

FOOD AND AGRICULTURE

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FOOD SYSTEM RESILIENCY AND INSTITUTIONAL PROCUREMENT

Business Nexus

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, which were 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. 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 and incubators to increase farmer and producer access to new markets. The 2023 Farm Bill provides an opportunity to support the region's vital food and agricultural industry as part of the California economy – the nation's largest agricultural producer and exporter.

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 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

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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, labor shortages, and inflation have crippled school meal procurement efforts, where school food directors are unable to receive commodity (USDA Foods) allocations from processors due to shortages in their labor and freight services. 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.

Other food system resiliency issues relate to topics ranging from conservation, research and managing climate risk to ensuring equity and accessing federal agriculture programs, and strengthening the agricultural workforce. Several will be addressed in the 2023 Farm Bill and are noted below.

Requested Actions

Overall:

- 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 agriculture 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.

Farm Bill:

- **Conservation programs and climate investments** provide multiple public benefits while improving agricultural production. The 2023 Farm Bill must remain committed to developing and supporting robust climate-smart agriculture and conservation practices. We must increase funding for working lands programs including Environmental Quality Incentives

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Program (EQIP), and easement programs. These additional funds and resources are needed to address program backlogs and priorities.

- Support **Beginning and Historically Underserved Farmers and Ranchers**. To ensure that agricultural lands stay in production, the Farm Bill should target recruiting and supporting the next generation of farmers, including to increase equitable access to land, a high priority in the Region's Food System Action Plan.
- Ensure access for farmers to a stronger, more robust **Farm Safety Net** to mitigate the increasing impacts of climate risk, including floods, droughts, extreme heat events, catastrophic fires, and market volatility. This includes improving the Price Loss Coverage (PLC) Program to cover higher costs of production for California producers.
- **Research** is critical for many aspects of resiliency. The Farm Bill should expand USDA's participation in research and continue support for the University of California's world-class land grant university at Davis and California State University agricultural research programs. Research is needed in areas such as weather extremes facing California producers; pesticide alternatives; agricultural technologies; and food safety research education and training to assist local and regional processing capacity.
- The Farm Bill should continue to safeguard **marketing and trade programs**, including to prioritize and increase funding and research for the **Specialty Crop Block Grant Program (SCBGP)**, maintaining state flexibility in the implementation of the program. This is vital for California agriculture.
- Support rural communities. Of particular priority for our region: reauthorize and increase funding for program priorities of broadband and communications, business and community development, and support for farmworker housing. Another long-standing priority is to clarify the definition of "Rural" by census tract for funding resource allocation, as our region is often "locked out."

Brief Background

Increased Institutional procurement is one of the biggest opportunities for growing the local food economy. Farm-to-Fork efforts tend 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 such as by schools and hospitals. 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. It is also a high priority for an inclusive economic and community development strategy. The region's food economy is stimulated

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by increasing local purchasing opportunities and healthy food access at farmers' markets, mobile markets, urban agriculture, 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 and grow their businesses.

Sacramento City Unified School District (SCUSD), which prepares 45,000 meals every 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), which wrote that “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 “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.” USDA heavily supports local procurement efforts and promotes plant-based meals; yet the USDA Foods Commodity program is full of further processed foods, and deficient with raw ingredients: particularly raw proteins. Instead of SCUSD purchasing processed chicken in Arkansas, the district wants to purchase local, raw chicken from Foster Farms, a mere 90 miles from their district schools. Purchasing the raw, local protein enables the district to process within their own central kitchen facility, and control the added ingredients, allowing for healthier protein options for its students. Allowing the choice of cash in lieu of the commodity would allow for districts like SCUSD more flexibility and local control over their food cost, and further add to the economic value in purchasing local with federal dollars. Additionally, SCUSD received the California Farm to School Incubator Grant for a second round, and \$475,000 in funds to expand its grower network, and to develop forward planting contracts with local, organic farms to grow specific produce for their school meal program. This program hopes to increase market opportunities for local growers, as the district is a built-in guarantee customer for the local grower at a price that is both cost-efficient for the district and advantageous for the grower. But 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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1. **1 2021 Sacramento Region Food System Action Plan, Valley Vision.** <https://www.valleyvision.org/projects/food-system-action-plan/>
 2. **California 2023 Farm Bill Recommendations, California Dept. of Food and Agriculture, CalEPA, CalHHS, California Natural Resources Agency, California Business, Consumer Services and Housing Agency, February 23, 2023**

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