

## **Farm to School: Institutional Marketing**

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*This case study focuses on “Agriculture of the Middle” from the perspective of potential institutional buyers (schools/colleges) on a national basis instead of a particular farm or agricultural operation. Although these institutions currently represent a small portion of most mid-scale producers’ sales volume, they offer a number of other strategic advantages: (1) they are another market growers can use to diversify; (2) they directly address the nation’s concern about childhood obesity by acting as a conduit for offering fresh, locally grown produce in school meals; (3) national coalitions of food security, health and sustainable agriculture advocates are crafting national legislation which would make this marketing strategy easier for mid-scale producers.*

### **I. Background of the enterprise:** (initial strategy, evolution of strategy and enterprise structure; dynamics and resources involved in getting started; amount of start-up capital required)

Competition from global markets has forced many mid-scale growers nationwide to examine their marketing options and consider ways in which they might diversify. Simultaneously, a growing concern for healthful eating has mushroomed as news about the obesity epidemic and rapidly rising diet-related diseases has hit the front pages of media across the country. It is also well recognized that the key to prevention lies in addressing eating habits of children.

Schools already offer more than 4.7 billion lunches and 1.4 billion breakfasts to children per year through the national school lunch and breakfast programs. The national school lunch program is more than a \$6.5 billion operation, with a multi-million food market which mid-scale growers have typically not tapped into. However, as parents, school administrators and school food service directors learn about the benefits of fresh produce and other foods obtained directly from growers, they are beginning to demand a higher percentage of these foods in their children’s school meals. Programs vary widely, however, the numbers of participating school districts and farmers have been growing consistently over the last 5 years.

### ***California***

In California, one of the first farm-to-school salad bar programs started as a result of one parent’s interest in improving his children’s lunches. In 1997, Bob Gottlieb, a parent at one of the schools in the Santa Monica-Malibu Unified School District (SMMUSD) approached Rodney Taylor, the School Food Service Director, about implementing a salad bar with ingredients from local growers. Although the school (McKinley Elementary) already had a salad bar, only 5-8 kids out of 500 were choosing it. He initially received a lukewarm reception. However, Mr. Taylor was open to trying a pilot

project as long as Mr. Gottlieb was willing to do most of the organizational work. As a university professor, Mr. Gottlieb was able to incorporate students into the project, as well as write grant proposals to hire full-time staff.

Today, the Farm to School Project encompasses all of the 15 schools in the SMMUSD district, including elementary, junior high and high schools. Each school has a Farmers' Market Salad Bar which features produce that consists entirely of farm products that are purchased at local farmers' markets. The salad bar also contains protein, grain, and dairy products. Because of the year-round growing season, and year-round farmers' markets, the project is always able to include regionally grown produce. While the project began in one school, within a four year period, the Farmers' Market Salad Bar was instituted on a district wide basis. The children have the daily choice of the salad bar or the hot meal. McKinley Elementary's salad bar participation skyrocketed from 8 to 125 children on a daily basis. The school district now spends approximately \$42,000 annually on farm produce from 9-10 primary farmers.

### ***Florida***

In 1995, a group of farmers formed the New North Florida Marketing Cooperative. The goal of the cooperative was to provide marketing services to the participating farmers, and provide training and education in marketing options such as farmers' markets, roadside stands, and selling to local school districts. The goal was to increase the amount of product being sold, thereby increasing the farmers' incomes.

The New North Florida Cooperative began by selling farm fresh produce to 13 schools in Gadsden county, Florida. In six years, the marketing efforts have increased so that the Cooperative now sells to 15 school districts in Florida, Georgia and Alabama. Through these districts, they are serving 300,000 students!

The farmers focus on three to four main items on a seasonal basis and sell to schools year-round. The items are incorporated into menu planning, generally as a side dish or with fresh fruit for dessert. The Cooperative has developed a good reputation by providing high-quality produce, prompt deliveries, fair prices and courteous professionalism. They refer to this as "relationship marketing". The positive word-of-mouth has been very effective in opening the door in other school districts.

### ***Maine***

Farm Fresh Connection (FFC) in Maine, a project of the Maine Sustainable Agriculture Society (MESAS), arranges and delivers local farm products to public institutions and restaurants in central and southern Maine. Many of the growers are mid-scale growers that are used to supplying to wholesale markets. The start-up was driven by the farmer-president of MESAS who believed that Maine farmers could benefit by supplying to more local markets.

Start-up capital required to initiate a farm-to-school program varies widely and is mostly accrued by school districts vs. farmers. It depends on many factors, including what

equipment the school already has, what amount of extra labor will be required, storage and cooking facilities at the school sites, etc. For farmers, start-up capital is negligible.

**II. Organizational form/scale/leadership** (nature and legal form of the enterprise; number of members; capitalization and other major financial indicators; amount of product; leadership and decision-making structures; changes over time and reasons for changes)

Farm to school programs have expanded rapidly in the last five years. There are now more than 400 programs in 23 states—in urban and rural settings, from a few schools in a district, to all schools in the state participating at some level. They range from an ex-tobacco farmer in Appalachia (North Carolina) selling hydroponic lettuce in one school, to the state of New York that has committed to selling only NY apples in NY schools in the entire state.

All kinds of organizational forms are used from farmer marketing cooperatives to nonprofit organizations. Cooperatives and nonprofits have different roles in different programs—as a middle man, using/accessing the commodity distribution system within a state, using a broker, or direct delivery. No one party makes the decisions about which organizational form to use. It depends on what's workable for both schools and farmers. If either party is uncomfortable with it, it won't happen. In virtually all of these programs, the organizational forms have evolved and changed over time as volume has increased or leadership has changed or school finances have changed.

**III. Nature of products and the “value chain”**

Most farm-to-school programs emphasize fresh, locally grown fruits and vegetables in school meals, often appearing on salad bars. Farmers have a hard time competing with the USDA commodity products (mostly processed), including dairy and meats because they are provided so cheaply to schools. The goal in most programs is to increase the percentage of locally grown produce purchased by the school food service. Some of this may also be organic. The remainder comes from local distributors, the USDA commodity program and DoD, a fruit and vegetable purchasing/distribution program run by the Department of Defense and offered to schools. *DoD Fresh*, a special program within DoD, purchases fresh produce from growers in a state and sells it to schools in that state. All states have DoD allocations, depending on the National School Lunch participation rates. The DoD allocations can be used for *DoD Fresh* or not.

Locally grown produce often costs at least as much as produce from distributors. It's “added value” is in its freshness and the fact that local growers can offer regional varieties or produce items that are unique to an area, items not usually sold by produce distributors to schools (e.g. blood oranges, red chard in California; or fresh collard greens in Mississippi). In some cases, farmers provide minimal processing, e.g., washed, cut and bagged. Farmers have done this in Iowa (GROWNLocally Coop) and Florida.

In some states, mid-scale growers are selling much larger volumes to DoD Fresh (at the state level), which then offers them to schools at very reasonable prices. Produce from local growers is often identified on offerings lists, so school food service directors know that it is local.

#### **IV. Economics of the enterprise**

Institutional purchases from mid-scale growers vary widely, with purchases ranging from a few thousand dollars/year in direct sales in some states (the MESAS program in Maine spent \$50,000 in 2003) to about \$1 million/year in other states (those that have state-supported programs).

DoD purchases from local growers have amounted to more.

In North Carolina, in 2003, DoD purchased 3,568,548 pounds of the following products for \$1,368,970: July – watermelons; August - watermelons, cantaloupes, tomatoes; Sept.- apples and tomatoes; October - Fall Deco kits with pumpkins and apples; November - broccoli, cabbage, sweet potatoes, fir wreaths. This was the first program in the US to try this; it has been in operation for several years.

In Alabama, in its first year of operation, DoD purchased 577,520 pounds of the following products from local growers and spent \$199,35: April - sweet potatoes, October - watermelons, November - sweet potatoes, satsuma mandarins.

In the New York City pilot program, the DoD Fresh program can purchase up to 3.2 million dollars worth of produce for the New York City Department of Education during the 2003-2004 school year. This pilot program is likely to be expanded to include two regions outside the City during the 2004-2005 school year. ). From September-November 2003, the total value of purchases made by the NYC public school system through *DoD Fresh* was nearly \$310,000.

In California, attempts to initiate the DoDFresh Program in the California public school system began in the spring of 2002. Through the 2002-2003 school year two growers were able to sell citrus through the DoDFresh Farm-to-School Program. In the course of one week in January, these growers earned a combined \$68,294.

Purchases such as these may be “the tip of the iceberg” for farmer sales to institutions through direct or DoD Fresh.

#### **V. Key opportunities and challenges engaged**

*These opportunities and challenges were taken from a 2004 publication, “Linking Farms with Schools: A guide to farm-to-school program for schools, farmers and organizers” by Marion Kalb and Kristen Markley (CFSC) and Sara Tedeschi, UW Madison, CIAS. It is available from the Community Food Security Coalition, [www.foodsecurity.org](http://www.foodsecurity.org).*

### *Benefits/Opportunities*

- **Children’s health and nutrition.** Offering children farm fresh produce in school meals helps them develop life long healthy eating habits, decreasing their risk of nutrition-related diseases such as obesity, diabetes, hypertension and heart disease. “A UCLA study from three Los Angeles elementary schools revealed that the average fruit and vegetable consumption by children increased by one serving a day when a Farmers’ Market Salad Bar was created in the school cafeteria.” (Kalb, Markeley and Tedeschi, 2004). A study in Winters, California showed that children’s consumption of fresh produce increased by almost 200% (compared to the  $\frac{3}{4}$  cup USDA requirement) (Feenstra, Ohmart, 2004).
- **Marketing opportunities for farmers.** Many mid-scale growers want to sell to schools for economic and social reasons. Besides providing another sales venue, selling to schools can also educate parents and the public about other direct sales opportunities for those farmers including farmers’ markets, CSAs, and in local grocery stores.
- **Educational opportunities.** Children learn best when nutrition/food education is reinforced through practical example, eg., in school gardens and in their cafeteria. The more students understand the links between what they eat, with where and how it was grown, the more likely they are to eat it.
- **School community relations.** Farmers can strengthen relationships with the community through farm-to-school programs.
- **Media opportunities.** Farmers can strengthen their image by participating in media coverage on farm-to-school programs. It is an easy “sell” to much of the local media.
- **Selling locally helps create positive economic and social impacts for communities.** The local economy benefits from keeping food sales local since that revenue is recirculated locally. Local farms provide jobs, pay taxes and keep agricultural land open. Local farms contribute more in taxes than they require in services, compared to suburban developments.

### *Challenges*

- **Supply.** Agreeing on which products to provide to school districts at which times can be overwhelming for individual growers. In many cases, grower groups take on this responsibility, or communication between school food service and farmers becomes a paid position within an organization (sometimes this position is called a “forager”).
- **Volume and consistency.** School food service requires a reliable, consistent supply of produce at frequent intervals. Farmers must be willing to supply the quantity of produce items on a regular basis, required by the school meals program.
- **Packing specifications.** Farm products might need to be packed in specific counts, weights and/or sizes. Farmers may need to adjust packs to meet food service requirements.
- **Delivery.** Most school food services will require delivery once or twice/week. Some growers have formed cooperatives or LLCs that include delivery. Sometimes the growers purchase their own vehicle for their group, or they might

find a central warehouse or other facility to which each farmer can deliver and the school food service takes over from there.

- **Processing.** Schools often want fresh product to be processed when it comes to them so they can use it most efficiently. For example, they want lettuce to be washed, sometimes cut; carrots to be coined; or potatoes to be cut. Farmers might do this themselves, establish pre-processing facilities as a group, or contract with local commercial food processors for this service.
- **Cost.** Often, prices for local products are higher, but not always. Depending on the total volume sold and agreements with food service, it may be advantageous for growers to establish a standing order. In other instances, school food services may be willing to pay more if the product is locally grown.
- **Seasonality.** Schools in Midwest, Northern and Eastern climates have shorter growing seasons and the majority of the produce is ripe during the summer months when school is not in session. These districts have focused on purchases in the fall, when fall crops are available and in the late spring. Storage crops can also be held throughout the winter and supplied to customers through most of the winter months.
- **Food safety.** Food service directors and farmers must work together to ensure the safety of the products. Although some adjustments may need to take place to make sure “best practices” are used for food handling, this issue has not been a major stumbling block for programs. Food safety practices are already practiced on small and medium-sized farms, whether products are sold to schools directly or to wholesale buyers. Growers may need to carry liability insurance, however. School districts often require a policy of \$1 million in aggregate or more.
- **Child food preferences.** Although children are the primary target of fast food advertising campaigns, they also like fruits and vegetables when they are fresh and attractively displayed. Most salad bars show an increase in participation.

## **VI. Replicability in other settings**

There is no one model for replicability. The issues are pretty much the same (see above), but how they are solved from program to program is specific to that school or district. The models differ primarily in distribution and size of the program. It is clear that some model will work in almost every location given good leadership and commitment to the program from food service, farmers and community stakeholders.

## **VII. Research, education/demonstration, or policy changes that would strengthen the enterprise or similar enterprises**

### ***Research***

We could use more research on the links between purchasing farm fresh produce for school cafeterias and long-term changes in eating behavior/ health/ academic performance by children.

### ***Education/Demonstration***

We need more models that are more formally evaluated so we can see the impacts on participation, financial viability for schools and farmers, and food choices for children.

We also need professional training/education for food service directors and personnel about possible farm-to-school models they could adopt. We need these models and impacts to be discussed in nutrition, food service and management classes at the college/university level, where most of these professionals are educated.

### ***Policy***

The "**Farm to Cafeteria Projects**" Act, known as S. 1755 in the Senate and H.R. 2626 in the House, creates a win-win situation: students eat healthy foods straight from the farm as part of their school lunch, while farmers not only expand their markets, but also become more involved in their communities.

Senators Patrick Leahy (D-VT) and Arlen Specter (R-PA) sponsored S. 1755, and Representatives Fred Upton (R-MI) and Ron Kind (D-WI) sponsored H.R. 2626. *If enacted, these bills would provide \$10,000,000 annually for grants of up to \$100,000 to schools, school districts, and nonprofit organizations to create farm to cafeteria projects. This one-time infusion of resources requires a 25% match of funds or in-kind contributions.* The Community Food Security Coalition is working with legislators and partner organizations to enact "Farm to Cafeteria Projects" legislation.

If we could use the funds for the USDA Commodity program for local purchasing that would help spread the benefit of the program to small and medium-scale family farmers.