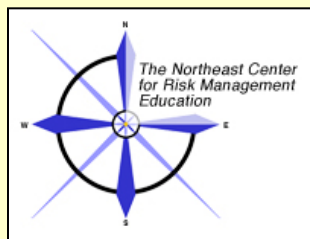


Perspectives on local foods in Maryland schools

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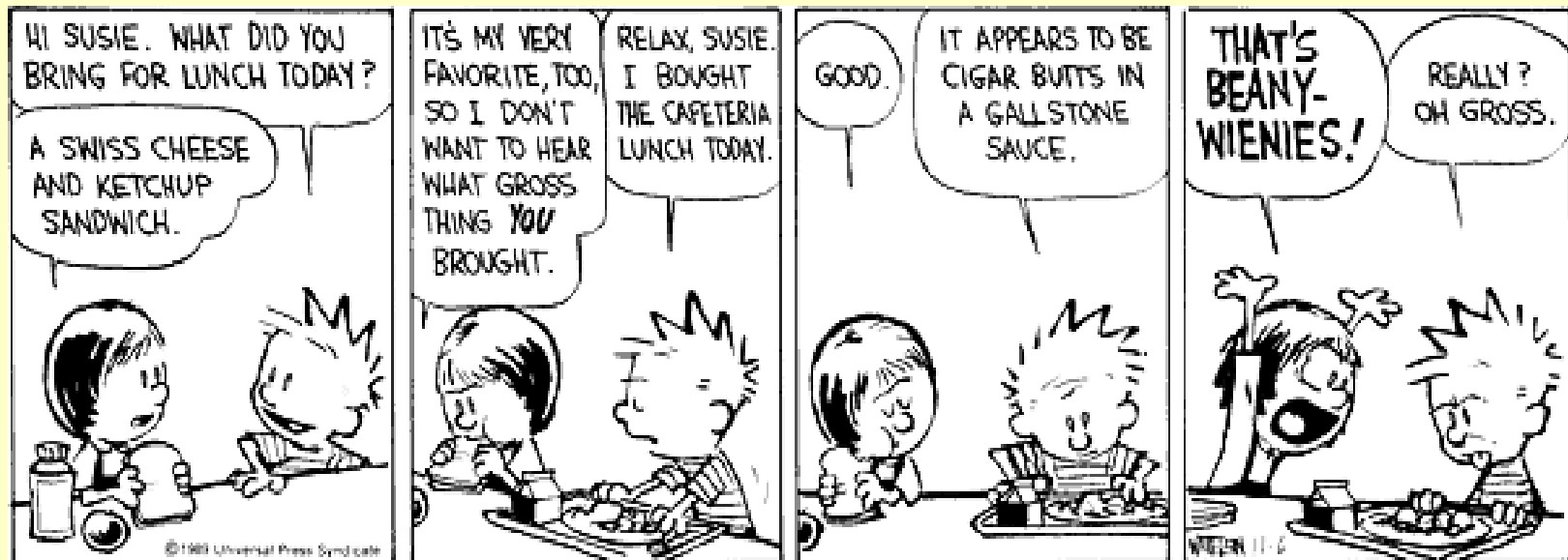
**NAREA 2010 Post-Conference Workshop:
“Economics of Local Food Markets”**



Funding for this work was granted by The Northeast Center for Risk Management Education and The National Institute of Food and Agriculture of the U.S. Department of Agriculture, Award number RME-JJK02989.

Calvin and Hobbes on school lunches

Bill Watterson



Why serve local food in schools?

Potentially complementary factors:

Nutrition/obesity/food quality

Food, nutrition, and farm education

Farm viability/new markets/local food
supply chains

“...healthy children, healthy farms, and healthy communities”

www.farmtoschool.org

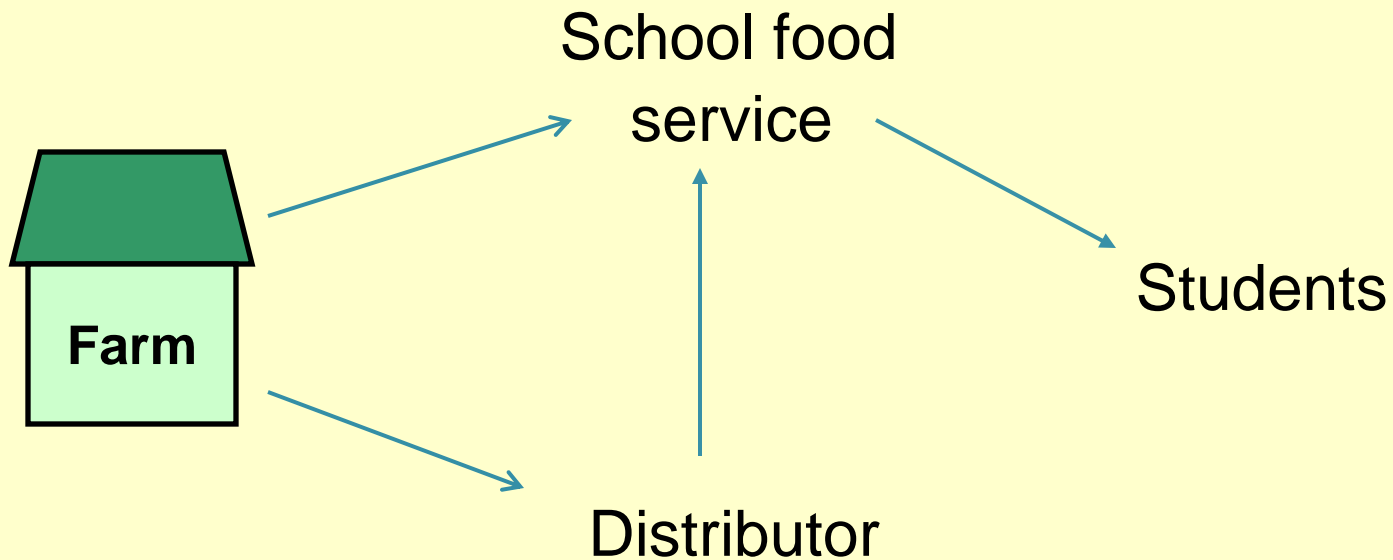
Policies target the intersection of school lunch and local agriculture

- **2004 Child Nutrition Act – unfunded mandate for Farm to School**
- **2010 Farm to school legislation in House (H.R. 4710), Senate S.3123 – \$50 billion of mandatory funding**
- **2008 Farm Bill – Geographic preference for unprocessed food**
- **2008 Maryland: Jane Lawton Farm to School Program**

Requires farm to school programs to: (1) improve the nutritional health and well being of children; (2) procure healthy local foods from small and medium-sized farms; (3) support education through farm and garden-based education activities; (4) commit community stakeholders to the success of such programs; and (5) increase farmers' income by facilitating access to institutional markets. (H.R. 4710)
- **2006 Maryland: HB 883**

Allows a 5% price preference above the lowest bid for Maryland grown products.

From farm commodities to school food



Holistic research approach

- **Public School (K-12) Food Service Directors and Principals**
- **Private School (K-12) Food Service Directors**
- **Farmers**
- **Distributors**
- **Maryland State Departments of Ag, Education**
- **Mixture of qualitative/quantitative methodologies**

Interdisciplinary team: C. Dimitri, J. Hanson, L. Oberholtzer, N. Richman, J. Brust

The School Lunch Box Problem

“or the BOX that school lunch providers are in”

Participants in the National School Lunch Program:

- Lunch service is self-supporting
- Purchasing guidelines:
 - Competitive process; may pay 5% higher for local MD food
 - Geographic (local) preferences are possible (2008 Farm Bill) but only for unprocessed products (slicing and dicing is permitted)
 - Small purchases – MD purchasing guidelines (<\$25,000), informal federal guidelines (<\$100,000) or formal federal guidelines (>\$100,000), but they must be competitive
- Must follow federal guidelines unless the state guidelines are more restrictive than federal
- Meet USDA nutritional guidelines for complete lunches (i.e. not a la carte items)

Typical School Lunch Budget in Maryland *for “complete lunch”*

Costs as percent of expenses

Food	34
Labor	37
Administrative	16
Indirect	4
Utilities/maintenance	6
Other	3

*Food usually costs \$1.15 per meal; we
guesstimate that total per meal cost ~ \$3.38
(upper bound)*

....and the lid on the box closes....

Lunch subsidies (per lunch)

Federal share:

Free	\$2.70
Reduced price	\$2.28
Full price	\$0.25

Maryland share:

All lunches	\$0.01
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Family cash outlay (per lunch)

Student share:

Free	\$0.00
Reduced price	\$0.40
Full price	\$1.80 - \$3.00

Total revenue per lunch:

Free lunch	\$2.71
Reduced price	\$2.69
Full price	\$2.06 - \$3.26

Implications of self-supporting requirement

- Schools with more students paying full price can afford more expensive food, subject to other constraints (purchasing guidelines)
- Creates incentives to use lower cost federal commodities (\$0.20), after schools pay for freight, processing, storage
- Creates incentives to offer a la carte food, which currently is exempt from USDA nutritional guidelines (Child Nutrition Act 2010)
- Creates incentives to reduce labor costs or to outsource food service
- 2008-09 School Nutrition Association Survey – national average cost of \$2.90; potential losses of \$4.5 million/day, based on 30 million school lunches

Methodology: school perspective on local food

Interviews:

- Food service directors, public and private
- Distributors

Survey:

- Private K-12 food service (students > 150)
- Public K-12 food service (24 school districts)
- Public school principals

- Response rates: private 17% (43); public 75% (18)

The school perspective – quantitative analysis

Logistic model estimates probability of food service director buying local food and buying directly from local farmers

Pr {buying local} depends on:

1. median county household income ↓ (very small)
2. Percentage of free/reduced lunch students ↓
3. Interest of food service director ↑
4. Barrier index ↓

Pr {buying directly from local farmers}

1. Buys at least 50% from one vendor ↓

Free and reduced lunch variable – needs a closer look

- Long-term versus short-term
 - Variable expenses versus fixed and variable expenses
 - Stable school population versus expanding
- Exceptions – Baltimore City (\$1.3 million on local produce, total budget \$35 million) and Anne Arundel County
 - Discretionary purchase power by food service directors
 - Local food, in season, may be less expensive

Public school perspective – qualitative results

1. Most food service directors are very interested
2. Some distributors sell local produce
3. Some schools incorporated “local” into their purchasing contracts
4. Food preparation (staffing) is an issue
5. Facilities (storage and refrigeration) are issues for some school districts
6. Large counties – one distribution site, one kitchen, language barriers
7. Small counties – buy directly from farmers, too many distribution points
8. Institutional regulations – must buy precooked meat
9. Price matters (or the perception of higher prices matters)

Farmers – qualitative results

1. 120 growers; 65% between 5 and 35 acres; 50%+ mostly retail
2. Are interested in farm to school
3. Small farmers need a central collection point; large farmers work only with distributors
4. Contact information for whom to talk with in their counties
5. Opportunity to sell smaller-sized fruits and vegetables
6. Seasonal availability may be a problem
7. Good Agricultural Practices (GAP Certification) and product liability insurance may be a problem
8. Price matters

Distributors – qualitative results

- Fresh produce is a small amount of their business; local, fresh produce is even smaller
- Distributors like for school systems to sign “prime supplier agreements” which then limits their purchasing flexibility but gets them a lower price
- In season, local produce is not more expensive
- Distributors will purchase local produce, but
 - Some type of supply aggregation is needed for small farmers, need larger volumes
 - Needs more advanced relationships with local farmers, not spur of the moment sales
 - Need more processing capacity in MD

Extension and Outreach

- Share results with partners – farmer meetings, state committee, and mailing to participants
- County meetings with county ag agent, food service director, ag development, others – develop county specific plans to get local food into schools
- Contact information, product availability, product demand provided for both farmers and food service directors
- Develop ‘model’ purchasing contract language that encourages the purchase of local foods when possible
- Pursue farm produce aggregation centers
- Focus on eliminating barriers

Extension & Outreach Continued: Mitigating Major Barriers named in Index

	<u>Score</u>
• Seasonal Availability	31.0
• Delivery considerations	25.5
• Pricing	25.5
• Liability (farmer compliance)	25.0
• Lack of local supply	24.0
• Extra staff time – food service	22.5
• Lack of partially processed food	22.5
• Product quality	22.5
• Developing relationships with farmers	22.0
• Consistent product quality	21.0
• Lack of info about availability of local food	20.5

Farm to School

Potential benefits: improve children's diets, enhance local farm income, strengthen communities

But it is easier said than done

Additional research, extension, and advocacy is required to help FTS reach its full potential