

Farm to School: Increasing Sales by Local Farmers for Healthier School Lunches and Higher Farm Income

There is increasing interest in the sale of local farm products in county and city school systems. Students can benefit from fresh, local produce and farmers can benefit from diversifying markets and increasing sales. However, increasing the sale of local farm production to schools – also known as Farm to School – has its challenges. This fact sheet examines different ideas for overcoming those challenges and improving farm to school sales.

In 2008, Maryland enacted the Jane Lawton Farm to School Act that was designed to increase the use of local foods in Maryland schools. From 2009 to 2010, a partnership of researchers, farmers, and Extension specialists examined the supply chain for local foods in Maryland K-12 public and private school meals. The study's objectives were to investigate the barriers and opportunities for increasing local foods in schools and to develop outreach programs to meet the needs identified with an eye towards improving farmer incomes.¹ Local food was defined as being grown or raised in Maryland or in the states bordering Maryland. Interviews and surveys were administered

with stakeholders from the entire supply chain, including farmers, distributors, food service directors, and school principals (Hanson et al. 2010).

The information from these surveys can improve farmers' sales to their local school districts. This fact sheet is divided into three sections:

- Understanding the local farm to school situation
- Changes that would be helpful to increase farm sales to local schools
- Ways to improve communication among all participations in the local farm to school dialogue.

Understanding the Local Farm to School Situation

1. School Lunch Budgets are Self-Supporting with Little Room for Additional Costs

Providing food to K-12 students is an enormous activity in Maryland and throughout the nation. Maryland public schools serve approximately 70 million lunches and 25 million breakfasts annually. Public school lunch services are self-supporting without financial payments from their respective local school systems or the State [with the exception of the Maryland's

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Meals for Achievement, a breakfast program] and they must follow the Federal Government's Food and Nutrition Standards. School systems receive money from students who pay full price and through the National School Lunch program which reimburses schools for lunches provided to children from low income families (Ralston et al. 2008). In the period, July 1, 2011 to June 30, 2012, low income children in Maryland may qualify for either free lunches (\$2.77 reimbursement per lunch) if their families are living at or below 130% of the federal poverty level (USDA, 2011). Children qualify for reduced price lunches (\$2.37 reimbursement per lunch) if their families are living between 130% and 185% of the federal poverty level. If a school system participates in the National School Lunch Program, then the federal government pays an additional \$0.26 for each full priced lunch. With funds from the National School Lunch Program and funds from children paying full price for their own lunches, the Food Service Director must pay for food, labor, administrative costs, utilities, maintenance, and other costs. The pressures on these food service directors to balance their budgets are extreme. In the case that local food is more expensive, or perceived to be more expensive, this can prove a great hindrance to its purchase.

For schools, there is no proverbially 'free lunch'. Purchases of local farm products must be priced competitively and fit within a school system's already tight budget.

2. There are Perceived Barriers to Increased Local Food Purchases

Food service directors were surveyed regarding their perceived barriers to increasing local food purchases. These barriers are listed below, according to their ranking, from barriers that present larger problems to barriers that are less troublesome.

- 1) Seasonal availability
- 2) Delivery considerations

- 3) Pricing
- 4) Liability (farmer compliance with food safety standards)
- 5) Lack of local food supply
- 6) Extra staff time needed to prepare fresh foods
- 7) Lack of partially processed products
- 8) Product quality
- 9) Developing relationships with farmers
- 10) Consistent product quality
- 11) Lack of information about where/when local foods are available

In terms of the first three barriers, the school year does not perfectly coincide with the Maryland growing season. As a result, most farmers' sales are limited to fall crops such as apples or spring crops such as greens. One strategy for farmers is the use of season extenders, such as high tunnels, that can expand the variety of products offered to schools. For those schools that offer lunches during their summer school sessions, there are opportunities for local farmers to provide a variety of fruits and vegetables.

In terms of delivery, some smaller school systems can receive product from farmers in pick-up trucks. Larger school systems, such as a school system with over 100 schools and 120,000 students, need larger quantities of product to satisfy its needs for the entire school system. These schools typically do not allow direct delivery in smaller trucks but purchase from distributors who aggregate purchases from many farmers so as to provide high-volume deliveries.

Finally, local food must be priced competitively. Farmers, not selling in wholesale markets, may want retail prices such as they receive at farmers' markets. However, due to federal procurement rules for school lunches, schools must buy at low bid which often means buying at wholesale prices.

3. Decision Makers' Attitudes vary between Public and Private Schools

Food service directors were surveyed regarding their perception of the major decision-makers in the purchase of local food, and very different results emerged. In public schools, those stakeholders most interested in local foods from the food service directors' perspective were food service directors (59% reported they were very interested), school boards (50%), and superintendents (47%). For private schools, food service directors felt that principals (58%), food service directors (56%), and parents (56%) were very interested in serving local foods.

There are also structural differences in the management operations of public and private schools. For example, principals, in public school systems with centralized food systems, have little influence over menu and food choices and, as a result, only 19 percent of public food service directors felt the principals were very interested in serving local foods. By comparison, food service directors rated principals as the most interested stakeholder for private schools. Advocates for local foods should consider the type of school with which they are working, so as they formulate their plans, they ensure that they are communicating with the appropriate person responsible for making local food purchases.

4. Higher Local Food Sales are Possible with Large Public School Systems, but More Flexibility Exists with Private Schools and Small Public School Systems

Public school systems in Maryland are based on county or Baltimore City jurisdictions. The counties with large populations of students have contracts with distributors who deliver the products to centralized receiving centers. Most of these school systems have a small number of central kitchens and the schools

only have food warming capabilities. The large school systems purchase their local food from their existing distributors (e.g., local farmers sell to the distributors who then sell to the schools). Smaller counties and private schools may have greater flexibility to purchase directly from local farmers because their volume requirements are smaller than a larger school district.

Changes Necessary to Increase Local Food Purchases

1. Increasing the Ease of Purchasing Local Food through Changes in Contract Language

As mentioned previously, a barrier to local food purchases is a perception that local food is more expensive. However, often local food can be quite price competitive especially during harvest. Some food service directors may not be aware of these opportunities to purchase local produce. Small changes can be made in food purchasing contracts that requires distributors to indicate the price and availability of local food when it is available. In this way, the food service director is always ready to purchase local food when it is price competitive.

2. Increasing Farmer Participation will Require Investments in Marketing Infrastructure and Training

Maryland farmers, the vast majority of whom have smaller operations, will need regional collection centers so that smaller loads can be aggregated to enable sales to distributors or larger institutions such as public schools and hospitals. As mentioned previously, many of the larger school districts will not allow delivery in smaller trucks.

As indicated at the beginning of this fact sheet, one of the barriers to sourcing local produce was the issue of liability and adherence to food safety standards. The tools for addressing this issue are available

through Good Agricultural Practices (GAPs) training and materials, and establishment of appropriate liability guidelines. Maryland Department of Agriculture (MDA) offers farmers two options to have their farms GAPs certified. The options are for national certification through a US Department of Agriculture program or a MDA program offering statewide certification to address GAPs issues with Maryland's small and mid-sized farms. In addition, the University of Maryland Extension and MDA offer GAPs training programs and resources to strengthen on-farm food safety protocols. Most of the larger and mid-sized farmers have product liability insurance; however, some smaller farmers may have inadequate coverage for farm to school sales. This should not be a big stumbling block for most farmers as product insurance is fairly inexpensive.

3. Improved Processing and Storage Capabilities of Fruits and Vegetables can Increase Purchases from Local Farmers

Local in-season produce is an affordable option for distributors and schools. However, the lack of processing and storage capacity present barriers to the use of more local produce in schools. In terms of processing, many schools need produce to be partially processed. These schools do not have labor or equipment to process raw product themselves. Some distributors have this capacity, while others do not. Increased processing capacity on the part of local farmers could alleviate this barrier. In terms of storage, use of local produce in the off-season would require, in addition to modest processing, increased refrigeration and freezer capacity. Both schools and distributors face critical limitations on this front. Investments in processing and preservation capacity on the part of producer cooperatives, local school systems, or in the collections centers mentioned above are likely necessary.

Improved Communication among all Participants Increases Local Food Purchases

1. Increasing Communication between Farmers and Schools is an Important First Step

Ad hoc county-based Farm to School Action Teams can increase the availability of local foods within schools. These action teams can focus on problems limiting farm to school sales in their respective county. Often times, small changes can significantly increase farm to school sales. While initial sales may only be modest, they provide a foundation upon which bigger sales could occur. Important people to be included would be farmers, food service directors, farm to school advocates, and other county-based employees such as Extension educators and agriculture economic development specialists. The following website provides resources from Maryland Department of Agriculture's Farm to School homepage that can be utilized for these county-based action teams.

http://www.mda.state.md.us/mdfarmtoschool/resource_map.php

2. Farm Friendly School Environments make a Positive Difference

Some schools are expanding their Farm to School activities to include fruit and vegetable tasting separate from the school lunch and developing a curricular component that teaches students about the path from 'farm to fork'. Others are creating outdoor displays with school food gardens and farm animals and taking students on school-to-farm field trips. Schools participating in Maryland Agricultural Education Foundation's 'Ag in the Classroom' receive education that helps students better understand where their food comes from and its value to their health. These types of school activities are an encouragement to the purchase of local foods. Perhaps, most importantly, they can

increase the demand by students for fresh fruits and vegetables produced by local farmers.

3. The Jane Lawton Farm to School Act is Increasing School Awareness of Local Foods.

Maryland's Jane Lawton Farm to School Act was passed in 2008. In the survey, the vast majority of public school food service directors reported being aware of the Jane Lawton Farm to School Act, however, they face challenges in implementing the bill due to the severe staffing and budget constraints. That said, many public school systems enthusiastically support the annual "Homegrown School Lunch Week" scheduled in early September. Similar to the activities just mentioned, such as 'Ag in the Classroom', the Homegrown School Lunch Week creates a positive atmosphere for students and school officials to appreciate the value of local farmers and the importance of their produce to school lunches. In 2011, the Jane Lawton Act was amended so that public school systems must report to the Maryland Department of Agriculture by January 1, the types and amounts of farm products purchased from Maryland farmers in the previous year.

Summary

Working through local grassroots groups, such as county-based Farm to School Action Teams, significant progress can be made to increase the sale of local food to schools. A strategic action plan can be developed that

- recognizes schools have limited budgets for school lunches and purchasing decisions can be constrained by federal guidelines;
- identifies key decision-makers at local schools, public or private;

- selects specific barriers to Farm to School purchases that can be overcome through the activities of the Action Team;
- develops a strategy to meet the schools' requirements for delivery of produce by local farmers and helps farmers and food service directors better communicate. For example, farmers measure yields by bushels or pounds while food service directors measure by serving or portion size.
- looks for opportunities for farmers to cooperatively deliver or process local food;
- encourages changes in school district's food purchasing contract that specifically highlights opportunities to purchase local produce;
- develops educational programs and activities for students that showcases the advantages of locally produced food and its use in school lunches;
- encourages farmers to utilize technologies that extend the growing season so that fruits and vegetables can be provided during more of the school year.

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