

# VERMONT FOOD SYSTEM PLAN MARKET BRIEF



## MARKET: School Food Procurement

### What's At Stake?

Teaching Vermont students the value of Vermont food for both their own health and their community is an investment in future generations who will support agricultural policy, buy local, consider food system careers, and invest in resources for schools and other institutions. Schools purchase Vermont foods to build relationships in their community, and understand that the relationships have to be sustainable for both the school and the producer. However, pressures to prioritize cheap and/or prepared food are increasing due to decreased student enrollment, school consolidation, and administrative personnel changes. In addition, regulatory demands and food costs have increased at a greater rate than federal and state school meal reimbursement. School nutrition personnel, teachers, and administrators are focused on the basics of teaching required subjects and federal requirements for student meals rather than being able to creatively expand their Farm to School curriculum or spend time sourcing, purchasing, and serving local foods that students will enjoy. All this means that local purchasing is at risk of decreasing.

### Current Conditions

“Farm to School” (FTS) is a spectrum of activities connecting the classroom, cafeteria, and community. The Vermont Farm to School Network (VT FSN) is working toward the goal of schools procuring 50% of their food from local or regional sources, and 75% school participation in integrated food system education by 2025. In 2019, the Vermont Legislature adopted a goal of 25% local purchasing in schools by 2023.

Approximately 250 public schools in Vermont serve meals to more than 50,000 Vermont pre-K to Grade 12 students, following the USDA Child Nutrition Program guidelines. The program costs \$50.3 million each year, and \$15.5 million of that money is spent on food. Of these students, 41% qualify for free or reduced-priced meals as part of the safety net for low-income families.<sup>1</sup> A 2016 UVM study found that in 2013-14, Vermont schools spent \$915,000 on local foods, or 5.6% of all food dollars spent. This in turn generated \$1.4 million in the Vermont economy, including \$374,000 related to the farm and food processing sectors.

If Vermont schools doubled their 2013-14 local food spending (from 5.6% to 11.2%) the total annual economic impact would be \$2.1 million.

Despite progress, schools continue to face significant obstacles to increasing their local food purchasing, including cost and staffing constraints, reliable supply, and delivery and storage considerations. In the majority of schools, the meal program budget is separate from the school educational budget, and must operate sustainably on its own as a revenue generating program rather than a nutritional and learning program.

Much progress has been made in understanding how certain local products get into schools, the importance of values-based buying, and the complexities of the aggregation and distribution system. However, buying Vermont foods is not mandatory for schools. Success depends on the values of the school community, which builds the demand, and the ease of sourcing, properly procuring, and using local foods.

87% of Vermont schools purchased food from a local producer during the 2016/2017 school year.



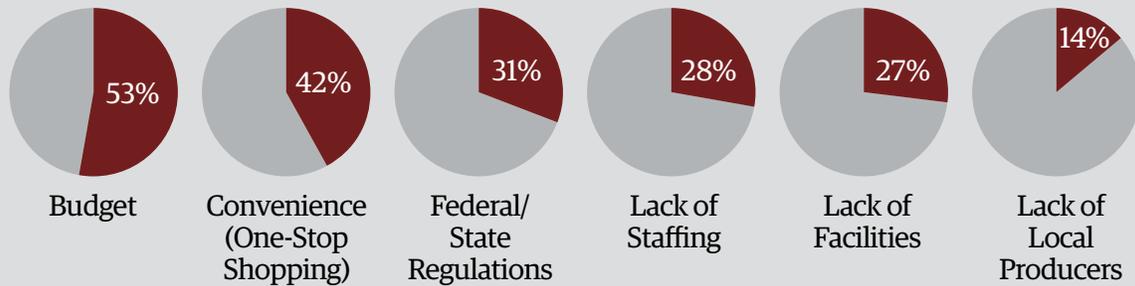
56% purchased local food often.



49% intended to increase their local purchasing during the following school year.



### Most Commonly Cited Barriers to Purchasing Local Food (percent of schools listing barrier)



## Values and Demand

### Current Conditions

A virtuous cycle can be created as people increasingly value the school food program: providing more local foods leads to increased school meal participation, which increases the revenue for the program, and thereby increases the food budget capacity to purchase additional local foods. “Local” often becomes a proxy for the values people hold when they evaluate whether the school food is good or the meal program is valuable. Many people believe “local” also implies fresh, quality, organic, or homemade meals. Schools are starting to develop values statements for their school food programs in order to clearly explain what their meals program is striving to do. In addition, many schools are developing “tiered buying” in which they identify specific products they want to purchase in their ultra-local area, from Vermont, and from the Northeast.

### Bottlenecks & Gaps

- School food programs are expected to raise all the money they need by selling school meals. Food costs are increasing faster than the federal and state meal reimbursement rates schools receive for the number of nutritionally appropriate meals provided.
- School meals and school nutrition staff are often not valued or seen as essential for student success and are treated as outside the school educational environment and the total school budget.
- Buying and serving local food requires more work, storage, equipment, and professional development of staff. Schools are not prioritizing this investment.

### Opportunities

- Experienced statewide and regional FTS partners provide technical assistance.
- Schools and districts are taking more interest and control over their school food programs, whether they write specific FTS local purchasing requirements in a Food Service Management Company (FSMC) bid, hire an experienced director to oversee multiple schools, upgrade the cafeteria, and/or contribute general funds to the school nutrition budget.<sup>2</sup>
- Other U.S. states are incentivizing local food purchasing in schools and their models are available to assess and use in Vermont.

## Aggregation and Distribution

### Current Conditions

Most schools have contracts with large distributors to purchase up to 95% of all their supplies and food, to cut labor and food costs, and to receive rebates. In order for schools to meet their FTS local purchasing goals, some are pressuring distributors to label the local products. For their “close to home” or “ultra-local” food purchases schools often buy directly from farmers or small food hubs that are more transparent about their operation costs and food sources, though this takes more work.

It is important for farmers and service providers to know more about how the wholesale and institutional supply chains work, whether through direct purchasing or through an aggregator (e.g., food hub or distributor), and how the school nutrition program operates. To ensure that we are building a sustainable food system for all, it's also necessary for institutions and organizations supporting school food procurement to be knowledgeable about how increasing local purchasing impacts the viability of farmers.

### Bottlenecks & Gaps

- School procurement has complicated federal rules, prompting many schools to choose a large distributor over local suppliers to make local food purchasing easier.
- Managing purchasing relationships with multiple farm partners takes additional work, including ordering, delivery, and billing.
- To be viable, farmers often need to participate in the wholesale distribution supply chain to access institutions outside of their immediate region, yet this limits their ability to market their identity and values to the end buyer (the school), and get a fair price.

### Opportunities

- VT FEED is successfully conducting values-based tiered buying and local food procurement training with FSMCs and independently run school nutrition programs.
- Expanding school meal participation is translating to an increase in local food purchasing.
- Food hubs are evolving as values-based organizations that provide a transparent supply chain from ordering to delivery, and a transparent pricing structure for farmers.

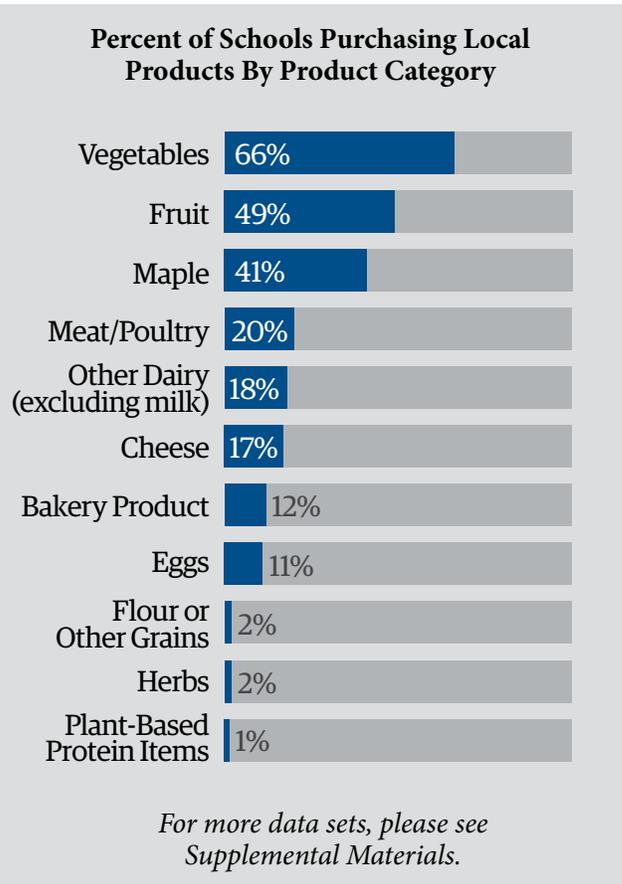
## Products

### Current Conditions

Common products purchased by schools are vegetables, fruit, maple syrup, milk and other dairy products such as yogurt, and meats. Uncommon products are grains and legumes.

Over the years, Vermont FTS Network studies have estimated demand for local foods and determined the opportunity for increasing Vermont food sold to schools. The specific demand results have been presented to service providers, distributors, and farmers, listing the key products and amounts which schools would use, if more readily available. This has not significantly increased the amount of local food purchases, since no farmer will produce for an anticipated school market unless there is a contract or a guarantee.

Values-based tiered buying planning that VT FEED introduced several years ago is having a positive impact. Schools define their food program values and set goals for buying ultra-locally (in their county), from Vermont, and from the larger region. By doing this, schools are deciding what they can buy directly from a farmer or food hub, and can track what is from Vermont or regionally from their distributors (as long as the distributor labels products). The success of values-based tiered buying comes through training and technical assistance primarily provided school by school.



## Bottlenecks & Gaps

- Schools are often seen as the last market because of a myth that they won't pay prices farmers need.
- If school administrations and staff don't value local food in the school food program, the incentive to make additional efforts to purchase is absent.
- The definition of local food is determined by law by each School Food Authority. Distributors have their own definition of local as do FSMCs (which serve about 35% of schools). Thus, the sources of product purchasing data have different definitions of "local," ranging from 20 miles to 400 miles, making data tabulation challenging and labor intensive.

## Opportunities

- When technical assistance and training on the procurement of local foods is provided, there is evidence of positive change in individual schools and product tracking becomes more possible.
- School districts buy a lot of food on a consistent basis, rarely go out of business, and can be a stable part of a diversified market for Vermont farmers and food manufacturers.
- Consolidation of school districts, in some cases, is leading to the hiring of skilled school nutrition directors who oversee multiple schools, can increase volume by aggregating purchasing, and thus become a more interesting customer to local farmers.

## Summary

Schools have many competing priorities and yet Farm to School has become a top priority: an opportunity to develop community connections through local food and agriculture, thereby regenerating farming communities as much as regenerating agriculture. By pushing the dominant wholesale and distribution system to source more local food, we can ensure that a transparent system that values more than cheap food (a values-based system) is in place. This will enable schools to purchase food according to their evolving values, not just the price and convenience prized by the traditional system. This will also embolden students and school staff to value their school nutrition program and the food that is served.

## Recommendations

- The state should support incremental steps towards universal meals, which increase student participation, decrease paperwork, and allow for time and money to be used on local food procurement.
- The Vermont Legislature should fund the Vermont Farm to School Network with \$500,000 of annual base funding for Farm to School infrastructure grants, technical assistance, and training to grow FTS in all counties.
- Incentivize local purchasing by developing, with Farm to School partners, a percent-per-meal reimbursement to schools for purchasing local products above a certain threshold. For example, New York provides \$0.25 per lunch to schools incorporating 30% New York product in their meal program. According to a Farm to School 2016-17 economic study<sup>3</sup>, "every dollar spent on local food contributes an additional 60¢ to the local economy."
- Further develop a transparent values-based system so buyers can buy according to their values, not just price. This includes values such as supporting the local economy, farming practices that support healthy soils and planet, fair labor practices, etc.
- Increase education and matchmaker events for buyers and producers to learn about values-based purchasing, forward contracting (i.e., contracted annual commitments between farms and buyers), and the criteria schools use to make purchasing decisions. Support the school nutrition profession with more school-funded opportunities for technical assistance and training around buying and using local foods for school nutrition, and around cooking from scratch and using local products.

Farm to Plate is Vermont's food system plan being implemented statewide to increase economic development and jobs in the farm and food sector and improve access to healthy local food for all Vermonters.

The Vermont Agency of Agriculture, Food & Markets (VAAFAM) facilitates, supports, and encourages the growth and viability of agriculture in Vermont while protecting the working landscape, human health, animal health, plant health, consumers, and the environment.

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