

Act 38

An Act Relating to the Viability of Vermont Agriculture (H. 522)

Section 4: Food and Dairy Procurement

**Report to the
House and Senate Committees on Agriculture**

November 1st, 2007

Summary of Recommendations

The following recommendations present an initial strategy for incorporating more local foods into state government (not considering primary and secondary schools). This strategy builds from existing relationships between state purchasers and food producers, brings together new partners within state government, and achieves significant results in a cost effective way. The report that follows provides background and more details for these recommendations.

FACILITATE CONNECTIONS BETWEEN LOCAL FARMERS AND STATE PURCHASERS:

- Host a One-Day Training Session for Institutional Purchasers, Farmers and Distributors
- Develop Follow-Up Trainings
- Link State Institutions with Farmers for Pre-season Planning
- Involve State Land and Work Camp Crews in Local Food Production

DEVELOP INFRASTRUCTURE FOR LIGHT PROCESSING

- Survey Demand & Potential Supply
- Leverage Funds to Support Equipment Purchases
- Strengthen Technical Support Services for Local Producers

INCORPORATE LOCAL FOODS INTO STATE VISITOR GATEWAYS AND ATTRACTIONS

- Increase Profile of Local Foods at Vermont State House
- Integrate Local Foods into Displays at Vermont Welcome Centers
- Assist Government Entities in Sourcing Local Foods for Special Events

PROMOTE HEALTH & WELLNESS FOR VERMONTERS THROUGH LOCAL FOODS

- Increase Farmers' Market Participation by Farm-to-Family Coupon & EBT Recipients
- Share Best Practices for Local Foods in Hospitals and Medical Centers
- Incorporate More Local Foods into State Nutrition Programs

Introduction

Act No. 38, Section 4 (2007) directs the Agency of Agriculture, Food & Markets, Agency of the Administration, and Department of Buildings and General Services to report to the joint agriculture committees on their strategies for increasing the amount of local foods purchased by government entities (except primary and secondary schools). The ultimate goal is to match the state's actions with its "buy local" marketing efforts. Act No. 38 requires that the information gathering behind the plan include:

- The government and state-funded entities currently purchasing food and dairy products and the associated costs.
- The quantities and varieties of food and dairy products being purchased by the government and state-funded entities.
- The person or persons with authority to make food and dairy purchasing decisions.
- The implication of a program that directs "local" purchasing.

Following these determinations, Act No. 38 directs the Agency of Agriculture, Agency of the Administration, and Department of Buildings and General Services to develop recommendations for establishing a "buy local" system for state purchasing entities. This system would include:

- Avenues to connect state purchasing entities with local food producers.
- Marketing systems for food producers to advertise their products to the state.
- Assistance from the Agency of Agriculture in creating or enlarging the facilities necessary to produce or process food for sale to the state or other expanded markets.

The "buy local" system developed under this Act would not include primary and secondary schools.

The following report focuses on building relationships between state government and our state's food producers. In many cases, as outlined in the Current Local Food Purchasing section, these relationships already exist. This report does not consider a mandate for local purchasing. Many states, notably New York, impose penalties on vendors from any state that has established preferences for local purchasing. Since those preferences would place New York vendors at a competitive disadvantage in Vermont, New York imposes a reciprocal penalty that would put Vermont vendors at a disadvantage when they desire to do business with New York. In some cases the reciprocal penalties would apply only to the specific products where a local preference is established. In other states, the penalties would be levied against all vendors of any type, even for non-agricultural products. The strategies outlined in the following pages build opportunities for Vermont food producers to sell to state government without jeopardizing their ability to sell products beyond Vermont's borders.

Background on Interest in Local Foods

Local foods have become an important topic in Vermont and nationwide. While foods imported from the national or global market continue to make up a large portion of the average American's diet, national trends reflect an increasing interest in what can be found closer to home:

- Farmers' markets went from being unrecognized in the U.S. Department of Agriculture census in 1994 to having over 4,000 markets listed one decade later. Vermont has 55-60 markets, many of which are moving towards a year-round schedule. Currently, seven markets operate in the winter.
- Community Supported Agriculture became established in the U.S. in the early 1990's. This new form of marketing allows farmers to minimize risk through selling shares of a diversified harvest before the season begins. Today, some CSA's have over 1,000 subscribers. The Vermont Agency of Agriculture reports 59 CSA's in Vermont, 15 of which have winter shares.
- Farm-to-school programs, bringing local food into public schools, exist in over 400 school districts nationwide. The national organization Farm-to-School reports almost 11,000 schools involved in accessing local foods. Vermont Food Education Every Day (VT FEED), a leader in Farm-to-School, has worked with over 75 schools since it began in 2000.
- The localvore movement is spreading through the country. Groups around New England sponsor Eat Local Challenges, when residents commit to eating only local food for a period of time (up to a month). These challenges introduce people to local diets. Over 1,000 people participated in Vermont and Connecticut River Valley challenges in 2006.
- National bestseller lists have recently featured books that raise concerns about the nationalized food system while advocating for a closer personal connection to our food. The two most recent ones were Omnivore's Dilemma, by Michael Pollan (2006) and Animal, Vegetable, Miracle: A Year of Food Life by Barbara Kingsolver (2007).

Vermont agriculture benefits from this increasing interest in "local." One important trend has been towards making local foods available in *more* places. This broadening of interest builds new markets for farmers while making local items easier to access for consumers. Statewide groups dedicated to bringing local foods into new areas include the Vermont Fresh Network, which helps bring local food to restaurants, and the Food Education Every Day (FEED) program, mentioned above. FoodWorks, the Vermont Food Bank and Salvation Farms are three organizations working to connect low income and elderly Vermonters to fresh local products. Farmers' markets and CSA's across Vermont have become summertime staples for many shoppers and they are currently expanding direct marketing venues into the winter months. Agriculture trade groups and education programs help farmers' acquire the skills necessary to enter new markets. The next section provides details on the state's participation in this movement.

A growing interest in exploring foods close to home has also led to an interest in "authentic" cuisine from other regions. This emphasis, represented by organizations like Slow Food International and Europe's terroir designations, helps Vermont turn state

visitors into customers through offering unique, place-based food products. A 2004 study commissioned by the Department of Tourism and Marketing found Vermont well situated to take advantage of the culinary trend, as visitors see “authentic and genuine” as a core component of the Vermont brand. The Vermont Fresh Network hosted a Northeastern regional Slow Food / Renewing America’s Food Traditions (RAFT) event in August, 2007. Organizations like the VT Farms! Association and projects like the VT Cheese Trail promote agri-tourism, making food a centerpiece of a Vermont visit. Groups like the Vermont Specialty Foods Association and the Food Venture Center help food producers craft products that only exist in Vermont. The new publication *Edible Green Mountains* showcases the Vermont culinary experience in a quarterly magazine.

In spite of the action already happening to support local food and dairy, Vermont’s food producers are still struggling to enter new markets and position themselves to provide a larger percentage of our daily food. Government and state funded entities can provide key support for ongoing work to strengthen Vermont’s local food economy. That support should come not only through traditional assistance, such as grants and technical advice, but also through being a customer to our own state’s food businesses. The following section describes current food purchasing by Vermont state government.

Current Local Food Purchasing & Implications of “Buy Local” Campaign

Direct food purchasing by the state occurs in correctional facilities (the largest purchaser), state hospitals, the veterans’ home and the Women, Infants, and Children (WIC) nutritional program. Sometimes food purchasing is only indirectly related to state funding, for example in the food service contracts for state colleges. Some purchases combine state funds with funding from other sources, such as WIC, which matches federal and state funds. A summary of 2007 overall food expenditures is attached.

Act 38, Section 4(a) directs us to “establish a system whereby the state will follow its own “buy local” campaign by purchasing local food and dairy products”. Food purchasing by state governmental institutions already exceeds the goal of the "buy local" program, which is to devote 10% of food dollars to local products. The list below includes food spending by all state correctional facilities, the Woodside Juvenile Detention Facility, the Vermont State Hospital, the Vermont Veterans’ Home, and the Women, Infants, and Children (WIC) program. A detailed spending summary for all state purchasers appears at the end of the report. The numbers do not include any schools.

- Dairy: total dollars purchased \$2,702,992.04, of which \$2,304,103.35 (85%) was purchased locally
- Eggs: total dollars purchased \$357,212.28, of which \$342,373.92 (96%) was purchased locally
- Meat: total dollars purchased \$476,270.78, of which \$120,283.77 (25%) was purchased locally
- Produce: total dollars purchased \$232,307.23, of which \$142,659.27 (61%) was purchased locally

The numbers above include both food purchased from local farms and food purchased through local food distributors, which often provide local items when available. Initiatives also exist that target Vermont-raised food. The attached food spending summary reflects some of these initiatives. Details on relevant local food promotion efforts appear below.

The **Department of Buildings and General Services** has several options in place to facilitate local food orders.

- Food services that want to purchase local fruits, vegetables and dairy products do not need to go through pre-approved contracts from the Department; they have blanket permission to access those items independently to meet their daily needs.
- Requests for bids on food service contracts include the language “When possible, Vermont products are desirable.”
- Several state administered residential facilities operate their own farm and/or garden to provide locally grown food.
- The Department of Buildings and General Services handles the contracts to hire food providers for the WIC program, which contain local requirements (see below).

The **Agency of Human Services** both purchases local foods and administers programs that help Vermonters purchase local foods.

- Vermont hires an outside company to gather and deliver the food for its Special Supplemental Nutrition Program for Women, Infants and Children (WIC). All cheddar cheese is from Cabot, milk sources include Vermont’s Thomas Dairy, and eggs are almost entirely local.
- The Department of Health administers the Farm-to-Family coupon program which provides coupons for low-income and elderly Vermonters to redeem at Farmers’ Markets. The Department uses local foods to demonstrate good nutrition and recipes for program participants.
- Vermont’s Farm-to-Family coupon redemption rates are 76%, significantly higher than the national average. In 2006, coupon redemptions brought \$106,950 to Vermont farmers. Seventeen percent of participants had never been to a Farmers’ Market before; 69 percent still returned after their coupons were gone.
- In summer 2006, the Vermont Department of Families and Children and the Agency of Agriculture worked with NOFA-VT and the Campaign to End Childhood Hunger to install an EBT pilot program at three farmers’ markets. This pilot provided the market with the equipment to let consumers use debit cards and EBTs for their purchases.
- Vermont’s health campaigns sometimes feature Vermont products. For example, the “Eat for Health” website at the Department of Health includes links to Vermont foods in season and farmers’ markets. Upcoming materials on healthy workplace meetings will also recommend sourcing local items.

The Agricultural Development Division at the **Agency of Agriculture, Food, and Markets** identifies and develops new markets for Vermont products. This work includes all components of bringing local foods to buyers, from assisting farmers, to investing in

infrastructure, to working with potential buyers. Some highlights relevant to state purchasing include:

- The Agency of Agriculture launched a Buy Local Program in 2003. This program promotes the purchase of Vermont farm products by Vermonters and visitors within the state. Retail outlets like the State House Cafeteria benefit from the program's promotional materials, including signage, used to point out local products. Over 100 requests come in each year for materials.
- Agency of Agriculture partnerships with food producers have led to products that are more convenient for retail, cafeteria, and institutional sales. For example, a 2005 partnership with Champlain Valley Specialty produced pre-sliced apples for snack sales. In 2004, Vermont Mystic Pie Company began production of frozen apple pies using Vermont ingredients. A partnership with the Vermont Dairy Promotion Council provides grants to schools to install milk vending equipment in cafeterias.
- The Vermont Fresh Network (VFN) is Vermont's organization dedicated to connecting farmers and chefs, including chefs at institutions. The Agency of Agriculture is a long time partner with VFN. In 2005, VFN, the Agency of Agriculture, and Sodexo Dining Services partnered to bring more local foods into the dining system at the University of Vermont.
- In 2007 the Agency of Agriculture developed plans for two Mobile Processing Units (one for poultry and another for fresh produce) that can start to address gaps in the infrastructure for prepare food to sell to institutional and restaurant buyers.

It is difficult to determine the exact amount of local foods currently reaching state government because no requirement exists for purchasing entities to report local items or to separate a local item from an overall category and distributor (for example: Produce – Squash Valley). Some groups highlight local items on special occasions. For example, Vermont cheese, locally roasted coffee, and cider often appear at receptions. Also, the Agency of Agriculture sponsors many local food-focused events hosted by Vermont organizations throughout the year. As reported above, purchases through the Farm-to-Family program totaled \$106,950 in 2006. These separate pieces indicate a larger interest in support local food producers. The preceding information and attached summary provide the best snapshot of local foods in state government currently available.

The recommendations found below suggest a strategy for unifying these early efforts and forming the partnerships necessary to effectively integrate local purchasing as a major component of food in state government.

Recommendations

Due to the potential for reciprocal penalties to be imposed against Vermont farmers, producers, and other businesses, we recommend against legislation that would *require* local purchasing. Given the current local purchasing levels, a mandate to do so does not appear to be necessary. Instead, we recommend expanding the policies that have already led to success in this area and developing additional strategies, such as those described below. The following recommendations outline a plan to make local food purchasing easier for the state. The focus on institutional buying, health care, assistance to low-

income and at-risk households, and marketing local foods to visitors, can also benefit non-government purchasers that fall within these same categories.

FACILITATE CONNECTIONS BETWEEN LOCAL FARMERS AND STATE PURCHASERS:

The state system can be intimidating for some Vermont farmers and food businesses. While avenues currently exist for bringing local foods into state government, there has not been a systematic effort to discuss these options with local producers or to maintain a dialogue about best practices for bringing local food into government.

Host a One-Day Training Session for Institutional Purchasers, Farmers and Distributors:

A first step towards establishing strong connections between purchasers, farmers, and distributors is a day for these groups to share information, discuss connections currently possible, and explore where some changes may be necessary for future work. The results of this session can be recorded and published as a continuing resource. Both FoodWorks at the Two Rivers Center and Sodexo Dining Services at UVM have conducted similar training sessions in their own fields (primary schools and universities respectively) and can serve as resources for planning the event

Potential Partners: VT Agency of Agriculture, VT Department of Buildings and General Services, State Colleges, University of Vermont, FoodWorks, Vermont Fresh Network (VFN)

Develop Follow-Up Trainings: A single-day event will not provide all the information needed for strong connections between state government and local farmers. Follow-up trainings can target particular groups and bring information to different areas of the state. In 2004, the Vermont Fresh Network developed a general training program for farmers and chefs that could serve as a model for a program focused on selling to state government. Materials developed for training could create a comprehensive stock of printed information for producers, purchasers, and distributors.

Potential Partners: VT Agency of Agriculture, VFN

Link State Institutions with Farmers for Pre-season Planning: State government can provide a predictable client for farmers able to reliably raise items in the quantity needed to meet their orders. By planning for needs with farmers before planting, the state gains relative certainty that the product will be available, locally, in the amount needed and the farmer has certainty in his own planning. However, these agreements step outside of normal ordering that operates on much shorter notice, with a more centralized system, and does not require pre-payments. Actively matching farmers with purchasers can make planning ahead simpler and more attractive for both sides.

Potential Partners: VT Agency of Agriculture, VT Department of Buildings and General Services.

Involve State Land and Work Camp Crews in Local Food Production: The most direct connection between state food purchasers and their local food is on-

site gardens. These gardens can also bring business to the state's seed, compost, and other gardening-related businesses. Correctional Facilities, in particular, could increase the amount of their land devoted to food production. Although work crews cannot work at a for-profit business, they could provide labor for harvesting food from area and state-run farms to use at the correctional facilities.

Potential Partners: VT Department of Corrections, UVM Extension

DEVELOP INFRASTRUCTURE FOR LIGHT PROCESSING

One challenge facing institutional food providers is the time required to prepare local foods and the cost of this labor. While national providers offer convenience items – e.g. pre-cut carrots, hamburger patties, milk bottled for vending machines – these items are not always available from a local source. Food producers need better infrastructure for preparing produce, dairy, and meat in a way convenient for institutions. Examples of missing steps include: washing, sorting, grading, freezing, jarring, canning, pre-cutting, and packing. The planned Mobile Processing Units described in the previous section are a key move in filling infrastructure gaps. The recommendations below continue the type of forward momentum that they represent.

Survey Demand & Potential Supply: Multiple reports have established the advantages of processing certain local foods. For example, the Agency of Agriculture has spearheaded initiatives around pre-slicing apples and carrots. Milk producers are working on bottles for vending machines. An upcoming 2008 Ski Burger promotion and a recent Vermont Housing & Conservation Board study outline opportunities for local hamburger production. Bringing together entities involved in building the processing infrastructure and potential large scale purchasers can draw attention to areas of the greatest, immediate opportunity.

Potential Partners: VT Agency of Agriculture, UVM Extension, NOFA-VT, VT Department of Buildings and General Services, Sustainable Agriculture Council, Agriculture Trade Associations, Rural Vermont, NRCS, VFN, and USDA-RD.

Leverage Funds to Support Equipment Purchases: With priority projects in place, the Agency of Agriculture can work with producers to develop, and implement, plans for funding the appropriate processing equipment.

Strengthen Technical Support Services for Local Producers: The Agency of Agriculture has historically worked closely with local producers to develop institutional and other markets for their products. Increasing demands for enhanced food safety have left the Agency with inadequate resources to provide technical support to producers of certain local products, especially in the area of fruits and vegetables.

Potential Partners: Agency of Agriculture, UVM Extension, Vermont Vegetable & Berry Growers' Association and other producer organizations

INCORPORATE LOCAL FOODS INTO STATE VISITOR GATEWAYS AND ATTRACTIONS

Research has shown that establishing a personal connection with Vermont is an important determining factor in a customer's loyalty to Vermont products. For example, customers exposed to Cabot products during a Vermont trip purchased more Cabot Cheese afterwards, according to a 2006 study by Cabot and the VT Department of Tourism & Marketing. A UVM study showed that a personal connection to Vermont affects non-state purchasers' interest in Vermont food products. State government and state entities often welcome visitors to Vermont and shape their positive experience. Featuring local foods at these places can build long-term interest in Vermont food products.

Increase Profile of Local Foods at Vermont State House: The Vermont State House is both the center of state government and a popular tourist destination. The State House cafeteria and gift shop already carry many local products. Future steps could include better advertising for existing products, expanding the line of Vermont products carried and interactive events or displays that introduce visitors to new products.

Potential Partners: VT Agency of Agriculture, Vermont State House staff, VT Department of Tourism, Friends of the State House.

Integrate Local Foods into Displays at Vermont Welcome Centers: The Welcome Centers in Vermont already include displays and brochures for Vermont's many cultural attractions, including agriculture. Green Mountain Coffee Roasters coffee is also served. The missing piece in this foundation is a well-designed strategy for capturing the attention of Welcome Center visitors and showing them where to find Vermont products during their trip. Better cooperation between current displayers and adding more materials where needed can increase the impact of the Welcome Centers.

Potential Partners: VT Agency of Agriculture, VT Department of Tourism, VT Department of Disabilities, Aging and Independent Living, VT Specialty Foods Association, VT Farms! Association.

Assist Government Entities in Sourcing Local Foods for Special Events: Special events often are not constrained by the same quantity and budgetary needs as daily food operations. They also offer a new setting, and special menu, to showcase local foods. Materials or policies should be designed to encourage more local items in these special menus.

Potential Partners: VFN

PROMOTE HEALTH & WELLNESS FOR VERMONTERS THROUGH LOCAL FOODS

One benefit of local eating is a chance for improved health. Eating local ingredients often moves consumers away from heavily processed products. The improved taste of fresh produce encourages diners both to eat more fruits and vegetables and to eat them without high-calorie sauces. Some research indicates that fresher products retain more of their nutrients. Ultimately, local foods offer healthy choices, but education is needed to take advantage of them. Programs like Farm-to-Family coupons and the Department of Health's nutrition classes integrate local foods with nutrition education.

Increase Farmers’ Market Participation by Farm-to-Family Coupon and EBT Recipients: Farm-to-Family coupons bring money to Farmers’ Markets not only by their dollar value, but also through the extra money spent beyond the coupon value and by introducing new customers to the markets. While Vermont’s coupon redemption rates are relatively high, obstacles still exist for using the coupons. For example, transportation to the market and inability to use coupons for farm products closer to home (for example at a farm stand) create access concerns. Recent trail sites for EBT use at farmers’ markets also offer a new strategy for bringing healthy local foods to all Vermonters. Agriculture-focused and human service-focused organizations should work together to ensure these programs reach their full potential.

Potential Partners: VT Agency of Agriculture, VT Agency of Human Services, VT Agency of Transportation, community food security organizations.

Share Best Practices for Local Foods in Hospitals and Medical Centers: Medical care facilities have increasingly recognized the importance of fresh, good tasting, healthy foods for patient recovery and prevention of chronic diseases, such as diabetes. Local foods can provide these characteristics. Vermont hospitals have begun to find ways to buy local, including at Gifford Medical Center and Fletcher Allen Healthcare. A national “Healthy Food in Health Care” pledge, which lists Fletcher Allen as a signatory, encourages incorporation of healthy, local, and sustainable foods.

Potential Partners: VT Department of Health, VT Agency of Agriculture, Vermont Association of Hospitals and Health Systems.

Incorporate More Local Foods into State Nutrition Programs: As indicated in the previous section, nutrition and health education programs include some encouragement to buy local. However, partnership with the Agency of Agriculture and creation of health-focused promotional materials for local products can further the role of “local” in Vermonters’ healthy lifestyle.

Potential Partners: VT Department of Health, VT Agency of Agriculture

Costs and Feasibility

The recommendations outlined above focus on a first stage of planning, meetings, conferences, website updates, and studies. Time from organizing groups will be the main investment in these efforts. Some other costs, such as space for training sessions, can be covered by in-kind donations. Other items will require spending. These are:

- Printing Materials for Conferences / Training Sessions
- Invitations / Advertising for Conferences & Training Sessions
- Food
- Publication of Reports and Follow-Up Materials
- Development of new brochures and labeling materials, for example in the Welcome Centers and for nutrition / health programs.

Costs will increase as the projects continue. The processing infrastructure, in particular, will require major investments. Some purchasers may require grants or other monetary assistance to bring local items into their food stream. If the single events listed here become annual and grow, for example a forum for connecting institutional purchasers and local food producers, their budgets will expand as well.

All recommended action steps listed above are ultimately feasible and their early stages require only modest investment.