Cultivating relationships that work for producers and CNP

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Farm to School CNP Summit
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Why farm to school?

Kids WIN

Farm to school provides all kids access to nutritious, high quality, local food so they are ready to learn and grow. Farm to school activities enhance classroom education through hands-on learning related to food, health, agriculture and nutrition.

Farmers WIN

Farm to school can serve as a significant financial opportunity for farmers, fishers, ranchers, food processors and food manufacturers by opening the doors to an institutional market worth billions of dollars.

Communities WIN

Farm to school benefits everyone from students, teachers and administrators to parents and farmers, providing opportunities to build family and community engagement. Buying from local producers and processors creates new jobs and strengthens the local economy.

USDA
United States Department of Agriculture
National Institute of Food and Agriculture

Rural Community Impacts of Farm to School: Food Supply Chains, Educational Programming, and Household Food Purchases [Award # 2017-67023-26246]

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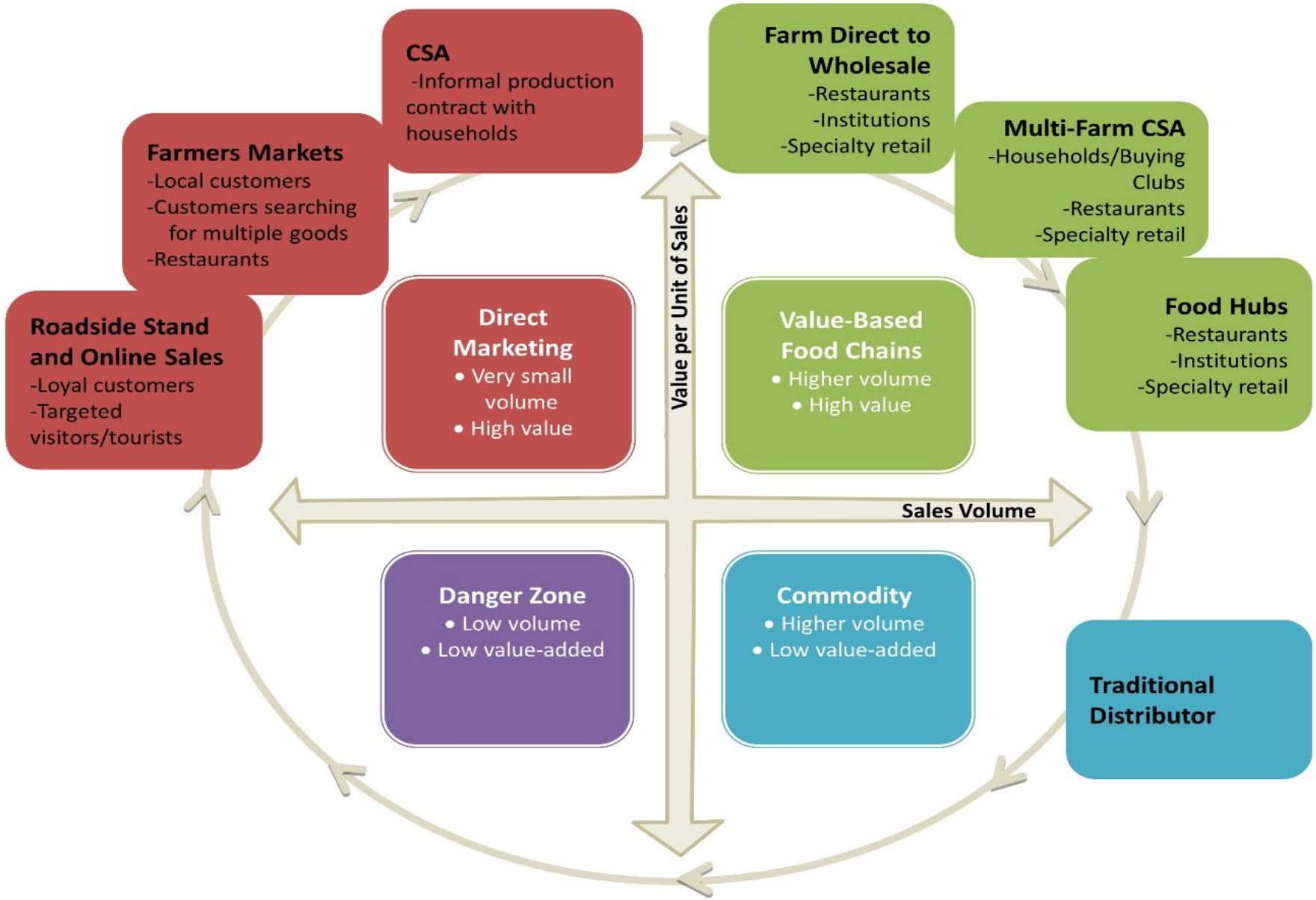
Different business models will work for producers based on competitive advantage



Source: https://dyson.cornell.edu/outreach/smart-marketing-newsletter/

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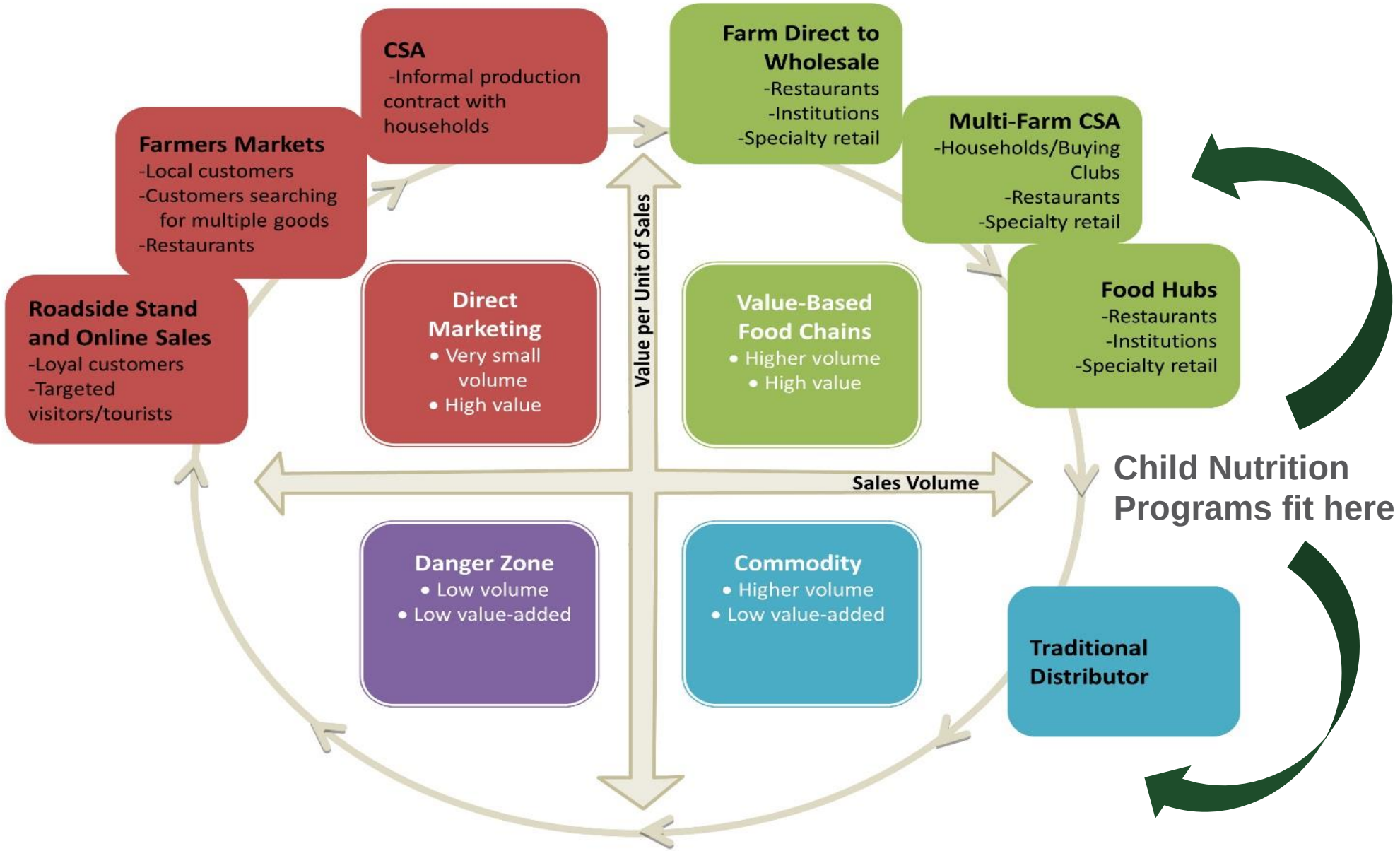

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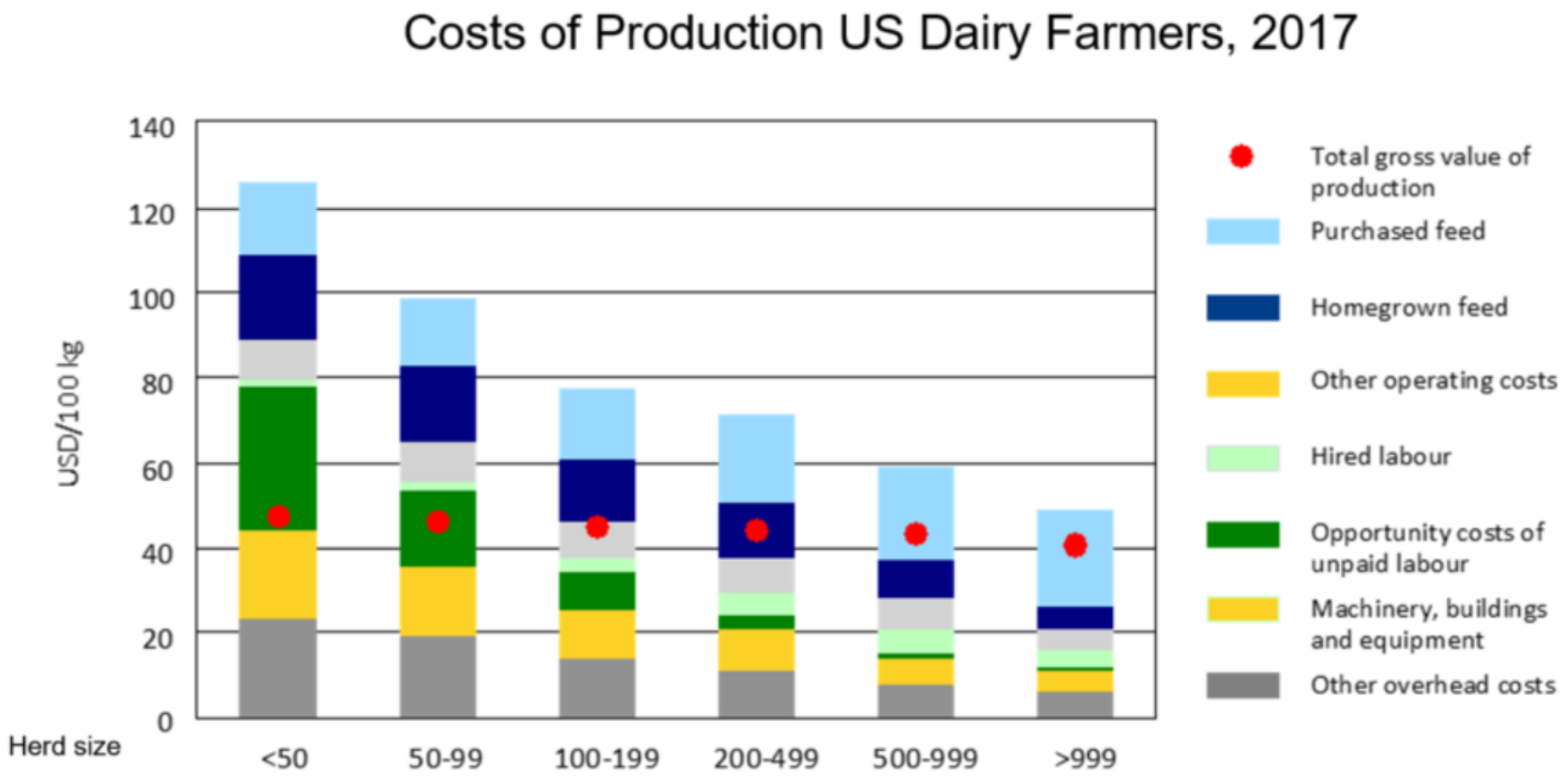
Need to consider scale and commodity

Video Credit: Mark Rose

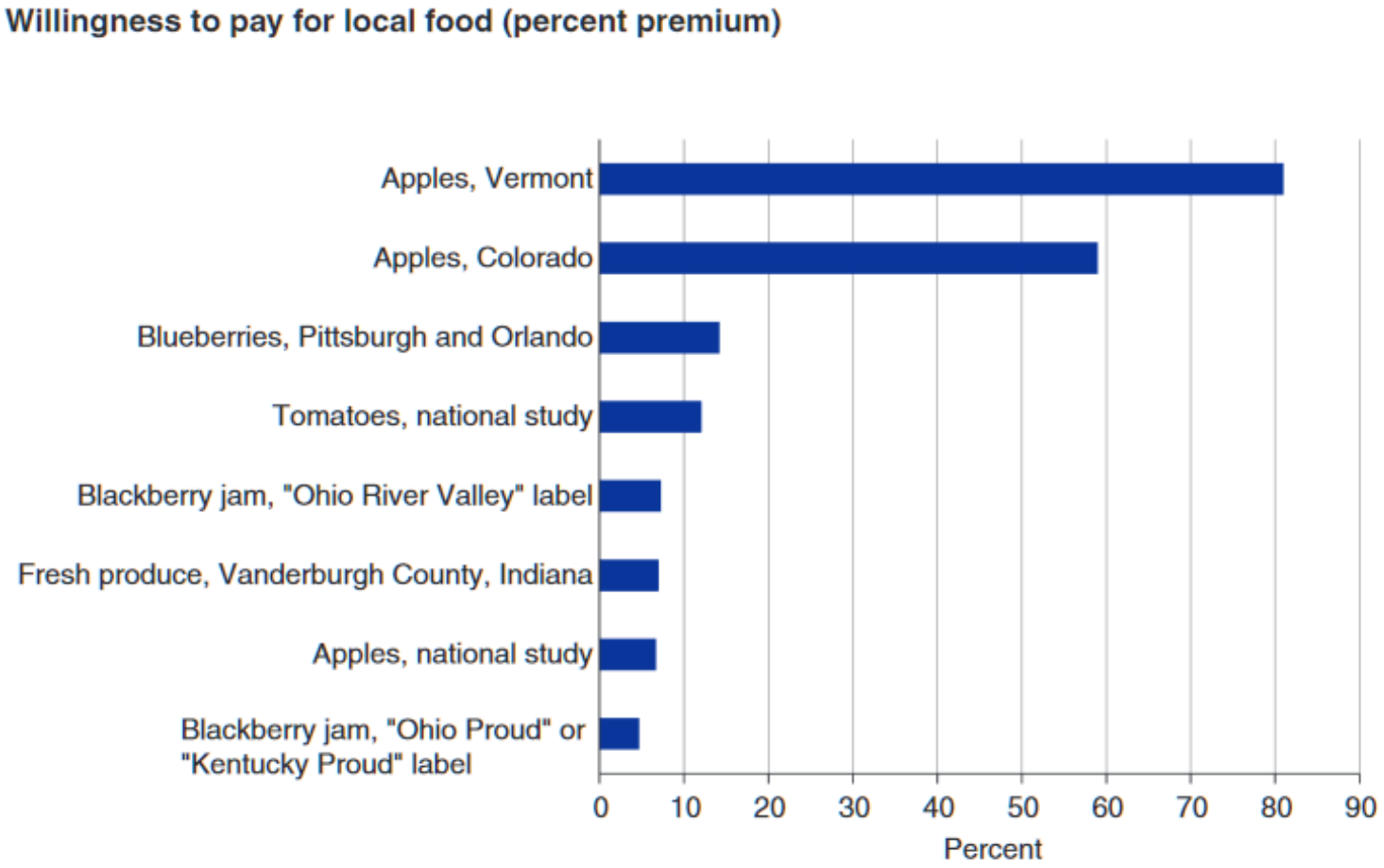
Small farms have higher costs of production, and need to enter markets where they can get a premium



	<50	50-99	100-199	200-499	500-999	>999
Milk cows/head per farm	33	68	135	312	698	2.260
Milk per cow (kg)	6.969	7.773	8.585	9.000	10.242	10.440

Source: USDA ERS

Consumer willingness to pay a premium for local food in certain markets



Source: Willingness to pay as a percent of base price calculated from reported results from the following: Apples/ Vermont from Wang et al., 2010, averaged over respondents that had and had not purchased organic food. Apples/ Colorado from Costanigro et al., 2011. Blueberries from Shi et al., 2013. Tomatoes/national and Apples/national from Onozaka and Thilmany, 2012. Blackberry jam from Hu et al., 2012. Fresh produce/Vanderburgh County from Burnett et al., 2011.

Source: Low, S.A., A. Adalja, E. Beaulieu, N. Key, S. Martinez, A. Melton, A. Perez, K. Ralston, H. Stewart, S. Suttles, S. Vogel, and B.B.R. Jablonski. 2015. Trends in U.S. Local and Regional Food Systems. U.S. Department of Agriculture, Economic Research Service. Administrative Publication Number 067.

Schools do not have a lot of $ to pay a premium for local products!

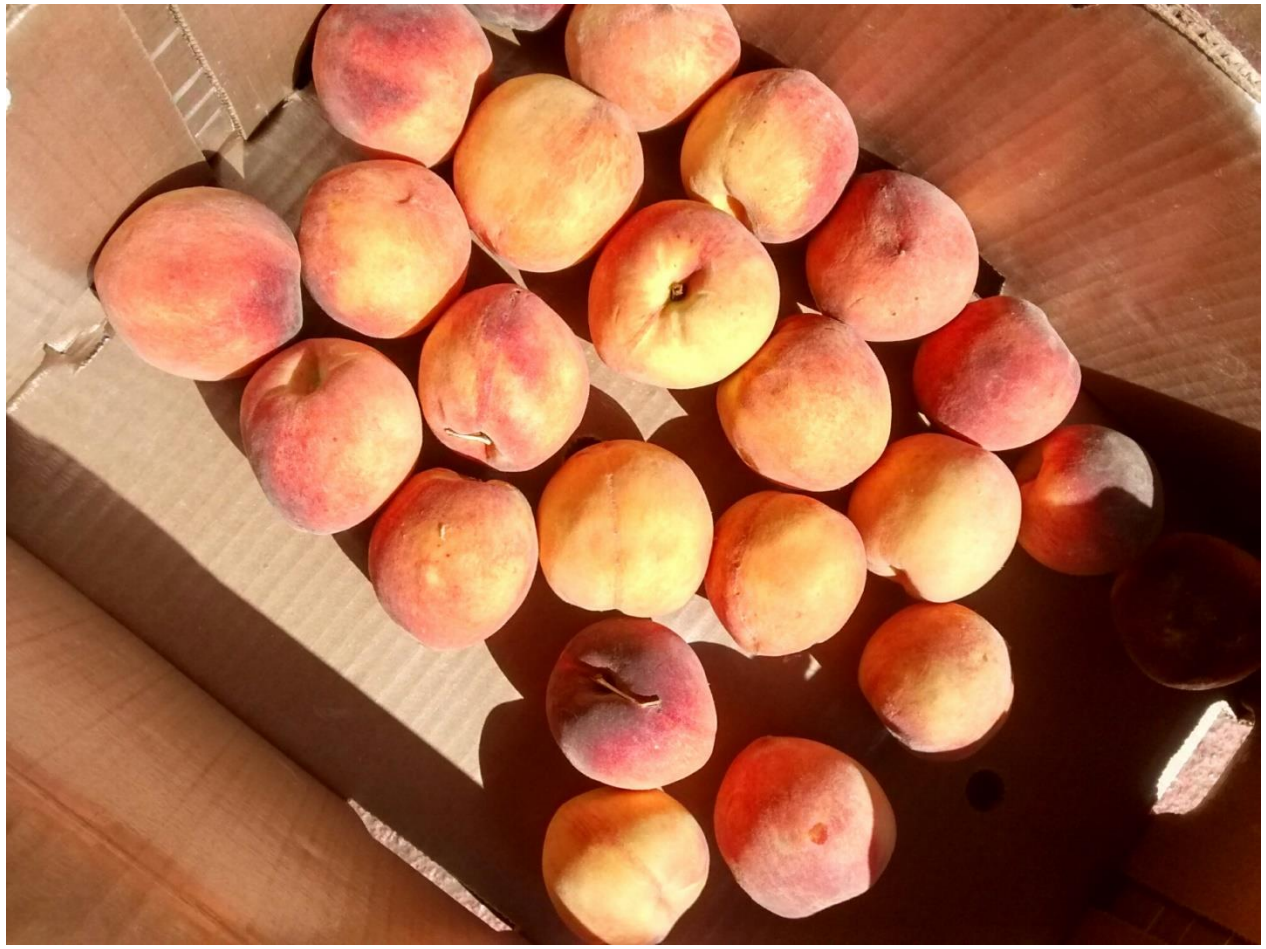
NSLP Reimbursement Rates for the 2019-20 School Year:

- Free: $3.41
- Reduced Price: $3.01
- Paid: $0.32
- Schools certified as meeting the new nutrition standards receive an additional $.07 per lunch.
- An additional $.02 per lunch is provided to schools in which 60 percent or more of the second preceding school year lunches were served free or reduced price.

SBP Reimbursement Rates for the 2019-20 School Year:

- Free: $1.84
- Reduced Price: $1.54
- Paid: $0.31
- An additional $0.36 is provided for each free or reduced price breakfast served in “severe need” schools, where at least 40 percent of the lunches served during the second preceding school year were served free or reduced price.

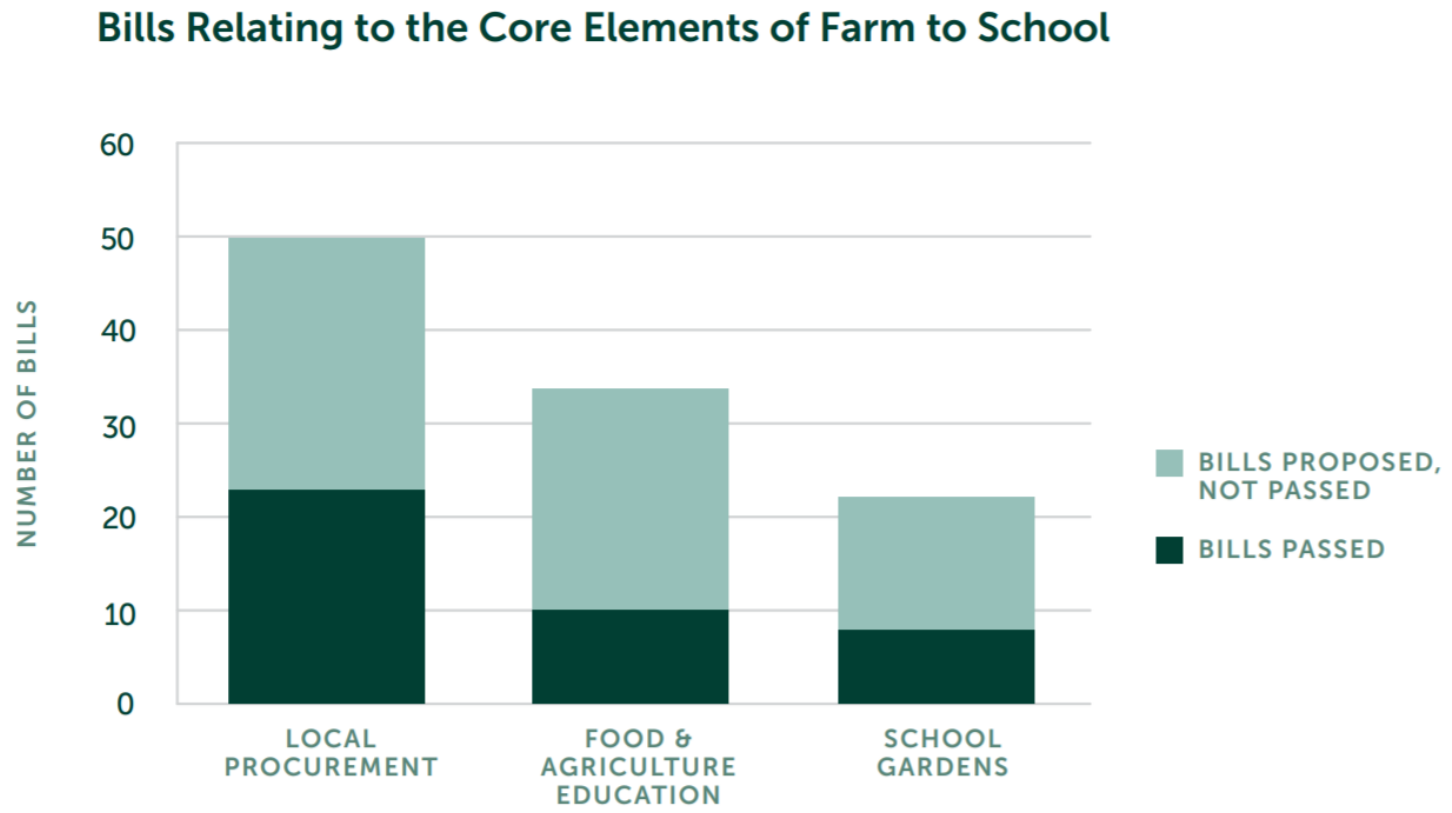
Opportunity for seconds?



Opportunity to think creatively?

Opportunity to think creatively?

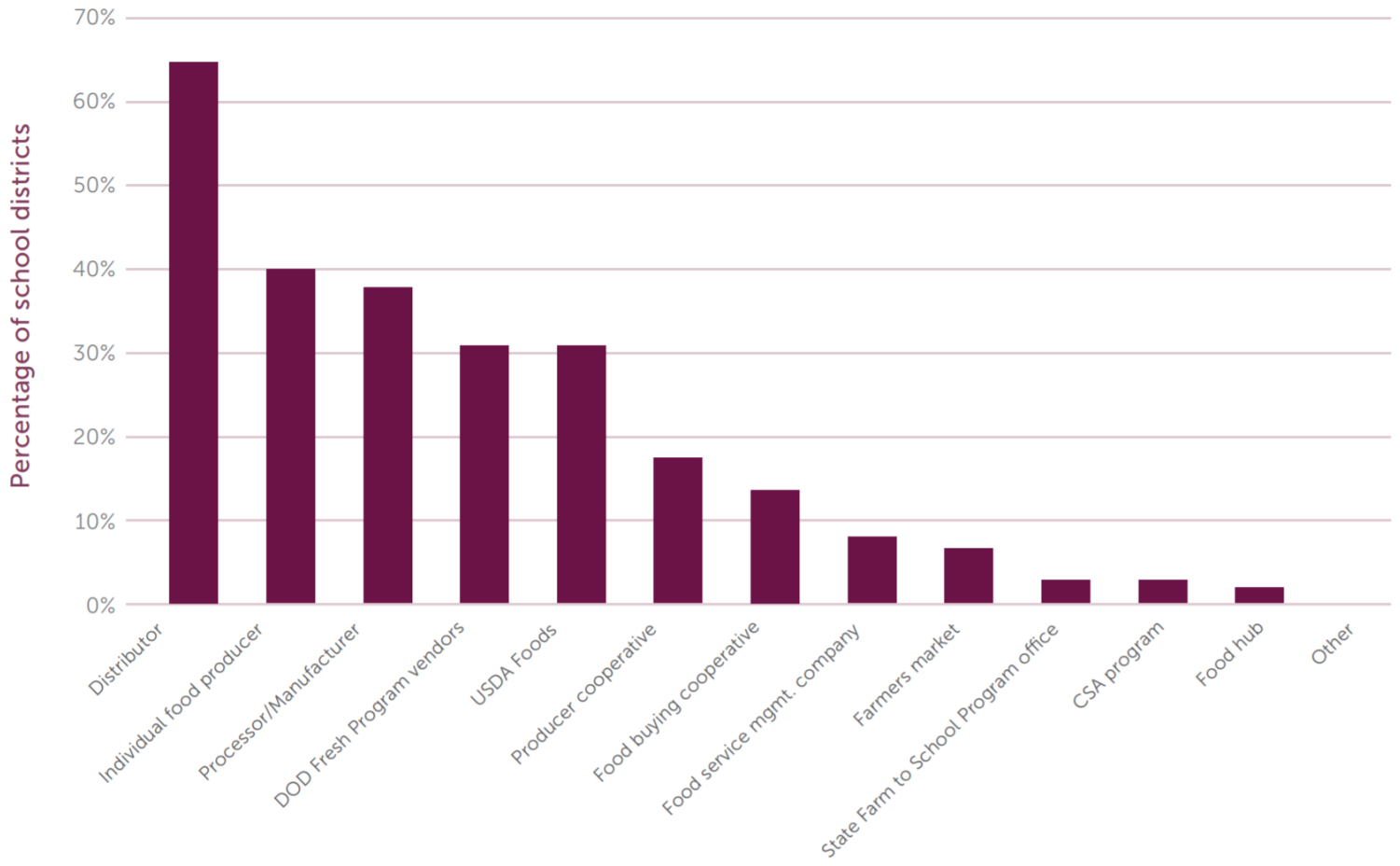
Many local food policies focused on local procurement



Source: National Farm to School Network 2019.

Supply chains used by school districts for local purchases

Source: Christensen et al. (2017) using data from the 2013-2014 Farm to School Census (USDA FNSa 2016).



Matt LeRoux, Cornell Cooperative Extension of Tompkins County

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COLORADO Department of Agriculture

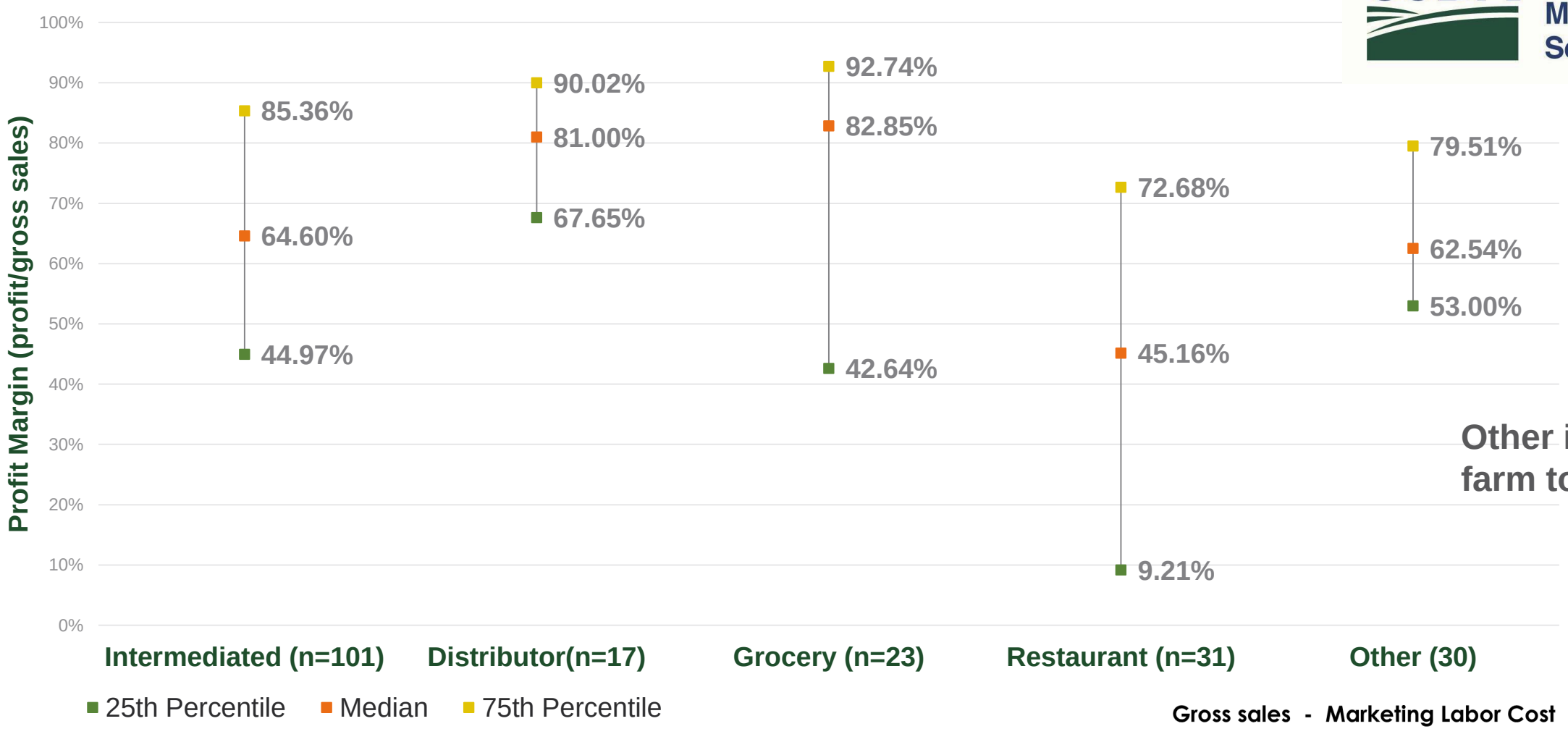
COLORADO FRUIT & VEGETABLE GROWERS ASSOCIATION

Colorado Farmers Market Association
connecting farmers and consumers

Market Channel Assessments

USDA Agricultural Marketing Service

Profit Margin Percentiles, Intermediated Channels



Other is mostly farm to school!

Gross sales - Marketing Labor Cost - Travel Costs

Profit Margin = ——————————————

Gross sales

Sales per Labor Hour Percentiles, Intermediated Channels

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USDA Agricultural Marketing Service

Sales/LHr = Gross sales / Marketing Labor Hours

Profit per Labor Hour Percentiles, Intermediated Channels

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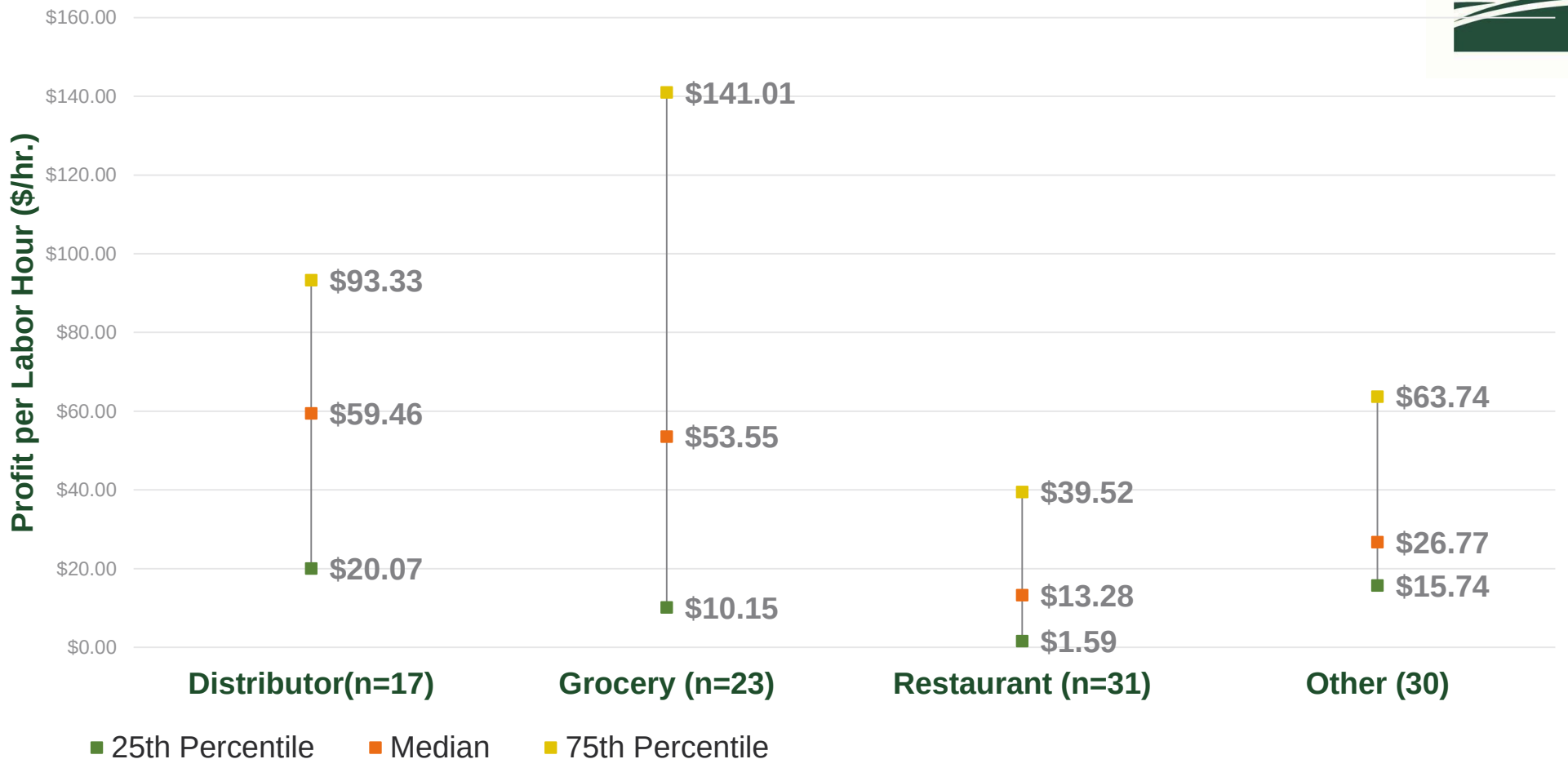


$$\text{Profit/Lhr} = \frac{\text{Gross sales - Marketing Labor Cost - Travel Costs}}{\text{Marketing Labor Hours}}$$

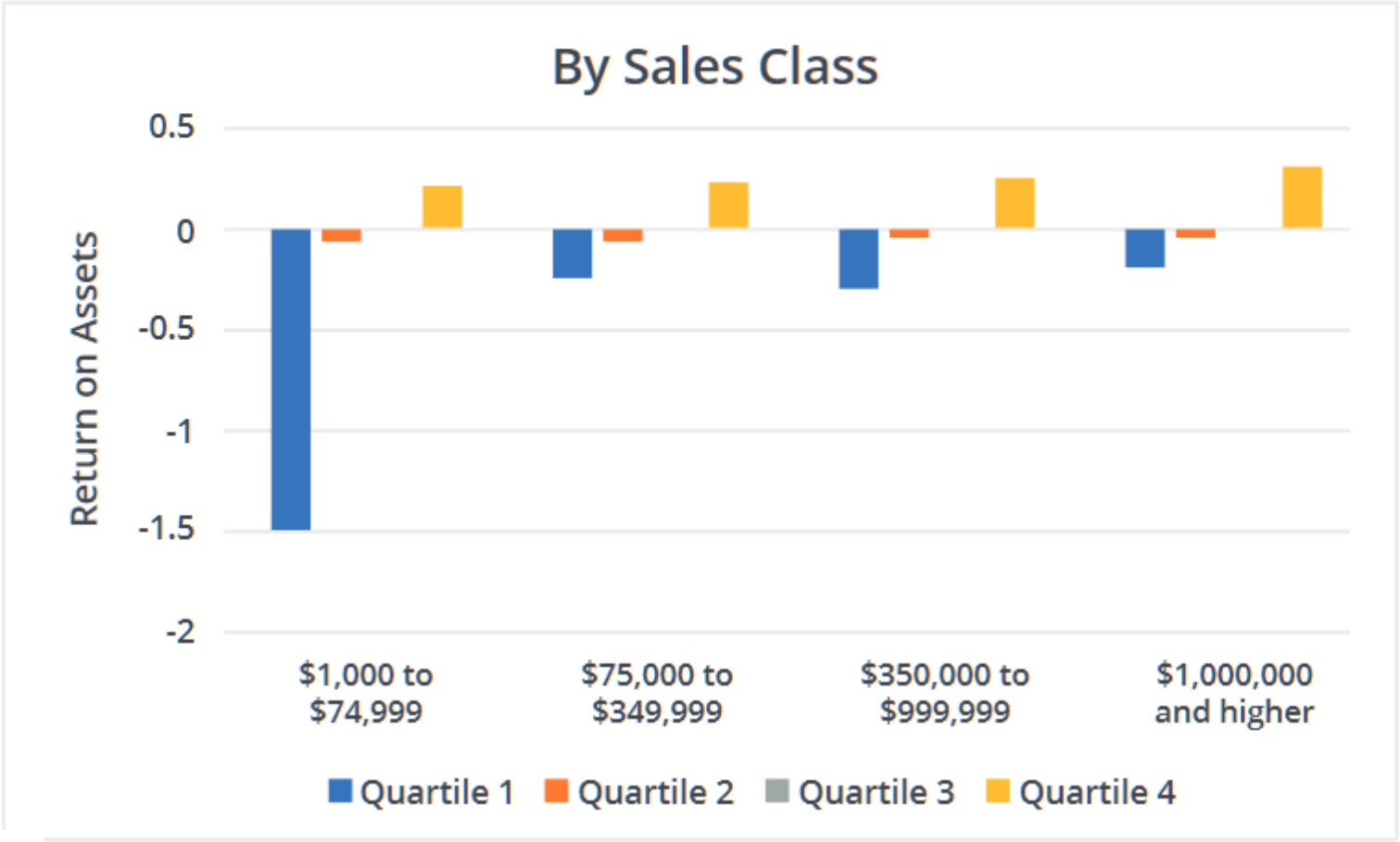
National Data: USDA ARMS sample of Local Food Producers, Farmers and Ranchers, 2013

- 2013 Phase III ARMS data
- Nationally representative survey that targets about 30,000 farms, providing annual, national-level data on farm business

	No. of observations	Population size
Market Channel		
D2C	664	124,186
Intermediated	136	11,703
D2CIntermediated	213	24,012
Alllocalfood	1,013	159,901
Nonlocalfood	16,416	1,935,568
Local food producers by farm scale (GCFI)		
1kto75k	534	112,563
75kto350k	214	21,104
350to1Million	104	3,922
Million and higher	107	3,607

Profitability by Scale and Channel

Return on Assets by Quartile (Quartile 4 is the most profitable)



NIFA

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Source: Bauman, A. G., D. Thilmany McFadden, and B.B.R. Jablonski. 2018. The financial performance implications of differential marketing strategies: Exploring farms that pursue local markets as a core competitive advantage. *Agricultural and Resource Economics Review*. 47(3):477-504.

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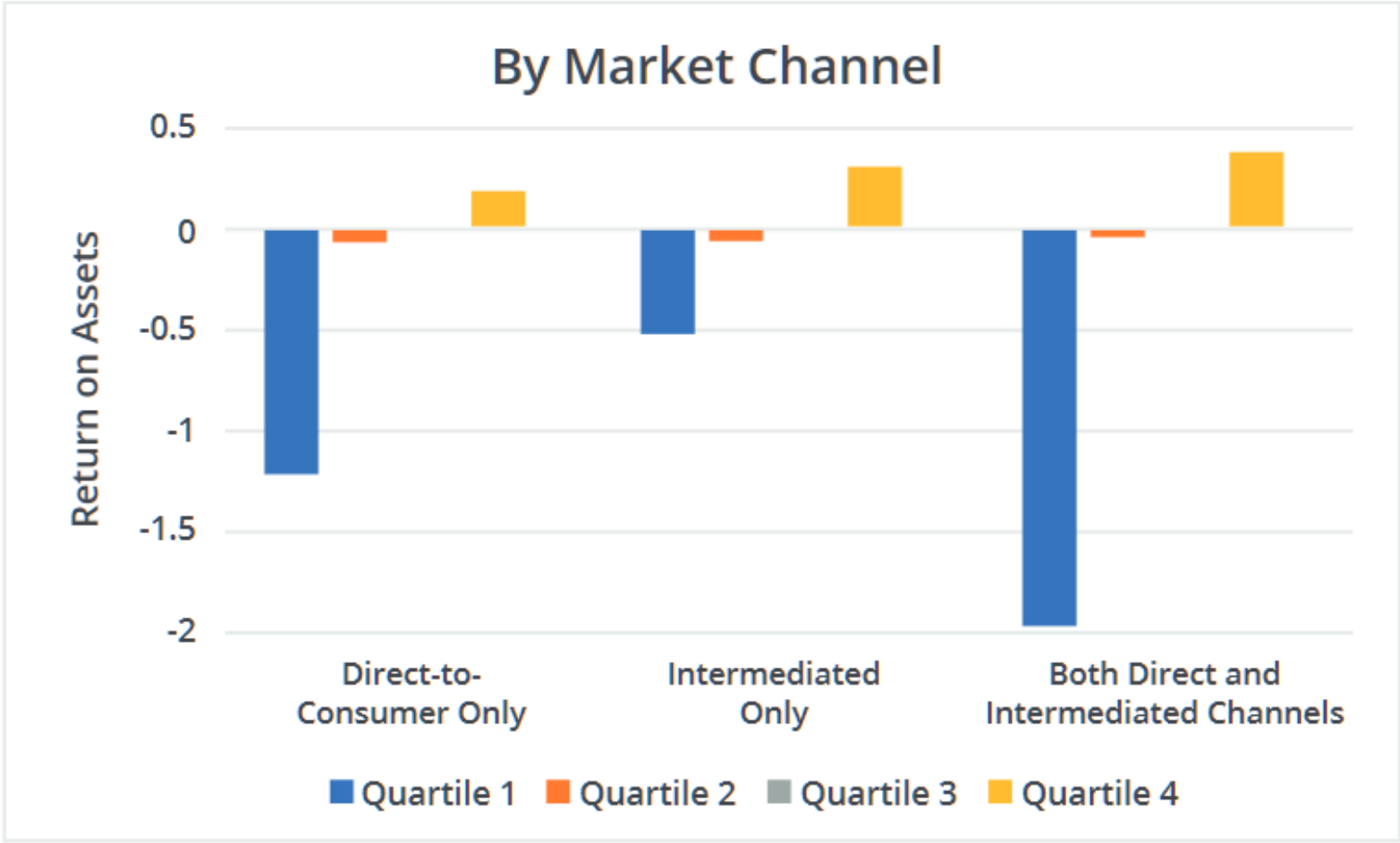

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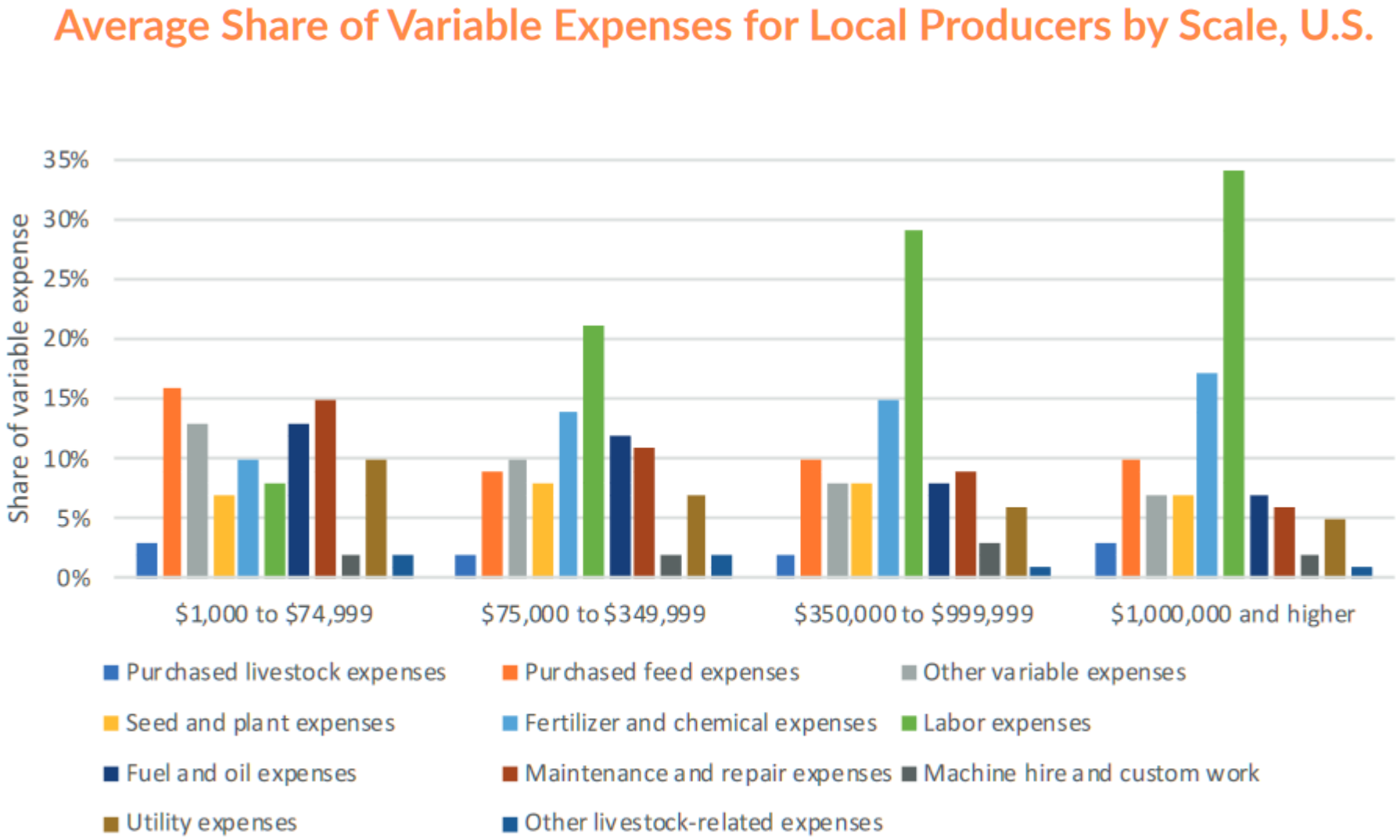
Relationship between farm to school intensity and ROA (profitability)

- Positive and significant effect for farms under $999,999 GCFI who are in the middle tier of performers
- Negative but not significant effect for farms over $1M GCFI

Datasets used:
- USDA's Agricultural Resource Management Survey (ARMS) 2013-2016
- USDA Food and Nutrition Service's FTS Census – 2013-2015
- NFSN's 2002-2017 State FTS Legislative Survey – 2002-2017

The Role of Labor and Other Variable Expenses



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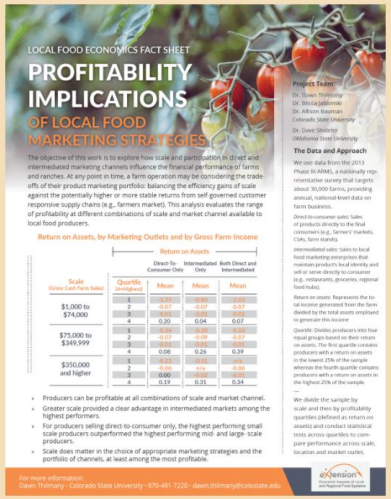
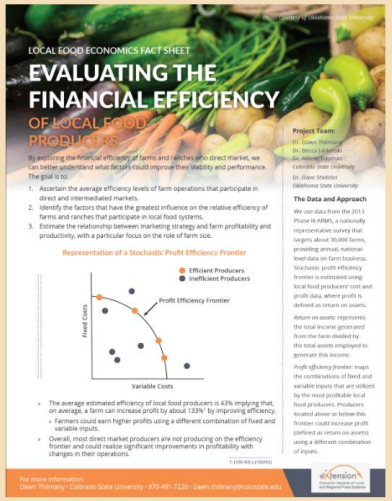
eXtension
Economic Impacts of Local and Regional Food Systems

FACT SHEETS

USDA Agricultural Marketing Service

FINANCIAL PERFORMANCE IMPLICATIONS OF LOCAL FOOD ENTERPRISES





NIFA

LocalFoodEconomics.com

Other things we're learning about the type of F2S activity and school participation

Matching the two years of F2S Census Data

Only 7,330 School districts could be matched (out of ~9,900 in first Census)

	Number of Districts	%
1) Not adopting F2S 2011/12 & 2013/14	3,348	45.67%
2) Adopting F2S in 2011/12 not in 2013/14	862	11.76%
3) Adopting F2S in 2013/14, not in 2011/12	1,021	13.92%
4) Adopting F2S in 2011/12 and 2013/14	2,099	28.65%
Total (Matched)	7,330	

2,961 School districts had F2SP in 2011/2012; about 29% declared not to participate in F2S in the school year 2013/14 (groups 2 + 4)

Mendis & Bonanno - Too Cool for Farm to School? Factors Affecting School Districts Discontinuing Farm to School Programming. Organized Symposium "Effectiveness of Farm-to-School Programming: Data Availability and Preliminary Evidence" 2018 WAEA conference, Anchorage, AK.

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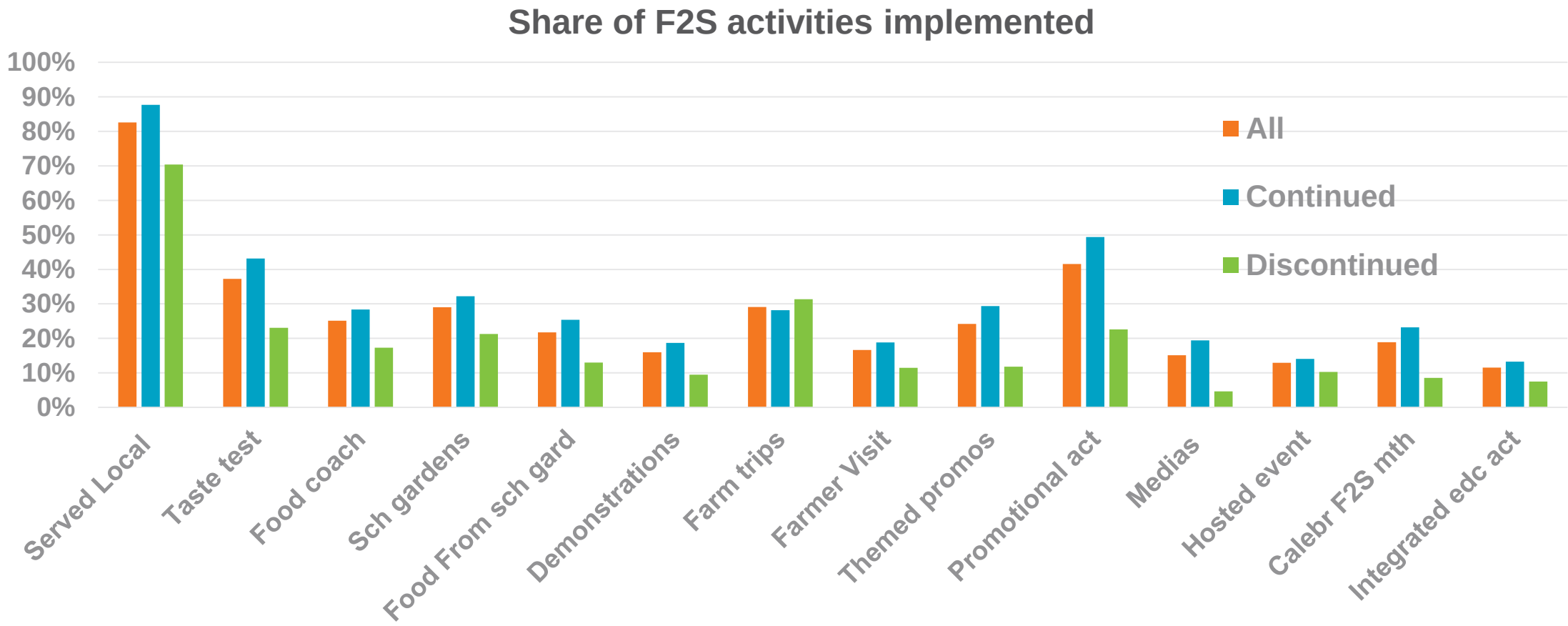

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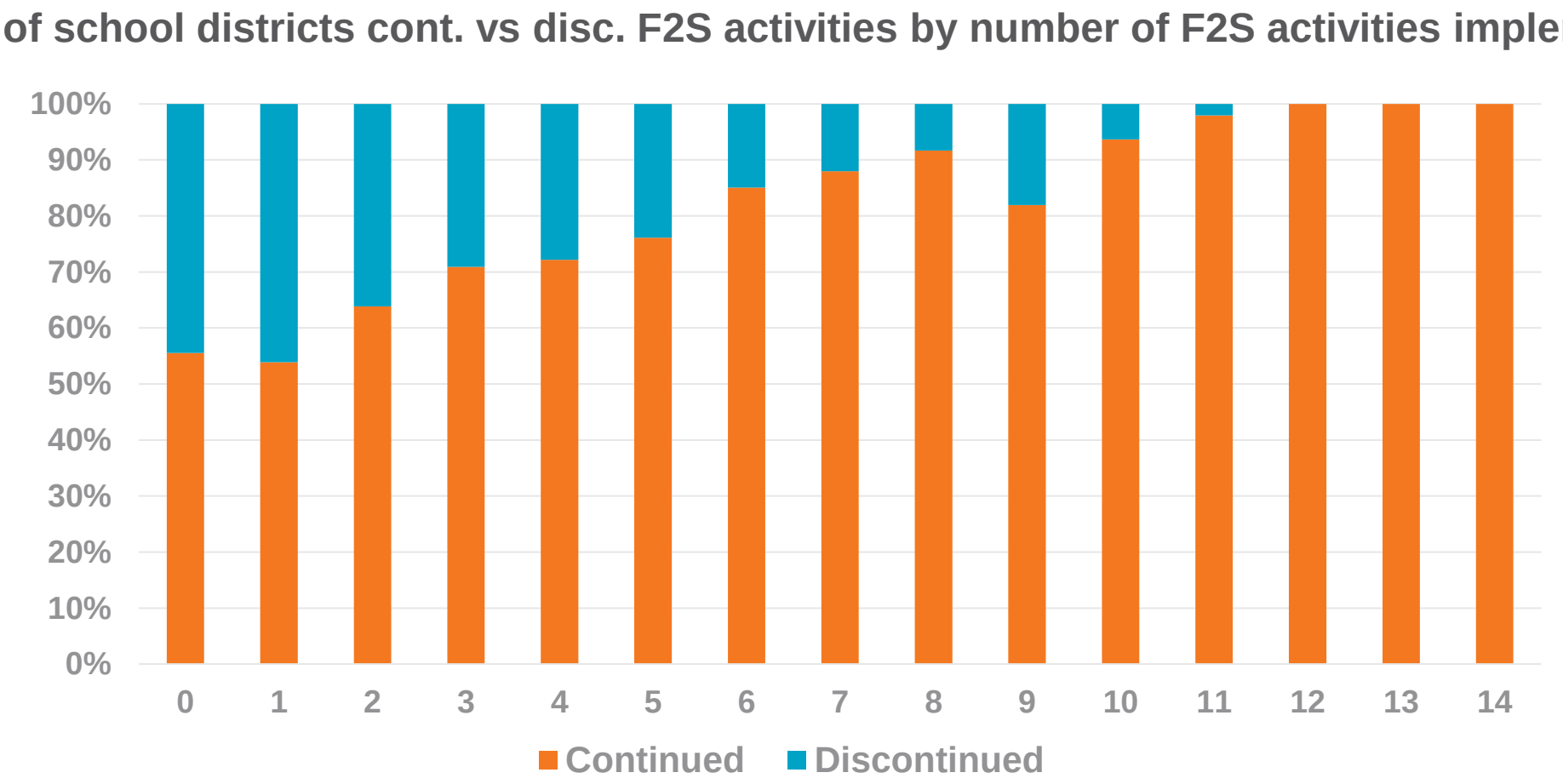

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