

# AGRICULTURAL ALTERNATIVES

## Community-supported Agriculture

Community-supported agriculture (CSA) is a concept designed to encourage relationships between consumers and growers and for consumers to become more knowledgeable about the way their food is grown. A CSA addresses the concern that the average distance that food travels from farm to consumer in the United States is approximately 1,300 miles. Another advantage of obtaining food locally is that the money stays within the local community.

CSAs began to develop on the East Coast of the United States in the mid-1980s. Today, it is estimated that between 30,000 and 50,000 U.S. consumers belong to a CSA. Examples of CSAs range from smaller operations with three to twenty members to larger CSAs with hundreds of members or subscribers.

### The Principle Behind a CSA

A CSA involves consumers who support a farmer financially by paying for a share of the farm's production prior to each growing season. The arrangement allows farmers to buy the seeds, transplants, and other inputs

*This publication was developed by the Small and Part-time Farming Project at Penn State with support from the U.S. Department of Agriculture-Extension Service.*



they need for the growing season, and pay their farm labor without waiting until harvest to generate revenue.

By paying for food prior to planting, CSA members essentially assume the risk of crop failure or pest or disease problems and understand that a refund will not be issued in the event that no crops are harvested. If a crop is lost or is of poor quality, the farmer is able to continue to operate. These anticipated problems can be managed with proper planning and risk management strategies. A benefit for farmers who become involved in a CSA is that they can develop a long-term relationship with their members, one that may encourage members to support farmers by renewing their memberships each year.

Many small-scale or part-time growers could use a CSA rather than an auction to sell much of their produce. CSAs offer a more structured and scheduled distribution for products than auctions with growers receiving a predetermined price instead of relying on unpredictable auction sales. A CSA, however, will require much more time and organization than selling at an auction. A CSA requires advertising, planning production to have products available on a consistent basis, scheduling delivery or pick times and places, and educating the customer. Many

CSA producers also sell at farmers' markets and advertise the CSA during market time.

## Calculating Share Fees

Share price is calculated based on the final number of CSA members. Once this number is determined, a grower can divide total operating costs (including the owner's labor, management, and any debt service related to the enterprise) by the number of shareholders to calculate the final share price. Therefore, members should be made aware that share prices published in the fall may be an estimate of what will actually be charged at the beginning of the season, when all members have joined. If a member has a working share, he or she should be informed of the value of this type of share. When work is provided for a reduced price, the details of that work and the reduction in cost should reflect that work.

Several methods exist for calculating payments for shares and portions of shares. If scheduled payments (monthly, quarterly, or other predetermined schedule) are used, an additional fee for billing should be considered. Instead of dividing the share cost equally among payments, consider a discount scheme to encourage shareholders to pay for the entire share prior to planting. Adding an interest charge may be necessary to compensate you for the additional time you will need to prepare invoices and update shareholder accounts.

## Products Included

On average, most CSAs offer an assortment of eight to twelve vegetables, herbs, and fruits each week for a summer share. A weekly share typically consists of five to seven pounds of vegetables. Winter shares, if offered, are usually distributed just once a month due to lower volume and selection available. Items that members do not have an interest in can be placed on a table for other members to take.

During certain weeks there may not be enough of a particular produce item available to distribute to all members. One option is to divide the shares into two groups and distribute the harvest to each group on alternate weeks. In years when the harvest is more than members can use, excess can be donated to a food bank or sold to a local restaurant. Another option is to allow members to purchase additional fruits and vegetables that they can preserve for use throughout the off-season months. Certain farmers have developed a practice of trading what they grow with other farmers who grow other produce items or sell meat, fish, fowl, dairy products, honey, and bread products, thus expanding the range of products available to its CSA customers.

## CSA Workload

The number of hours a farmer will work during the CSA season varies greatly depending on the mix of crops and other products offered. Typically it takes a minimum of 15 to 20 hours per week during startup, up to 60 hours per week during the peak planting and harvesting period, and 20 to 30 hours per week during harvest and wrap-up in the fall. A farmer who is currently growing crops for the wholesale market will probably need at least one year to transition his or her farm (or a portion of the farm) to a CSA. During this time period, the farmer will need to assess the likelihood that he or she will succeed as a CSA farmer by observing as many different CSA operations as possible. In addition, the first year should focus on supplying the wholesale market while determining a budget for the proposed CSA and the number of shares that will be needed to support the operation.

Several questions will need to be answered during this transition phase:

- How do I feel about dealing directly with customers or members?
- What production practices will I need to change?
- Am I comfortable with the additional management necessary to operate a CSA?
- How much production will be needed to support the CSA?
- Do I have enough labor to operate the CSA?

As with any new venture, it will be necessary to concentrate on promotional activities, such as press releases, newspaper articles, distribution of flyers, and other methods, to help prospective members learn about the CSA. It may even be necessary to recruit more members than needed, as it is very possible that not all those who initially express an interest will actually purchase a share.

## CSA Member Involvement

As mentioned previously, one important aspect of a CSA is building a connection between members and the farm where their food is produced. A stronger bond can be built if members are encouraged to visit the farm and socialize with other members. Members who have a working share (in exchange for a reduced price members work a certain number of hours at the farm each week) may be more likely to visit with others and form a strong connection with the farm. For other members, a social occasion such as a potluck or harvest celebration can help them feel that they are actually a part of the CSA.

Another method of making members aware of what is happening at the farm is creating a newsletter that can be distributed with the share. The newsletter can contain announcements, list what is included in the current share

(and what will be available in coming weeks), include some sample recipes, and provide a calendar of future activities. The practice of developing a newsletter may also help reduce a number of common questions. Instead of inquiring about what they can expect in their July share, or when they can expect sweet corn, a brief article in June's newsletter can help answer these anticipated questions.

Having members work on the CSA creates a higher risk for the grower due to the increased liability should a member be injured, so you may consider having members perform nonfield activities such as creating and distributing the newsletter, assisting at distribution sites, or supervising product pickup at the farm. Members could also be encouraged to research, compile, or contribute recipes for the newsletter. Growers need to contact their insurance provider and have a detailed risk management plan before they proceed with involving members in these and other tasks. Your insurance provider may view members working on the farm as employees, which will have a major impact on the cost of workers' compensation insurance.

## **Common Types of CSAs and Members' Commitment**

The concept of the CSA is fairly basic: encourage a relationship between consumers and local farmers that can develop and prosper. In order to begin the process of creating a CSA, it will be necessary for farmers to determine how much control they desire and how much input they want from the CSA members and who should be in charge of the planning, promotion, harvesting, and social activities. Certainly, if a farmer does not enjoy a constant interaction with consumers, it may be wise to consider a CSA model that enlists the help of a core group. It is possible to tailor a CSA to meet the needs of all parties involved and focus on the principle of offering fresh, local produce.

As can be expected, the level of community involvement differs among CSAs. Larger CSAs or CSAs with a farmer who prefers to have more control of member involvement may prefer to enact a subscription or farmer-driven type of CSA. Organization of such a CSA would require the farmer to assume a majority of the responsibility, including hiring and training paid employees. Usually, subscription holders would have little involvement with the CSA other than being responsible for picking up their share. This is a popular form of a CSA. However, with one of the main goals of a CSA being the formation of a bond between consumer and farmer, a question arises as to how this can still be achieved.

CSAs that include members in the organization and daily operations are referred to as shareholder- or consumer-driven CSAs. Such CSAs could be organized by either the farmer or by members who would then hire the

farmer and decide what to grow. This type of organization takes a great deal of member commitment to organize teams who will assist with fieldwork, determine the share, and arrange the distribution schedule. Core group members could also plan and implement events and group activities, arrange for childcare for members when they are working at the farm, distribute announcements and publicity materials, and recruit and accept/approve potential shareholders. Core group members will need to oversee various administration tasks such as budgets, compiling and printing annual reports, and developing and distributing newsletters and other announcements. Other duties include making decisions about purchases for the CSA and how to finance expensive items.

Another type of CSA organization is called a farmer-consumer cooperative. In this arrangement, both parties own the land and other resources, such as buildings and equipment. As with the shareholder model, this type of CSA requires a high level of consumer involvement. A core group would be needed to work with the farmer on issues such as fieldwork, distribution, marketing, and recruitment.

For farmers who are interested in pursuing the idea of developing a CSA but would welcome the involvement of another farmer, there have been examples of farmer cooperatives serving a consumer population. This type of CSA would include the involvement of two or more farmers, each of whom would provide CSA members with a different assortment of goods. Both CSA members and the cooperating farmers can benefit from this increased product offering. If one farmer is experiencing a potential shortage or crop failure, surplus goods from the other farmers can serve as a substitute. In addition, this type of arrangement allows consumers to purchase more items from their CSA and reduce the number of other shopping trips they would need to make.

It will be valuable to consult your attorney and insurance agent prior to establishing a CSA and describe how you plan to organize and implement the operation. The business structure you choose and the insurance products you choose will help with reducing your risk management concerns. Having these concerns addressed prior to beginning operation will help alleviate stress should an accident or another emergency arise.

One of the biggest struggles of a CSA effort is to convince potential members that "it's not just about the vegetables." This quote has been reprinted in countless articles and promotional materials that are used to inform consumers about what CSAs have to offer those who join. Certainly, the offer of fresh, local produce is the component of this venture that first attracts consumer attention. However, the potential to help support local farmers who care about their community is another aspect that appeals to loyal CSA members. This serves as an added benefit for shareholders who desire to become

more involved with this opportunity and actually share in creating a better environment for their families and their community.

### **Possible CSA Members**

A CSA, like any organization or association, will appeal to some consumers but not others. Though not necessarily the rule, potential members may already be involved in the community and have an interest in sustainable food production, farmland preservation, or other environmental causes. Potential members may also be people who are concerned about how food is grown, active at the local level in food production or other activities that affect their community, vegetarians, and have chemical sensitivities.

### **Unlikely CSA Members**

Though this consumer may have the same involvement in local causes, this person may not consume large amounts of produce, may be a picky eater, and may not be receptive to new or unfamiliar greens and vegetables. Other possible differences exist between the two categories. A likely member has been described as being the type of person who is creative with produce and is able to fling open the refrigerator and plan a meal using what is already at hand. An unlikely member would need to look through cookbooks or search the web to find recipes that incorporate various food products. These people may not be able to use all the produce in the share due to lack of knowledge and may leave the CSA if they feel they are wasting food by not eating all of the share's contents. Distributing recipes with their weekly share will assist this type of member.

### **Recruitment and Retention of CSA Members**

Though several methods can be used to attract new members, a common way of promoting a CSA is to post flyers in co-ops, at farmers' markets, churches, environmental clubs or organizations, or at members' worksites. Flyers could announce upcoming informational sessions and include contact information for the CSA farm. If the farmer or other CSA spokesperson speaks at venues where consumers are audience members, an announcement can be made that describes the CSA, where it is located, the website address and contact information, and that the CSA is accepting applications for membership.

More traditional means of promotion can also be used to target potential members. A press release or a short article about the CSA could be submitted to the local or community paper. An opportunity may arise for a CSA representative to be interviewed by a local television reporter about the benefits of buying local produce

and, that by joining a CSA, consumers can be assured that they will receive a consistent supply of produce throughout the growing season.

Social media offers many marketing opportunities for the farmer and the CSA because the likely CSA member probably has a presence on one or several social media sites. This is another method that can be used to keep members informed and updated on current events at the CSA. Be advised that any negative postings will have a major impact on the CSA, so keeping members satisfied is critical if a social media presence is used.

As an incentive to join, potential members could be offered trial shares or discounts based on the number of friends they convince to join the CSA. Another inexpensive way to promote the CSA is to create a logo for the farm and to customize t-shirts and tote bags. These can then be distributed to members. When they wear these items in public, it serves as another way to promote the CSA. Make sure that such items have as much pertinent contact information as possible included. Using quotes (with permission) from satisfied members in advertising is a tool many CSAs could use.

As with any organization or association, it is not only necessary to initially recruit members but also to make an effort to retain them each year. In an effort to retain members, farmers could take certain actions to make them feel like they are a part of the farm by organizing festivals, picking berries, providing input on what crops are produced, giving canning demonstrations, and hosting farm visits for children to learn how the farm operates. If members show an interest in helping with administrative tasks, they could be asked to join the CSA advisory group or to chair a festival or event held at the CSA farm.

Requesting member feedback throughout the season is crucial for a CSA's continued success. By surveying members and asking whether their experience met their expectations, the farmer and core group members can better understand problems members encountered during the season and focus on areas that need improvement. If a suggestion box is available or surveys are distributed regularly during the season, certain changes could be made very quickly. If a survey is not administered until the season's end, the farmer would not be able to implement any changes until the following year. As a result, the CSA risks losing members if their needs are not being met. Retaining members is much easier than recruiting new members each year.

If members do not renew their membership for the following year, they should be contacted to find out why they chose not to renew. Again, this information is very valuable to improving the CSA experience. If the reason they did not renew their membership was in response to an unfavorable experience, the farmer can investigate the situation and make an effort to improve the deficiency.

## Members' Expectations and Actual Conditions

It would only be logical for members to expect good, healthy, and, quite possibly, organically grown food in each share. Farmers must realize that even though they have received payment up front, the product they distribute must be of reasonable quality. Although the product often may not be as attractive as produce found in a grocery store, it should compare favorably in taste and quality. Members and growers must realize that the product may have a visual flaw, but it is still good quality. Below are some steps that can be taken to prevent or at least help minimize some common problems that can occur between farmers and shareholders.

### POTENTIAL PROBLEM #1

Shareholders complain that vegetables are dirty and have insect damage, or they see insects on the produce.

#### *Potential Solution*

Farmers should explain that a reduction in pesticides used on the farm will result in more insects, both pests and beneficials, being visible on their produce. Dirty vegetables are easy to clean, but the CSA may not be able to afford to employ laborers to clean all the produce before it is distributed. A minimum level of washing can solve many of these problems.

### POTENTIAL PROBLEM #2

Members are required to work at the farm (certain CSAs require this). They don't express an interest in tasks assigned and would prefer to just purchase produce from the CSA.

#### *Potential Solution*

Expectations of members should be stated prior to signing the contract. Members should understand that a work requirement may be used to keep costs low and also to help foster community. Members may take more pride in their work and think differently about vegetables if they are involved in the growing and harvesting process. A multiple-choice question on the contract will allow the farmer to match interests with tasks and skills if members are required to provide work for a reduction in share cost. The option of paying more just to purchase vegetables would be a good option for people who have time constraints or are not interested in working on the farm.

### POTENTIAL PROBLEM #3

Members are given vegetables and other products they are not familiar with and don't know how to prepare.

#### *Potential Solution*

Farmers should give members a schedule of what produce will be available in the future and a leaflet describing the produce with suggestions on how to use items in food preparation. In addition, recipes for the item can be included in a newsletter or at distribution and farmers can also create cookbooks for purchase.

### POTENTIAL PROBLEM #4

Members feel that they are receiving too many vegetables in their share and worry about waste.

#### *Potential Solution*

Farmers can suggest that extra vegetables be left in a common area for other members to take, or they can donate the unused vegetables to local food banks or give them to friends and neighbors.

### POTENTIAL PROBLEM #5

Members feel disconnected with the farm and have no sense of community.

#### *Potential Solution*

Farmers should include information packets about the farm, have core members plan festivals, or request that members work on the farm for a certain number of hours each month to build community.

### POTENTIAL PROBLEM #6

Members in northern climates expect certain vegetables (for example, tomatoes and sweet corn) to be included in their early season shares.

#### *Potential Solution*

Farmers should create a chart that depicts when the products will be available and distributed to members. Farmers may also want to use season-extending production practices (e.g., floating row covers, plastic mulch, and high tunnels) to produce a limited amount of certain vegetables.

Certain CSAs have a goal of serving a demographically diverse group of members. On first inspection, it may seem that CSAs are only suitable for wealthy consumers due to the price of a share. There is a movement among some CSAs, however, to provide lower-income consumers with the opportunity of joining a CSA. This can be facilitated in several ways:

- Higher income members can choose to support lower income shares by paying more.

- Assistance can be provided by higher income members or church groups.
- Share prices can be reduced for members who work on the farm (be aware that potential low-income members may not have the ability to take time off from work or may have transportation issues).
- Food stamps can be accepted for partial payment of shares (note that food stamp payments can only be made two weeks prior to delivery of food).
- Shares can be donated to a food bank and other emergency food systems.
- Farmers can accept payment on a monthly basis from lower income members.

## Distribution

Other than a pickup site at the farm, some CSAs deliver shares to a centralized site that is more convenient for members living far from the farm, such as a farmers' market, church, or community park. Home delivery may also be an option. A CSA can also have an agreement with a local food co-op to serve as an alternative pickup location. Not only is this more convenient for the shareholder, but the food co-op may also benefit from the additional foot traffic.

Whatever option is chosen, the farmer should include the cost of delivery and labor for providing this service in the price of the share, as well as be very specific about the day and time that the delivery will be made and how long CSA employees will remain at the site. If the farmer realizes that members are having difficulty getting there at the predetermined delivery time, the farmer will need to adjust the delivery time or determine if this level of service is actually feasible, knowing the number of employees at the farm and the workload.

## Added Benefits

Aside from individual members benefiting from their interaction with CSAs, there are advantages for other groups as well. With homeschooling serving as an option for many families throughout the United States, CSAs can serve as a destination or outdoor classroom for these children. By coordinating with a local chapter of a homeschooling association, farmers and core group members alike can introduce students to how a CSA farm operates, the role of the farm in the community, and volunteer opportunities at the farm.

Though members may be well aware of what their CSA offers, many CSAs strive to inform the public about the cost of food production, processing, packaging, transportation, and waste disposal/recycling. Some CSA

growers believe that if the community is involved with planning, planting, harvesting, and packaging the crops, then they will be more likely to support such an effort. When they put time and energy into a project that they feel benefits the environment, it may encourage them to become active members.

CSAs provide consumers with a valuable opportunity to obtain fresh, local produce from farmers who enjoy growing food for people in their communities. Understanding who is likely to join a CSA from both the farmer's and consumer's perspective is invaluable to both parties and helps ensure a positive relationship. When potential CSA members are aware of what is required of them in addition to their cost for the share, they can better determine whether this opportunity truly meets their needs. A simple contract should be developed by the farmer in consultation with an attorney that outlines these expectations, as well as opportunities and the rewards they receive each week in their share.

## CSA Member Contract

A member's contract should include the following:

1. Name and contact information for the CSA
2. The member's name and contact information
3. Signature line with a declaration that states, by signing, the member understands that they have read and agree with the contents of the contract (also include what will happen if the farmer or member breaks the contract)

Other information should be included such as the cost and type of share offered (summer and/or winter). In addition, members should be given options as to when the money for the share is due, if a payment plan is available, and in what form the member will make the payment. If volunteer hours are required, a list of possible tasks should be included along with the number of hours members need to contribute each week, so that members can choose and schedule their tasks when they submit the contract and payment. The contract should also include a clause what is expected in the event of a crop failure, including how the farmer will address the failure to deliver goods.

## Risk Management

As with any new venture, you should create a business plan or update your current plan. More information concerning business planning can be found in *Agricultural Alternatives: Developing a Business Plan*. You should also discuss (in detail) your plans with your attorney and insurance provider. You may be required to purchase

workers' compensation insurance and increase your product liability insurance. Your current business structure may also need to be revised to accommodate the additional risk of having the public visiting or working on your farm.

You should consider several risk management strategies for your operation. First, it is important that you insure your facilities and equipment. This may be accomplished by consulting your insurance agent or broker. Second, you may want to insure your income through a crop insurance program called AGR-Lite. To use AGR-Lite you must have 5 years of Internal Revenue Service (IRS) Schedule F forms. If your business structure is either a C or an S corporation, the necessary information can be entered into a Schedule F for crop insurance purposes. You can then contact an agent who sells crop insurance and insure the income of your operation. For more on agricultural business insurance, see *Agricultural Alternatives: Agricultural Business Insurance*. For more information concerning crop insurance, contact a crop insurance agent or check the Pennsylvania crop insurance education website at [extension.psu.edu/crop-insurance](http://extension.psu.edu/crop-insurance).

## Good Agricultural Practices and Good Handling Practices

Good Agricultural Practices (GAPs) and Good Handling Practices (GHPs) are voluntary programs that you may wish to consider for your operation. The idea behind these programs is to ensure a safer food system by reducing the chances for foodborne illnesses resulting from contaminated products reaching consumers. Also, several major food distribution chains are beginning to require GAPs- and GHPs-certified products from their producers. These programs set standards for worker hygiene, use of manure, and water supply quality.

These handling practices require an inspection from your state Department of Agriculture (or other third party in your State) and there are fees associated with the inspection. Prior to an inspection, you will need to develop and implement a food safety plan and designate a member of your team to oversee this plan. You will need to have any water supply used by your workers or for crop irrigation and pesticide application checked at least twice each year. A checklist of the questions to be asked during the inspection can be found at [www.ams.usda.gov/fv/gapghp.htm](http://www.ams.usda.gov/fv/gapghp.htm). For more information about GAPs and GHPs, contact your local extension office or your Department of Agriculture.

## Environmental Regulations

All agricultural operations in Pennsylvania, including small-scale and part-time farming enterprises, operate under the Pennsylvania Clean Streams Law. A specific part of this law is the Nutrient Management Act. Portions of the act may or may not pertain to your operation, depending on whether you have livestock on your farm. However, all operations may be a source of surface water or groundwater pollution. Because of this possibility, you should contact your local Soil and Water Conservation District to determine what regulations may pertain to your operation.

## For More Information

### Publications

- Becker, J. C., L. F. Kime, J. K. Harper, and R. Pifer. *Agricultural Alternatives: Understanding Agricultural Liability*. University Park: Penn State Cooperative Extension, 2011.
- Kime, L. F., J. W. Adamik, E. E. Gantz, and J. K. Harper. *Agricultural Alternatives: Agricultural Business Insurance*. University Park: Penn State Cooperative Extension, 2004.
- Kime, L. F., W. W. McGee, S. M. Bogash, and J. K. Harper. *Agricultural Alternatives: Developing a Business Plan*. University Park: Penn State Cooperative Extension, 2004.
- Kime, L. F., S. A. Roth, and J. K. Harper. *Agricultural Alternatives: Starting or Diversifying and Agricultural Business*. University Park: Penn State Cooperative Extension, 2004.

### Websites

A Guide to Farming in Pennsylvania: [extension.psu.edu/farm-business/guide](http://extension.psu.edu/farm-business/guide)

The Pennsylvania State University Agricultural Law Center: [law.psu.edu/aglaw](http://law.psu.edu/aglaw)



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Penn State College of Agricultural Sciences research and extension programs are funded in part by Pennsylvania counties, the Commonwealth of Pennsylvania, and the U.S. Department of Agriculture.

**This publication is available in alternative media on request.**

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Produced by Ag Communications and Marketing

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**Code EE0061** 03/14pod