



FOOD AND AGRICULTURE

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FOOD SYSTEM RESILIENCY AND INSTITUTIONAL PROCUREMENT

As America's Farm to Fork Capital, Sacramento's vibrant agricultural economy generates billions of dollars in economic impact each year. With its renowned food and agricultural assets, the region produces a large diversity of high-quality crops and products for people at home and around the globe. A global innovator and leader in sustainable agriculture, food, and health, the region is also seeing the demand for locally sourced food growing year over year.

In spite of our great abundance, the region experiences persistent levels of food insecurity, lack of access to healthy affordable foods, and lack of equitable access to economic opportunities, all exacerbated by the pandemic. The 2021 Sacramento Region Food System Action Plan identified priorities to accelerate economic recovery and increase the resiliency of the regional food system.¹ These include investments to strengthen institutional procurement; reduce food and nutrition insecurity, including removing barriers to federal programs; and expand food system infrastructure such as food hubs to increase farmer/producer access to new markets.

Business Nexus | Institutional Procurement

Institutions such as schools and hospitals have purchasing power that has been greatly underestimated and are working to increase their purchasing power of locally grown foods. Each dollar spent on locally-purchased food by large institutions can generate up to an additional \$2.16 in local

¹ 2021 Sacramento Region Food System Action Plan, prepared by Valley Vision for the Sacramento Region Community Foundation, November 2021.

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economic activity. Purchasing policies, regulatory constraints, limited budgets, lack of capacity, lack of adequate infrastructure such as food hubs to aggregate and deliver crops from farm to institution, and on-site facilities for storing and preparing fresh produce, are some of the long-standing barriers to local procurement. With great dedication, several institutions in the region are paving the way, providing economic benefit to both their operations and local growers while improving the quality and healthiness of food served, including to many of our most vulnerable students.

COVID-19 and the resulting disruptions in the supply chain and labor shortages have crippled school meal procurement efforts, where school food directors are unable to receive commodity (USDA Foods) allocations from processors due to shortages in labor and freight services. Unfortunately, many school manufacturers are focused on using their resources to produce commercial items due to higher margins and profitability. School food purchases orders have been shorted, delayed, or canceled. Allowing the flexibility to have the option for cash in lieu of commodities would enable school districts to increase their purchasing from local growers and through direct bidding instead of purchasing commodities from out of state using USDA entitlement dollars.

Requested Actions

- United States Department of Agriculture (USDA) should extend to school districts the option of selecting Cash in Lieu of Commodities for use in the National School Lunch Program, just as this option is available in other federal child nutrition programs. This would expand local purchasing, open new markets for farmers and food producers, and support a resilient regional food system.
- Support development of food system infrastructures such as food hubs, central kitchens, and other facilities and equipment to increase opportunities for farm to institution procurement and increase economic benefit to local growers and the food and ag economy. This is especially an opportunity for Black and Indigenous People of Color (BIPOC), small and economically disadvantaged farmers, and food producers. The Yolo Food Hub and the Alchemist Public Market are two shovel-ready projects that are supported by local funding and broad community partnerships.

Business Nexus | Food and Nutrition Security

Food insecurity in the Greater Sacramento Region, already higher than national averages pre-pandemic, skyrocketed during the past two years, straining the emergency food system, and increasing the need for CalFresh (SNAP) assistance, along with other demands to reach hard to serve populations such as

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seniors, higher education students, and the unhoused. The number of residents served by the region's food banks increased by more than 50%, with little public funding to support dramatically increased clients served and food and meals stored and distributed. Almost 300,000 residents were estimated to be food insecure in 2021. Higher education institutions such as the University of California, Davis, have documented that more than 40% of its students are food insecure, along with Sacramento State University and the region's community colleges.

Yet CalFresh enrollment levels in several counties were low – between 40% and 50% of eligible residents – leaving thousands of residents' food insecure and leaving behind more than \$146 million in revenue from potential benefits that could support the region's farmers, food retailers, and farmers markets. There are numerous persistent, structural barriers to enrollment. A wide network of regional partners – food banks, schools, hospitals, nonprofits, restaurants, grocery stores, local governments, philanthropy, businesses, volunteers, and more - mobilized to address the community's needs and have pioneered creative solutions that should be expanded as we build a more equitable and resilient food system.

Requested Actions

- Extend the 15% SNAP benefit increase.
- Make permanent the SNAP eligibility rules for higher education low-income students in the Consolidated Appropriations Act of 2021, simplifying eligibility.
- Align waivers for the SNAP program with existing regulations for the Temporary Assistance for Needy Families (TANF) to support guaranteed income programs.
- Combine the application process and delivery of WIC, SNAP (CalFresh), and Free and Subsidized School Lunch Programs which will increase efficiency, reduce the complexity for the recipient, and reduce overall program costs.
- Provide reliable dedicated funding to certified Food Banks, with incentives for local food sources and to employ food insecure workers.
- Provide resources for innovative community feeding programs such as Family Meal and Great Plates that were led by and partner with independent restaurants to provide meals to vulnerable members of the community. These programs also helped keep workers in the industry employed.
- Continue and expand funding for programs that leverage SNAP benefits to make healthy food choices, such as the Gus Schumacher Nutrition Incentive Program (GusNIP).

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- Support Nutrition Education, including the Expanded Food and Nutrition Education Program (EFNEP) at \$75.6 million and the Supplementation Nutrition Assistance Program Education – SNAP-Ed at \$900 million.

Brief Background

Institutional procurement and increased SNAP enrollment stand as two of the biggest opportunities for growing the local food economy. Farm to Fork efforts tends to focus on local food purchasing by households, restaurants, retail stores, and other establishments, while overlooking the impact on local and regional food systems of institutional procurement. The last decade has seen an improved understanding of institutional procurement as a growing market for local foods that offer many economic, health, community, and environmental benefits and is a high priority for an inclusive economic and community development strategy. The region's food economy is stimulated by increasing local purchasing opportunities and healthy food access at farmers' markets, mobile markets, urban agricultural sources, and grocery stores. We are working on adding new food system infrastructure such as food hubs, public markets, and incubators that can help smaller farmers, food producers, and entrepreneurs get connected to larger markets.

Sacramento City Unified School District (SCUSD), which prepares 45,000 meals a day and 9.3 million meals each year, has made great progress in local procurement, but is requesting greater flexibility from USDA for districts to have the option to choose cash in lieu of USDA foods (commodities); approximately \$1.9 million, or 18% of the overall food budget for SCUSD. The USDA Foods program for schools is currently under a thorough review by the Government Accountability Office (GAO) stating, "many school districts are unable to maximize opportunities to order through USDA Foods, struggle with access to reliable deliveries or are unaware of the various options and aspects of the program."

USDA supports and invests in Farm to School programs, stating that "Farm to School works to stimulate local and regional economies; improve children's health, nutrition, and academic performance; and create widespread school and community benefits." SCUSD was recently awarded the California Farm to School Incubator Grant for the 2020-2021 school year, and \$375,000 in funds to expand its grower network, to include hyper-local farms and increase its farm to school education and activities through the work of a local nonprofit in after school programs at 10 elementary schools. This program also will increase market opportunities for growers struggling with the disruption of the pandemic. However, other procurement policies and procedures such as the USDA Foods commodity program hinder the ability of districts to procure locally grown and processed foods in the most effective and locally-driven way.

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Local institutional procurement can also improve health outcomes. UC Davis Health is going Farm to Fork with “Good Food is Good Medicine.” The Medical Center’s Food and Nutrition Services Department prepares over 6,500 farm to fork meals for patients, visitors, and staff, shifting toward plant-based and whole food ingredients. Over the past year, the Center has doubled the percentage of its local and sustainable purchases, including seafood, produce, meats, and dry goods, to more than 40% of total purchases. As well, SCUSD and UC Davis Health are exploring joint procurement opportunities, a potential model to increase purchasing power for healthy food sourcing.

Removing barriers to increased institutional purchasing of locally grown food and value-added products will greatly benefit the region, create avenues to address food insecurity, and provide a valuable model that can be implemented nationally, expanding local procurement efforts across the industry. Our restaurant leaders highlighted this with their ability to create, implement and document new innovative solutions in response to the pandemic. In March of 2020, several local restaurants worked together to launch a grassroots initiative to save their businesses while feeding people in need. This program - Family Meal - secured funding through private and public sources to hire additional local restaurants to feed more in-need people. The program worked with schools and community-based organizations to provide over 500,000 meals.

Family Meal inspired a statewide initiative called Great Plates Delivered. This program had a similar objective: hire local restaurants to provide three-meals-a-day to vulnerable senior citizens. The initiative was an incredible success on multiple fronts. The program provided a steady stream of supplemental revenue to an industry that was hit particularly hard by the pandemic. Restaurant partners were also able to retain valuable members of their team by utilizing the income to keep people employed. Additional economic benefit was provided when restaurants worked with local farmers and vendors to procure produce and goods for the community-based meals.

Programs like Family Meal and Great Plates not only address food insecurity and health and economic disparities in underserved communities and vulnerable populations but also provide economic and workforce development benefits to small businesses who in turn support local farmers, with a particular emphasis on BIPOC vendors.

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