordingly. (Bergh and Rosenbaum)

Error Rate	Required State Contribution %	Potential State-required Financial Commitment
6% < Error < 8%	5%	\$109,000,000
8% < Error < 10%	10%	\$145,000,000

Fiscal Year	Over Payment Rate	Underpayment Rate	Total Error Rate
2024	5.87%	0.80%	6.68%
2023	19.97%	0.97%	20.94%
2022	19.65%	2.13%	21.78%
2019	4.45%	1.76%	6.21%

## Supplemental Nutrition Assistance Program (SNAP)(2/2)

- State fund matching requirements are going to increase in 2027, placing **added** burden on the state's budget.
- Consumer Price Index-based calculations will likely not account for added costs
  of goods for places like Hawai'i, meaning benefits under SNAP will have more
  limited purchasing power and further exacerbate food insecurity.
- Reduced benefits may decrease demand for local produce as families are forced to make decisions between higher priced local goods and lower cost imported goods, even with offset programs like Da Bux.
- SNAP cuts will harm low income households and farmers as every SNAP dollar spent generates approximately \$1.80 in economic benefit (Spoto and Mumma).
- State legislators will need to **balance the state's budget** to account for added state cost-share requirements for SNAP.
- Farmers may need to explore alternative marketing channels due to a potential decrease in local produce sales at grocery stores where imported produce is more price competitive.



#### **Supplemental Nutrition Assistance Program Education (SNAP-Ed)**

#### Congressional Authority: 7 CFR Chapter II Subchapter 272 Section 272.2

#### Program Overview:

SNAP-Ed provides participating state agencies with funds to conduct data-driven and research-based nutrition and obesity education that empowers low-income families with budgeting skills, nutritional knowledge, and best practices for maintaining a healthy lifestyle.

#### One Big Beautiful Bill Impacts:

- SNAP-Ed is entirely eliminated by OBBB and agencies were directed to cancel existing grant agreements at the end of their current fiscal year.
- \$441,000,000 in nationwide SNAP-Ed funding has been zeroed out by OBBB.
- UH Manoa Extension, the SNAP-Ed grantee, experienced \$106,000,000 in cancelled grant funding which will halt community education efforts around nutrition and healthy eating on a budget.

- Valuable extension educational resources may not continue to be developed.
- Low-income households may struggle with budgeting and ensuring nutritionally balanced meals are being served at the table.
- SNAP recipients may not be made aware of Da Bux program and therefore may purchase less locally grown produce.



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# Socially Disadvantaged Farmers (SDFRs) (1/4)

USDA Final Rule 2025-12877

<u>Removal of Unconstitutional Preferences Based on Race and Sex in Response to Court Ruling</u>

## **Rule Summary and Rationale**

A wide-sweeping elimination of race- and gender-based determinations for socially disadvantaged status claiming that USDA has comprehensively and sufficiently addressed previous claims of race or sex-based discrimination. This rule eliminates added payment factors for race- and gender-based applicants in over 20 USDA programs, including all Farm Service Agency and Natural Resource Conservation Service programs (USDA). Based on the Hawai'i Agriculture Census of 2022, 38.6% of its over 11,000 farmers and ranchers would have met the race-based definition for socially disadvantaged status and 43.0% would have met the status based on gender\* (USDA National Agricultural Statistics Service).

The tables that follow on how this ruling affects USDA programs are adapted from Intertribal Agriculture Council's (IAC) Analysis.

<sup>\*</sup> Not all USDA programs recognize gender as part of the definition for socially disadvantged status.

# Socially Disadvantaged Farmers (SDFRs) (2/4)

No cha	No changes			
Agency	Program	Provision	Status	
FSA	Noninsured Crop Disaster Assistance Program (NAP)	Fee waivers & 50% premium reduction	Retained	
FSA	Direct Loan Set- Asides	Reserved funds for SDFRs in direct farm ownership and operating loans	Retained	
FSA	Microloans	Access and eligibility unchanged	Retained	
FSA	Down Payment Loan Program	Eligibility for SDFRs	Retained	
FSA	Inventory Property Sales	First right of refusal for SDFRs	Retained	

Modified Programs/Provisions			
Agency	Program	Provision	Change
FSA	Guaranteed Farm Ownership & Operating Loans	Enhanced guarantee level	Reduced from 95% to 90% (unless under tribal jurisdiction)
FSA	Emergency Relief Program (ERP)	Enhanced payments (15% increase)	SDFR multiplier removed; standard payments now apply
FSA	Milk Loss Program	Payment rate	Reduced from 90% to standard 75% of fair market value
FSA	Pandemic Assistance Revenue Program (PARP)	Payment factor	Reduced from 90% to 80% for SDFRs

# Socially Disadvantaged Farmers (SDFRs) (3/4)

Provi	sions Eliminated Enti	rely	
Agency	Program	Provision	Change
FSA	Down Payment Loan Program	Access to funds transferred from Guaranteed Loan Program	SDFRs no longer prioritized
FSA	Guaranteed Loans	1.5% lender fee waiver	Fee must now be paid by SDFR borrowers
FSA	Leasing of Inventory Property	Lease rights for SDFRs	Eliminated
FSA	Inventory Property Sales	Right of refusal when leasing	No longer applicable (since leasing right eliminated)
FSA	Inventory Property Sales	10% down payment waiver	Waiver eliminated for SDFRs
FSA	Transition Incentives Program	12-month land control exemption	Exemption removed for SDFRs
FSA	Transition contract modification	Contract can no longer be modified to benefit SDFRs	Eliminated
NRCS	Environmental Quality Incentive Programs (EQIP)	Targeted incentives and 90% payment factor (vs. standard 75%) for SDFRs	Eliminated
FSA	Participation in CRP-TIP	SDFRs no longer eligible	Eliminated
NRCS	Wildlife Habitat Incentive Program (WHIP)	25% enhanced cost share	Eliminated
NRCS	Agricultural Management Assistance (AMA)	25%+ enhanced cost share	Eliminated
NRCS	Agricultural Conservation Easement Program (ACEP)	Incentives for participation	Eliminated
FCIC	508(h) Insurance Proposals	Requirement to consider impacts on SDFRs	Eliminated
RD	REAP Grants (RES/EEI)	Priority access for SDFRs	Eliminated
RD	REAP Loan Guarantees	Priority access for SDFRs	Eliminated
FSA	CFAP (Coronavirus Food Assistance Program)	15% increased payments	Eliminated

# Socially Disadvantaged Farmers (SDFRs) (4/4)

Reform Area	Impact
Political Oversight	Senior political appointees (or their designees) replace the traditional peer-reviewed process and serve as final authority on grant decisions
Funding Criteria	Grants must align with political priorities and exclude controversial themes (i.e. gender ideology, DEI, illegal immigration)
Efficiency and Rigor	Grants shall favor institutions with lower indirect cost rates, wider spread of recipients, and those following Gold Standard Science (success benchmarks and reproducible research)
Built In Termination for Convenience	Future and wherever possible existing grants are to include terms that would allow agencies to terminate awards for convenience if they no longer align with administration goals
Increased Funding Controls	Grant recipients must obtain prior authorization before drawing down general grant funds and supply written justification for each drawdown request
Streamlined Grant Applications	Office of Management and Budget to revise grant forms and processes to streamline applications and lessen paperwork burdens
Delayed New Funding Announcements	EO stops agencies from announcing new funding availability until they implement processes to comply with this EO



# Pending Budget Cuts and Administrative Decisions



## **Gus Schumacher Nutrition Incentives Program**

#### Gus Schumacher Nutrition Incentives Program (GusNIP) - Da Bux

Congressional Authority: 7 U.S.C. Section 7517

#### Program Overview:

GusNIP is a supplement to nutrition assistance benefits. Hawai'i has implemented its DaBux program utilizing grant funding from GusNIP funds, which enables SNAP recipients to pay only 50% of the retail cost of local produce at participating stores while retailers receive the full sales price and can pay suppliers accordingly.

#### Pending Actions or Impacts:

- No explicit call for a reduction to these specific grants has been made yet.
- These grants are funded using Commodity Credit Corporation funds and have been extended via Farm Bill extensions through 2025.
- Blanket language in recent budget legislation calls for 10-15% reduction in spending by the USDA Food and Nutrition Service, which may include a 10-15% reduction in GusNIP funds if the administration chooses to apply a blanket factor across all funding channels.
  - If cut 10%, Hawai'i would realize around \$100,000 in lost federal funding.



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#### **Regional Transportation Cost Reimbursement Program (RTCP)**

#### Regional Transportation Cost Reimbursement Program (RTCP)

#### Program Overview:

RTCP provides financial offsets for input and marketing transportation costs for geographically disadvantaged farmers and ranchers within insular areas like Hawai'i, Alaska, and Puerto Rico. Specifically, it is meant to help supplement added costs incurred as a result of the Jones Act maritime law.

#### Proposed Changes:

• Current federal legislation (H.R. 3784) proposes to eliminate RTCP entirely.

- Producers would have to bear the whole cost of shipping fees for commodity inputs and marketing.
- Jones Act related shipping requirements make transport of goods to and from Hawai'i to the U.S. Continent less price-competitive than U.S. Continent and foreign competition, limiting Hawai'i's ability to break into new markets on the U.S. continent.



# Get Involved, Stay Connected

- Join the Statewide Food Systems Coordination monthly meetings
- Ask your representatives to support local food system investments
- Get involved with farmer membership or food systems organizations
- Support local farmers, food banks and pantries with your time, money or other support
- Follow our Instagram updates @Agstewardshiphawaii
- Farmers can access Agriculture Stewardship Hawaii's Funding Help Desk

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# Appendix A: Suppliers Respond to Economic Uncertainty

In mid May 2025 a survey done with 9 large and small scale agricultural suppliers across Oʻahu, Kauaʻi, and Hawaiʻi Island provided valuable insight into current market conditions and supply chain challenges. These suppliers offer a diverse range of basic agricultural supplies products. A majority anticipate cost increases in key items such as fertilizers, pots, irrigation fittings, and shipping fees, over the coming months.

Suppliers highlighted several pressing concerns, notably the unpredictability of shipping accessibility and rising freight costs for importing materials. There are limited supplier options that ship to Hawaii based businesses creating a lack of market options for agricultural suppliers. As one Hawaii Island supplier put it, "It's not so much about cost rising but more so about accessibility due to shipping... I don't see much of a future." This respondent shared supply chain uncertainty often begins on the U.S. Continent and sends lasting ripples through Hawaii's local supplier market.

Limited shipping options and constrained sourcing channels compounds challenges for ag supplier businesses already navigating market uncertainty. In response, many agricultural suppliers are actively seeking alternative sourcing strategies, with a notable shift from international to domestic or local suppliers to decrease potential risks. Despite these challenges, the supplier community remains adaptable and proactive as one respondent put it, "We're flexible in seeing where we can find the best prices... pivoting where we have to source inventory." This flexibility will be critical for sustaining Hawai'i's food systems amidst ongoing supply uncertainties.