

## Incentive Fund for Values Based School Meals



April 18, 2022

Honorable Governor Newsom  
Honorable Senator Skinner  
Honorable Senator Laird  
Honorable Senator Wieckowski  
Honorable Assemblymember Ting  
Honorable Assemblymember Bloom

*Submitted via electronic mail*

### **Re: Budget request of \$75 million, Incentive Fund for Values Based School Meals**

Dear Governor Newsom:

We were pleased to see your proposed Fiscal Year 2022-2023 budget released January 10, 2022 and its bold commitment to addressing climate change, among other important public issues.

From a food system standpoint, we were very pleased to see your provisions regarding the farm to school program, and especially the generous funding for kitchen infrastructure for our public K-12

schools. Our public schools are among the largest food service providers, and they serve our most vulnerable populations.

We have a proposal for how the State of California can achieve even more toward its climate and labor goals by using their public food purchasing dollars for the public good, by creating an incentive program for the purchase of “Good Food” – which we define as produced in a manner that is climate smart, ecologically sound, respects fair labor standards, supports high welfare standards for farm animals, and provides support to our local economies.

***This proposal will work synergistically with, and is complementary to, shared goals for scratch cooking in California schools (along with its good job creation and upskilling), as well as California goals for climate action and equity.***

#### **RECOMMENDATION: GOOD FOOD PURCHASING PILOT PROGRAM**

**Request: \$25million/year for three years (total: \$75 million), to be administered by the Department of Education**

We propose a pilot program: a Good Food Purchasing Incentive Fund for California school districts currently enrolled in the Good Food Purchasing Program.

The pilot would provide three years of grant funding to California school districts that seek to improve their ranking in the Good Food Purchasing Program (explained further below), which provides a metric-based, flexible framework that directs the buying power of large institutions (including school districts) toward supporting five important categories: local economies, environmental sustainability, valued workforce, animal welfare and community health - overlain by commitments to equity, transparency, and public accountability.

**In California alone there are 21 institutions enrolled in the Program, representing thousands of individuals served by school districts, hospitals, correctional facilities, and other public food service settings.** A number of institutions were enrolled via council or board motion, or executive order. **The 14 California school districts currently enrolled in the program include the largest in the state and are located throughout, geographically, including:** Berkeley, Escondido, Fresno, Hueneme Elementary, Los Angeles, Oakland, Ocean View, Oceanside, Ojai, Oxnard Elementary, Rio, San Francisco, Ventura, and West Contra Costa.

We estimate that for the pilot phase of the program, a minimum investment of \$25 million per year<sup>1</sup> (for a total of \$75 million over three years) would be needed to develop the program with

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<sup>1</sup> \$22.3 million for incentive grant disbursement annually; \$2 million for grant administration, technical assistance, and network management; \$700,000 for third-party monitoring, evaluation, and communication.

the 14 California school districts currently enrolled in the Good Food Purchasing Program (“GFPP”; detail on the program below). School districts currently enrolled in the Good Food Purchasing Incentive Fund pilot cohort would receive:

- **Annual incentive payment of \$0.25 per meal**, through a competitive grant process, to meet purchasing targets in five value categories and commitments to transparency, equity, and accountability<sup>2</sup>;
- **Monitoring and evaluation**: Each enrolled district would receive third-party supply chain verification and annual assessment support to assist with data collection, source-verification, and reporting on progress towards stated goals.
- **Access to additional grant funds** through the pilot program to support necessary staffing, such as value chain coordination consultants, infrastructure, marketing expenses, and other one-time costs to effectively use the additional per meal investment.
- **Staff support** at the California Department of Food and Agriculture (CDFA) of 1 FTE for equitable value chain coordination and 1 FTE nutrition education specialist;
- **Access to a peer-learning network** to share best practices in achieving the goals of the program;
- Districts not currently participating in the Good Food Purchasing Program could also apply for grant funds through the same funding pool to cover the cost of a baseline purchasing assessment. This way additional schools committed to values-based procurement could access incentive payments in future years.

We recommend that the pilot be placed with the California Department of Education (CDE), in that CDE is already operationalized to provide reimbursements for school meals throughout California. Their existing experience will facilitate the implementation of this program as a pilot. Greater detail on the concept of how this program works is available upon request. Our suggestion is that they develop the program and award grants in consultation with CDFA.

**Potential Climate, Environmental and Wage Impact of Good Food Purchasing Incentive Fund Pilot for CA School Districts:** With the launch of universal meals in SY 2022-2023, we estimate the 14 districts enrolled in the GFPP have the potential to spend as much as \$356.4M annually on school meals, serving as many as 338.4M meals annually.

If the 14 school districts enrolled in GFPP made the following shifts with the estimated \$356.4 M California funds spent on food through the school meal programs annually, they could have the following impacts on local jobs and wages, and the environment.

- Increasing procurement from local and regional producers and suppliers to 30% of all food purchases would **increase local employment by 828 jobs, equivalent to annual local wages of \$41 million.**

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<sup>2</sup> We arrive at this number of \$0.25 per meal based on consultation with school districts enrolled in our program.

- Reducing conventionally raised grain-fed beef by 30% and replacing with plant-based proteins, like beans and legumes, would **reduce carbon emissions by 126 M lbs** (equivalent to taking 12,359 passenger vehicles off the road annually) and **decrease water use by 597 M gallons** (equivalent to meeting the annual water needs of 11,853 households)
- Replacing conventional with certified USDA organic for the 20 most commonly purchased produce items by school districts would **avert 24,000 lbs of synthetic pesticides on over 2,000 acres of farmland** (equivalent to over 1,500 football fields), building soil health, mitigating climate change, protecting air, water, and habitats, and reducing the health impacts of acute and chronic pesticide exposure on farm workers and farming communities

Pilot program results will inform potential statewide expansion to all California school districts. Additional cohorts can be added each year to increase the number of participating institutions.

## **BACKGROUND**

The Good Food Purchasing Program (GFPP) is a proprietary program of the Center for Good Food Purchasing. It is a rating and evaluation program designed for adoption by large food service institutions. Over the last decade a growing network of grassroots coalitions, institutions, local policymakers, national partners<sup>3</sup>, and funders around the country have unified under the Good Food Purchasing framework due to its rigorous process and comprehensive nature, prioritizing all five values with equal weight: health, local economies, sustainability, animal welfare, and valued workforce. The program is now in 24 regions and over 60 institutions nationally (including LA, Chicago, New York, and many other areas). The Center is evaluating over \$1 billion in food purchasing data, and managing relationships with hundreds of representatives of governments, institutions, and community based organizations. Nationally, the Center works with 27 school districts, 8 correctional facilities, 5 hospital systems, 27 municipal departments that serve the aging or homeless, and others.

Core attributes of GFPP, which have led to its international recognition<sup>4</sup> and success, are its proprietary metric based ranking system that provides transparency and feedback to enrolled institutions on the impact of their purchasing in the five core value categories: local economies, environmental sustainability, valued workforce, animal welfare and community health and nutrition; rooted in the principles of transparency, equity and accountability. These value categories bring institutional purchasing more in line with the true value of food; that is, food which more accurately reflects the costs of production when values respecting people and planetary well being are taken into account.

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<sup>3</sup> National partners include: ASPCA, Center for Good Food Purchasing, ChangeLab Solutions, Farm Forward, Food Chain Workers Alliance, Friends of the Earth, HEAL Food Alliance, International Brotherhood of the Teamsters, Johns Hopkins Center for a Livable Future, National Resources Defense Council, Real Food Media, Slow Food USA, United Food & Commercial Workers, Union of Concerned Scientists.

<sup>4</sup> The Good Food Purchasing Program received recognition in 2018 with the Future Policy Award of the World Future Council, the Food and Agriculture Organization of the United Nations, and IFOAM Organics International.

California school districts enrolled in GFPP are eager to rank well in the program and have made meaningful strides in increasing the amount of food that aligns with the five value categories by approximately 15% per value category each year (see detailed breakdown of how aggregate food purchases align with Good Food Purchasing Standards in footnote 4 below).<sup>5</sup> However, for most large institutions, the constraints of their budgets are a limiting factor toward an even more valuable contribution to the public good.

A key recommendation to address this gap is to increase per meal reimbursement rates for school districts committed to aligning their food purchases with their values. Based on information from food service providers at school districts, an additional \$0.25 per meal would provide the ability to purchase food that reflects the true cost of its production across the value categories. Such a program must be combined with a source-verification and a public accountability mechanism that commits institutions to setting, monitoring, and reporting publicly on progress, and achieving targets in each of the five value categories with commitments to racial equity, supply chain transparency, and public accountability.

#### **The Power of Public Food Procurement:**

In a recent report the Center for Good Food Purchasing co-authored with The Rockefeller Foundation titled [True Cost of Food: School Meals Case Study](#), it is estimated that investment in the US school meals program returns a net benefit of \$21 billion to society, and that additional investments to optimize procurement could create over \$1.2 billion in additional value related to increased wages and decreased carbon emissions and water usage. These benefits could be realized in California through the incentive program we recommend.

**The Benefits of Local Food Purchasing by Institutions:** It is important to factor in the multiplier effect in local food purchasing - in other words, the direct (dollar spent), indirect (inputs purchased for production) and induced (subsequent spending of income or creation of jobs by the local supplier) - benefits of purchasing from a local supplier. An average estimate is that for every dollar spent purchasing food locally, an additional 60% is returned to the local economy.<sup>6</sup>

**The Need to Prioritize Fair Labor in Public Purchasing:** Our food security and reliable supply chains do not exist without labor in every step of the way. Frontline food workers ensure we are fed, yet they're the lowest paid workers in the U.S. In addition to poverty wages, they experience high rates of workplace injury and illness, sexual harassment, retaliation, and are often denied paid sick days and affordable healthcare. This is disproportionately true for food workers from BIPOC communities and

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<sup>5</sup> Aggregate breakdown across 14 GFPP school districts of the amount of food purchases currently invested in supply chains that align with the Good Food Purchasing Standards, based on the districts' most recent assessments: (1) Local Economies: Overall: 17.6% (\$34.8 M); BIPOC owned businesses: 1.0% (\$1.98 M); Small farms: 0.4% (\$790,000); Women owned businesses: 1.2% (\$2.4 M) | (2) Environmentally sustainable: Overall: 1.9% (\$3.76 M); Organic: 0.7% (\$1.39 M) | (3) Valued workforce: Overall: 17.5% (\$34.7 M); Union: 17.3% (\$34.2 M) | (4) Animal welfare: Overall: 9.1% (\$18 M) | (5) Nutrition: Whole/minimally processed: 26.9% (\$53.3 M); Fruits/vegetables/whole grains: 19.7% (\$39 M)

<sup>6</sup> *Economic Contribution and Potential Impact of Local Food Purchases Made by Vermont Schools* (Center for Rural Studies at the University of Vermont, 2016).

[https://agriculture.vermont.gov/sites/agriculture/files/documents/Farm\\_to\\_School\\_Institution/Economic%20Contribution%20of%20Farm%20to%20School%20in%20Vermont%20.pdf](https://agriculture.vermont.gov/sites/agriculture/files/documents/Farm_to_School_Institution/Economic%20Contribution%20of%20Farm%20to%20School%20in%20Vermont%20.pdf). See also, <https://uhero.hawaii.edu/multipliers-and-the-effectiveness-of-government-policies/>.

has been exacerbated by the current pandemic to deadly proportions. Public procurement must prioritize purchasing from suppliers who respect workers' right to organize, ensure healthy and safe working conditions, and pay living wages to frontline food workers across the supply chain.

**The Need to Prioritize Climate Smart, Environmentally Sound and Higher Welfare Production**

**Practices:** You are no doubt well aware that agriculture is a leading source of greenhouse gas emissions, particularly methane. Most estimates are that agriculture contributes 20-30% of greenhouse gas emissions, the majority of which come from livestock production. Industrial animal agriculture is water-intensive, produces billions of pounds of manure, pollutes our air and critical water sources, and harms rural communities. Crop production also has negative impacts, as the use of non-organic pest control practices can adversely impact the workers and communities (including school children) near farms. Agricultural production practices should improve the environment and positively impact ecosystem services such as soil health and water quality, not harm them. Using public procurement dollars to promote production practices that prioritize the well being of the planet as well as people and animals is vital during this time of destabilizing climate change. We need to create more opportunities and incentives for our California farmers and ranchers who wish to pursue climate smart and higher welfare ranching and farming practices.

**Precedent Exists for Local Food Incentives: California Can Lead The Way by Creating Incentives for**

**Environmental and Equitable Purchasing:** This concept builds on the local food incentive models already established in New York, Michigan, New Mexico, and Oregon. An important next step is expanding these models to include purchasing incentives to support the other valued attributes of an equitable, environmentally sustainable, and healthy food system. Increased attention is warranted in local sourcing programs to bring producers and food business owners of color into robust and durable relationships with the school food supply chain, as well as supply chain businesses committed to worker health and well-being in order to increase equitable sourcing of food that is served to large numbers of people from low-income communities and communities of color.

This undertaking could serve as a proof point to inform future institutional meal reimbursement policy initiatives at state and federal levels.

**A Time to Lead**

This is a moment of unprecedented opportunity. Over the last year, the federal government has made significant commitments and funding opportunities to promote health equity, advance racial justice, fight climate change, protect workers' rights, and strengthen local and regional economies – all through the lever of food procurement. We believe that California can establish itself once

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again as a national leader by demonstrating how public dollars invested in the school meal program can serve the public good.

Thank you for considering these comments.

Sincerely,

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