

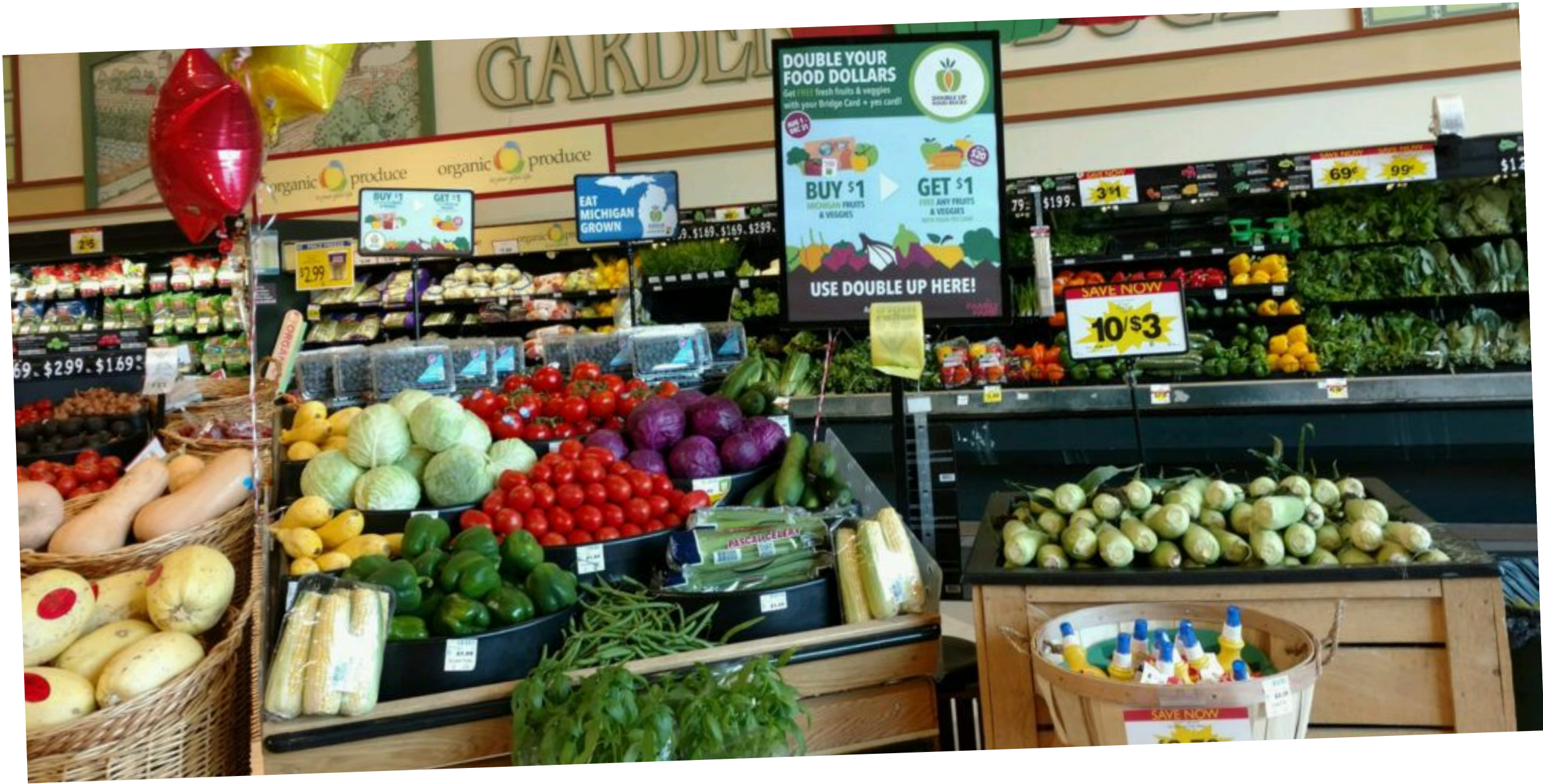
Tensions and Trade-offs in Food System Work

Becca Jablonski

Assistant Professor & Food Systems Extension Economist | [Colorado State University](#)

Massachusetts Food System Forum
College of the Holy Cross | Worcester, MA
November 22, 2019





GARDEN

organic produce organic produce

BUY 11 GET 11

EAT MICHIGAN GROWN

DOUBLE YOUR FOOD DOLLARS
Get 11x fresh fruits & veggies with your Bridge Card + yes card!
BUY \$1 MICHIGAN FRUITS & VEGGIES
GET \$1 FREE ANY FRUITS & VEGGIES
USE DOUBLE UP HERE!

SAVE NOW
10 \$3

SAVE NOW
69¢ 99¢

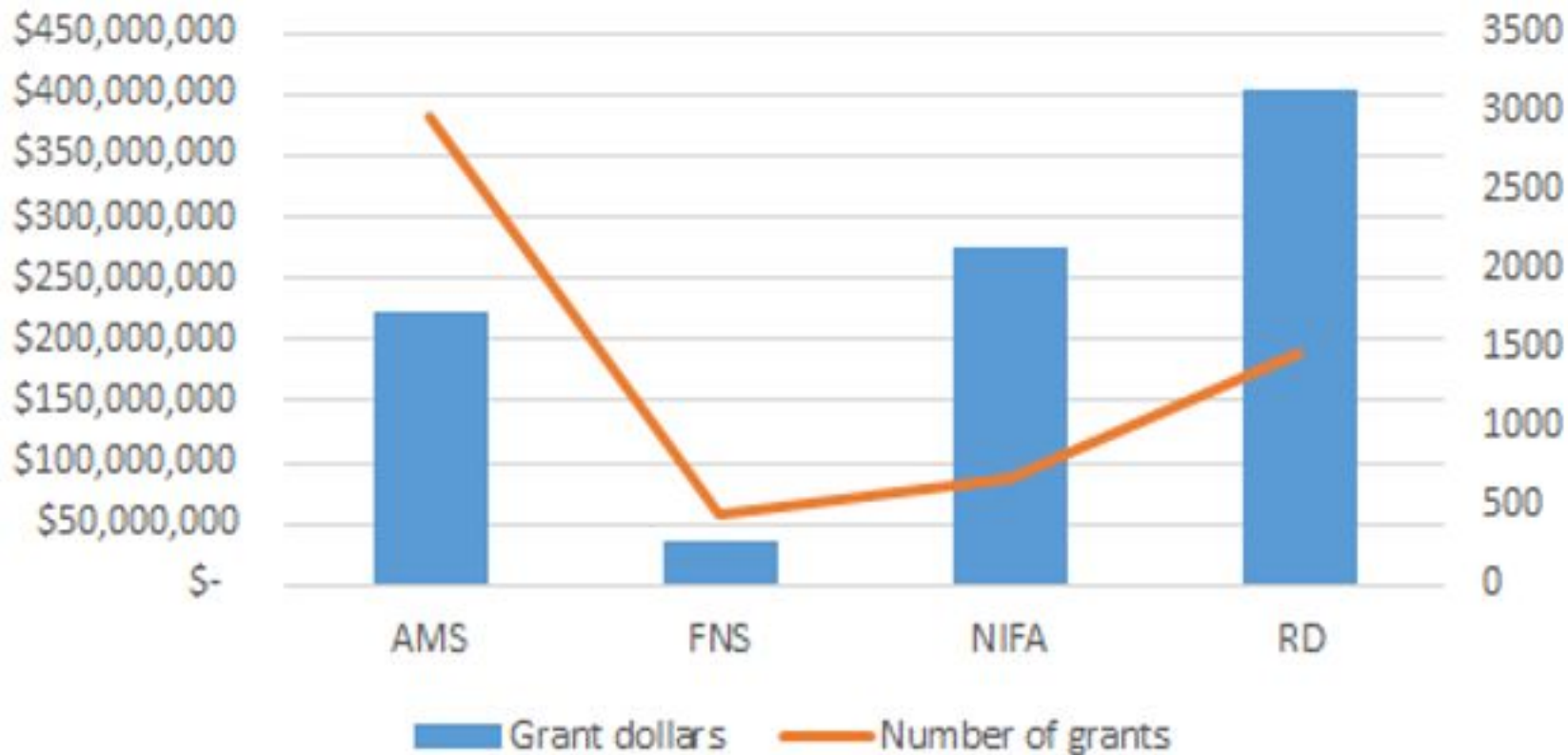
69¢ \$2.99 \$1.69

79¢ \$1.99

\$1.29

SAVE NOW
\$4.99

Selected USDA Investments in Local and Regional Food Systems from 2008-2017 by Agency



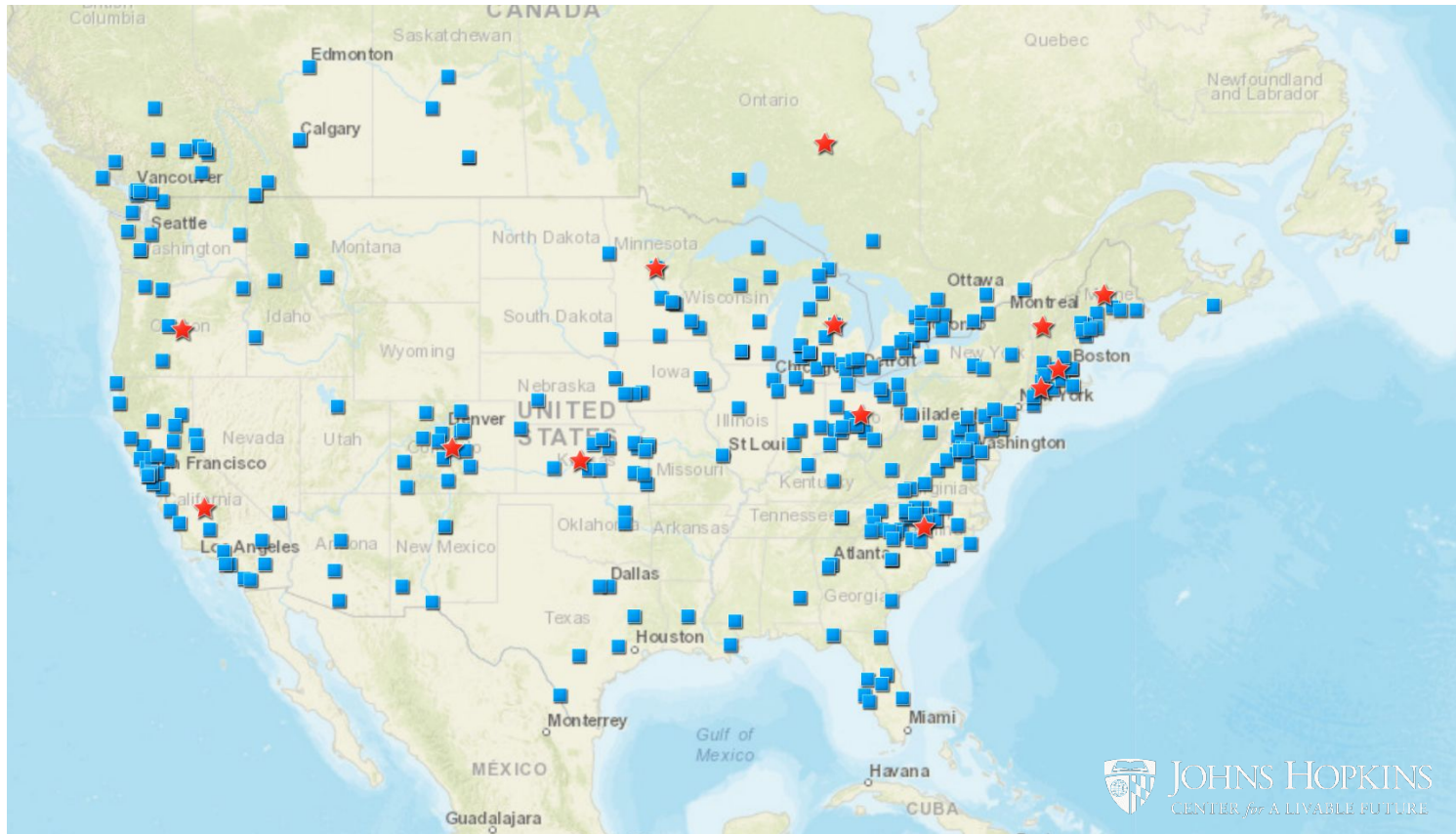
Clark, J.K. and B.B.R. Jablonski. 2018. "Federal Policy, Administration, and Local Food Coming of Age." Choices. Quarter 3. Available online: <http://www.choicesmagazine.org/choices-magazine/theme-articles/the-promise-expectations-and-remaining-questions-about-local-foods/federal-policy-administration-and-local-food-coming-of-age>

Notes: AMS = Agricultural Marketing Service; FNS = Food and Nutrition Service; NIFA = National Institute of Food and Agriculture; RD = Rural Development)



Active Food Policy Councils

Food Policy Networks Map, North America



- In 2016, over 300 active Food Policy Councils (Sussman and Bassarab 2017)
- 52 Food Policy Councils published food plans between 2010 and 2017.

Source: Johns Hopkins Center for a Livable Future, 2019






“Pioneered in 1993, **Community Involved in Sustaining Agriculture (CISA)** was committed to the idea that knowing where your food comes from, makes both good **health** and **economic** sense.”

<https://www.mass.gov/service-details/buy-local-groups>



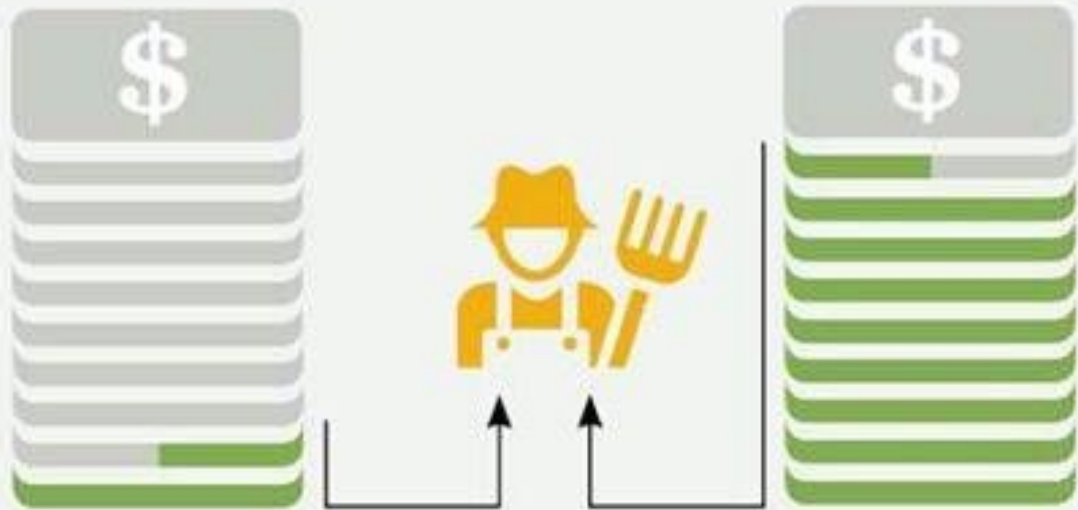
A decorative graphic on the left side of the slide consists of several orange hexagons of varying sizes and orientations, some overlapping, set against a dark green background. The hexagons are arranged in a vertical, slightly curved pattern, with some having a drop shadow effect.

What do we know about the health and economic benefits of local food?



American
Farmland
Trust

1 Farmers win.



In general, farmers and ranchers only receive **\$1.55 of \$10** spent on food. The rest goes to marketers, processors, wholesalers, distributors and retailers.

For every \$10 spent on local food, farmers get closer to **\$8-9**.

2 Your community wins.

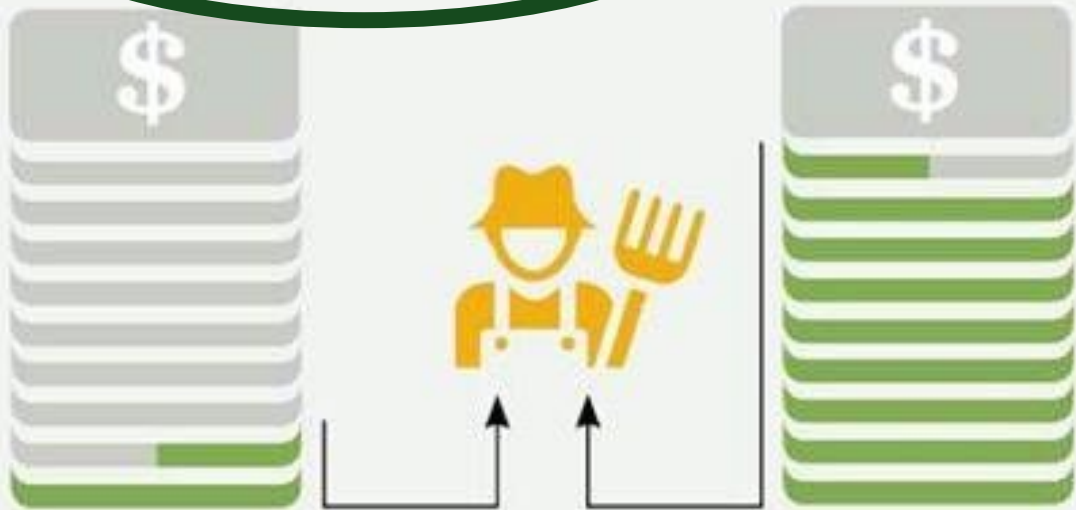


For every \$10 spent at a farmers market, studies show that as much as **\$7.80 is re-spent in your community**, supporting local jobs and businesses.



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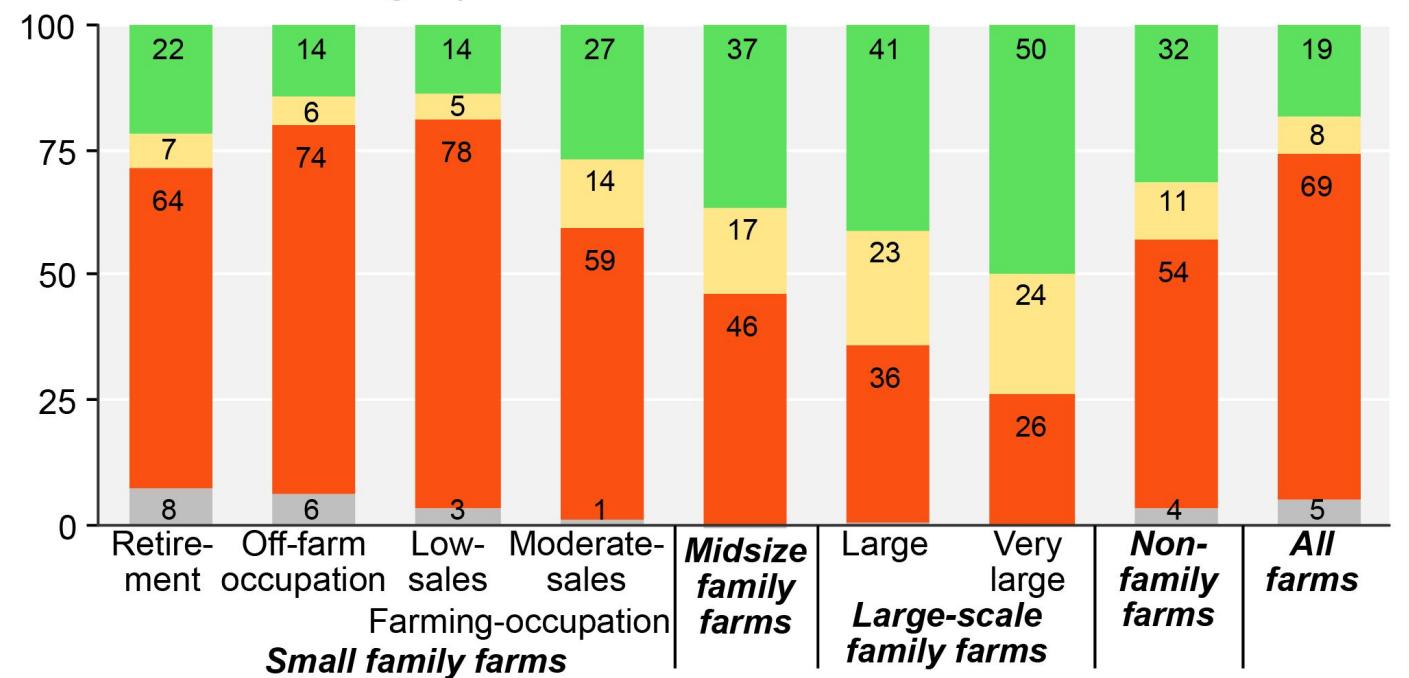
Profit Margin Increases with Farm Size

Farms by operating profit margin (OPM) and farm type, 2015

■ Green zone: low risk level (OPM > 25%)
 ■ Red zone: high risk level (OPM < 10%)

■ Yellow zone: medium risk level (OPM 10-25%)
 ■ Not calculated

Percent of farms in each group



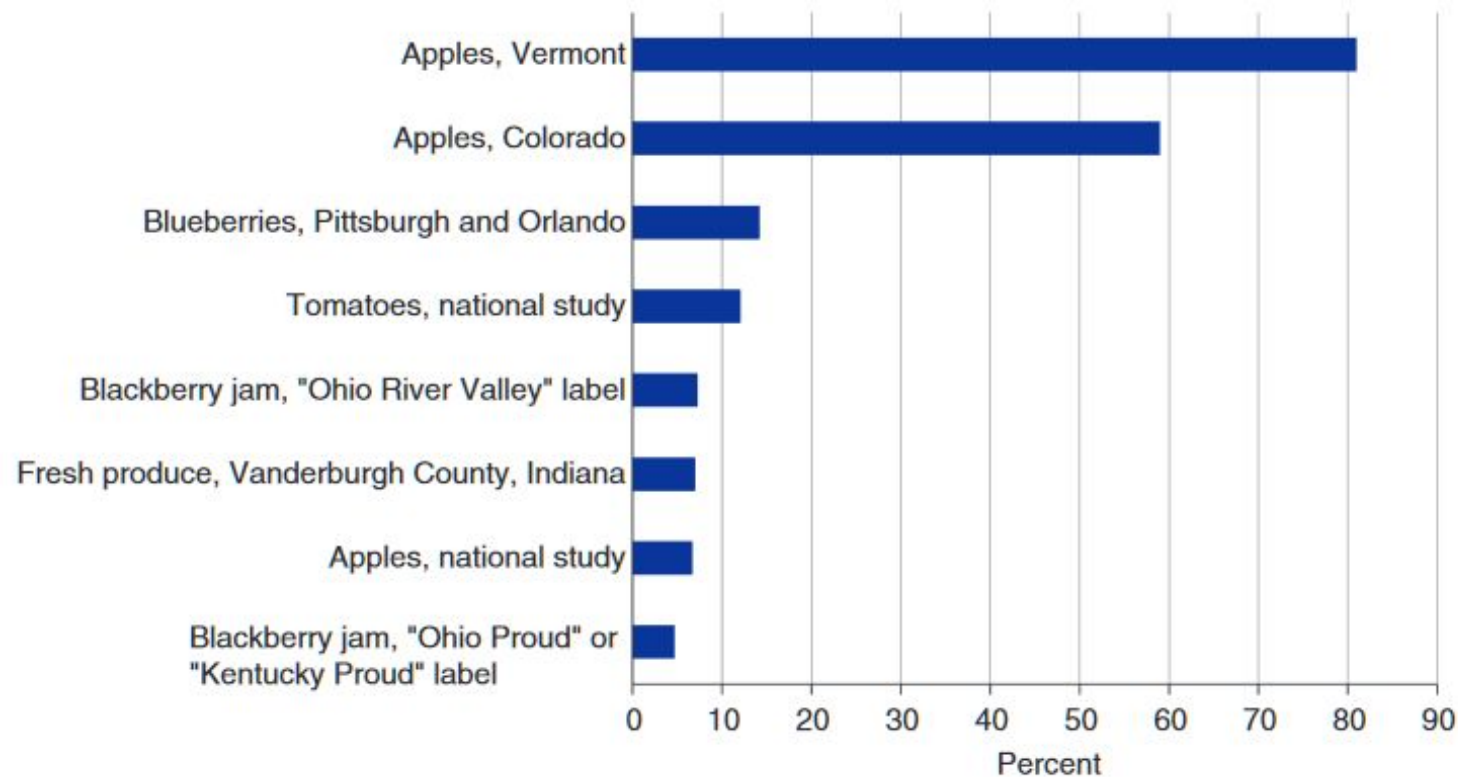
Notes: Operating profit margin (OPM) = 100% x (net farm income + interest paid – charge for operator and unpaid labor – charge for management) ÷ gross farm income. Small family farms have annual gross cash farm income (GCFI) < \$350,000. Midsize family farms have GCFI of \$350,000-\$999,999. Large-scale family farms have GCFI of \$1,000,000 or more.

Source: USDA, Economic Research Service and National Agricultural Statistics Service, 2015 Agricultural Resource Management Survey (data as of December 2016).



Documented consumer willingness to pay a premium for local food

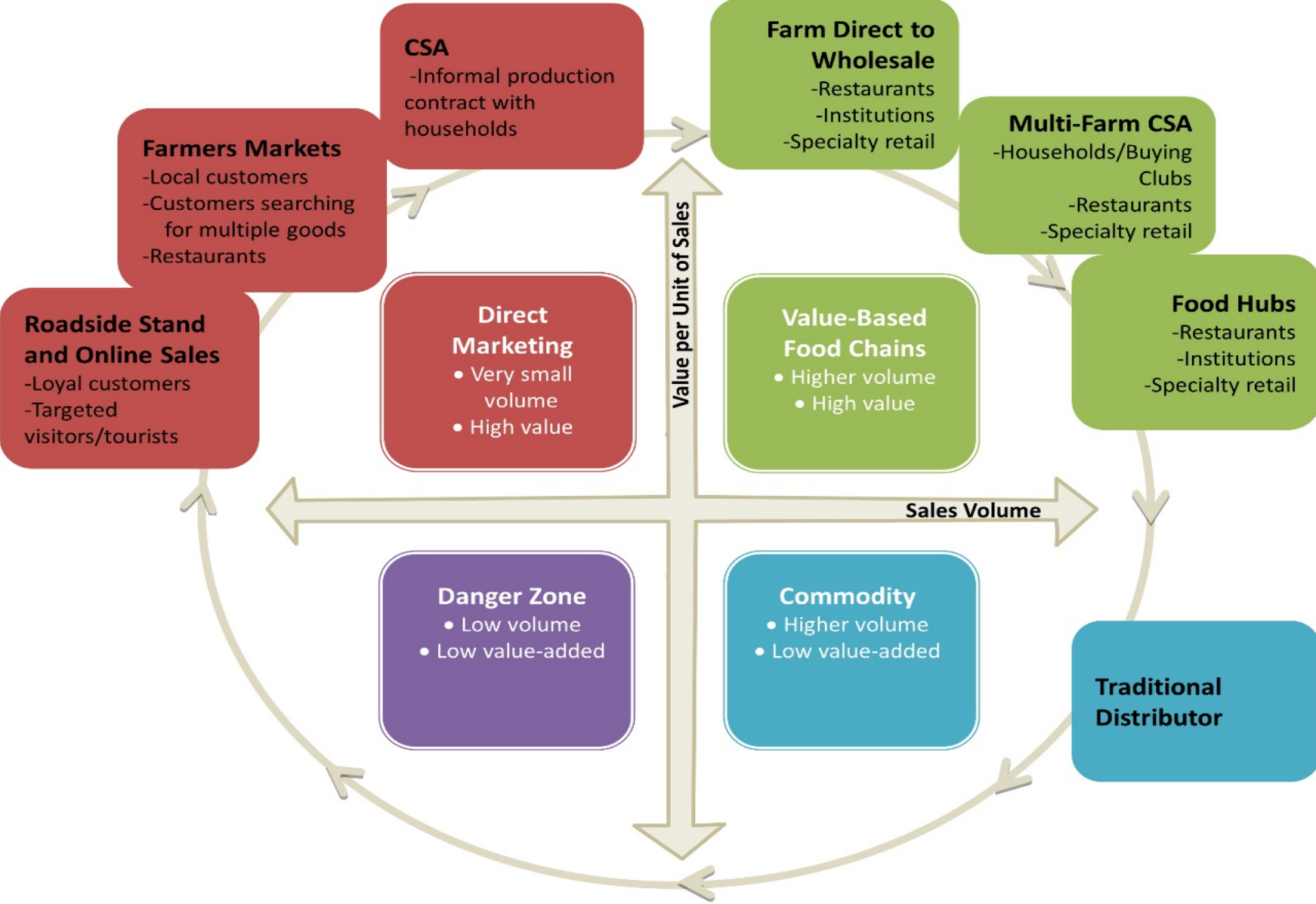
Willingness to pay for local food (percent premium)



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.

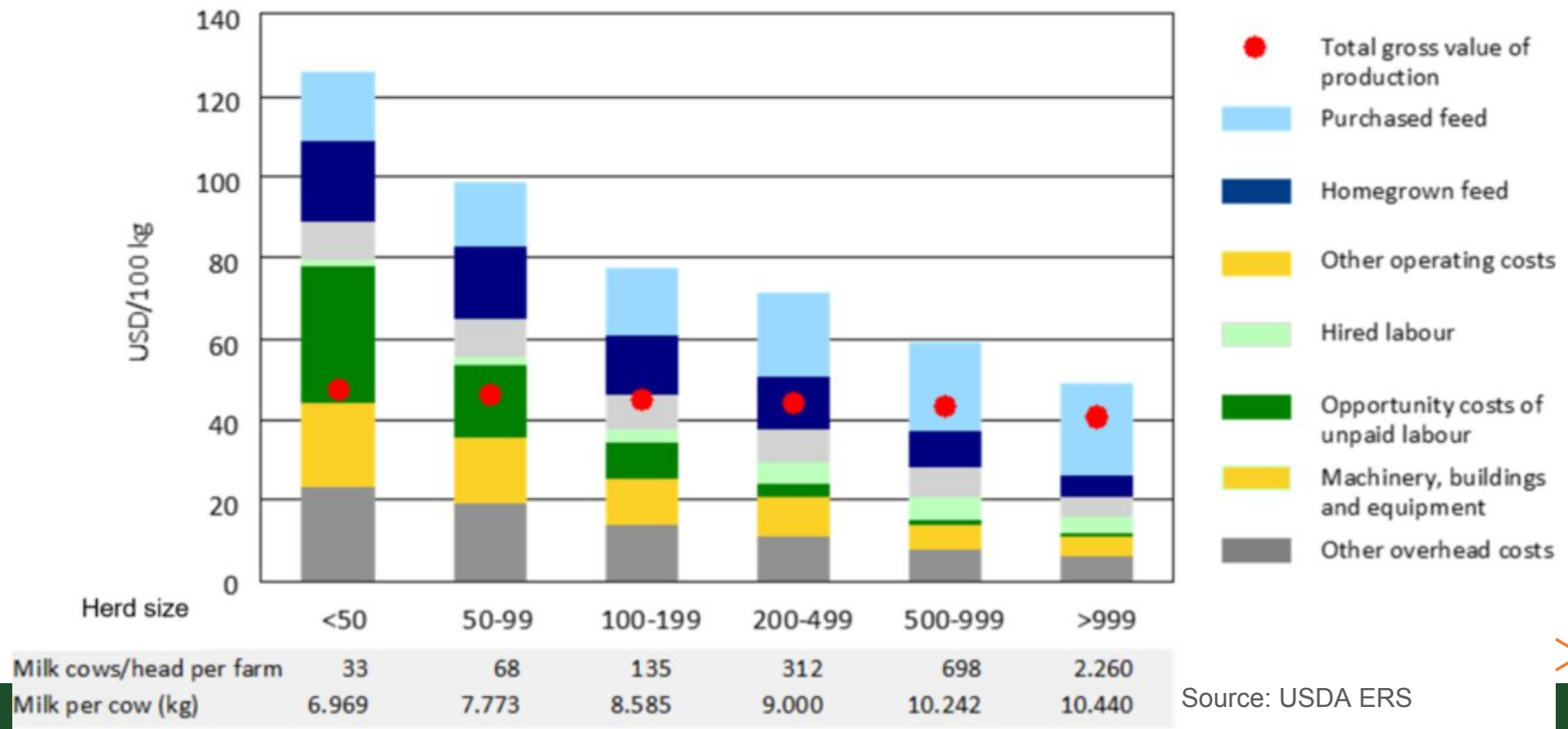
Source: Low, S.A., A. Adalja, E. Beaulieu, N. Key, S. Martinez, A. Melton, A. Perez, K. Ralston, H. Stewart, S. Suttles, S. Vogel, and B.B.R. Jablonski. 2015. Trends in U.S. Local and Regional Food Systems. U.S. Department of Agriculture, Economic Research Service. Administrative Publication Number 067.

Different business models will work for producers based on competitive advantage



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

Costs of Production US Dairy Farmers, 2017

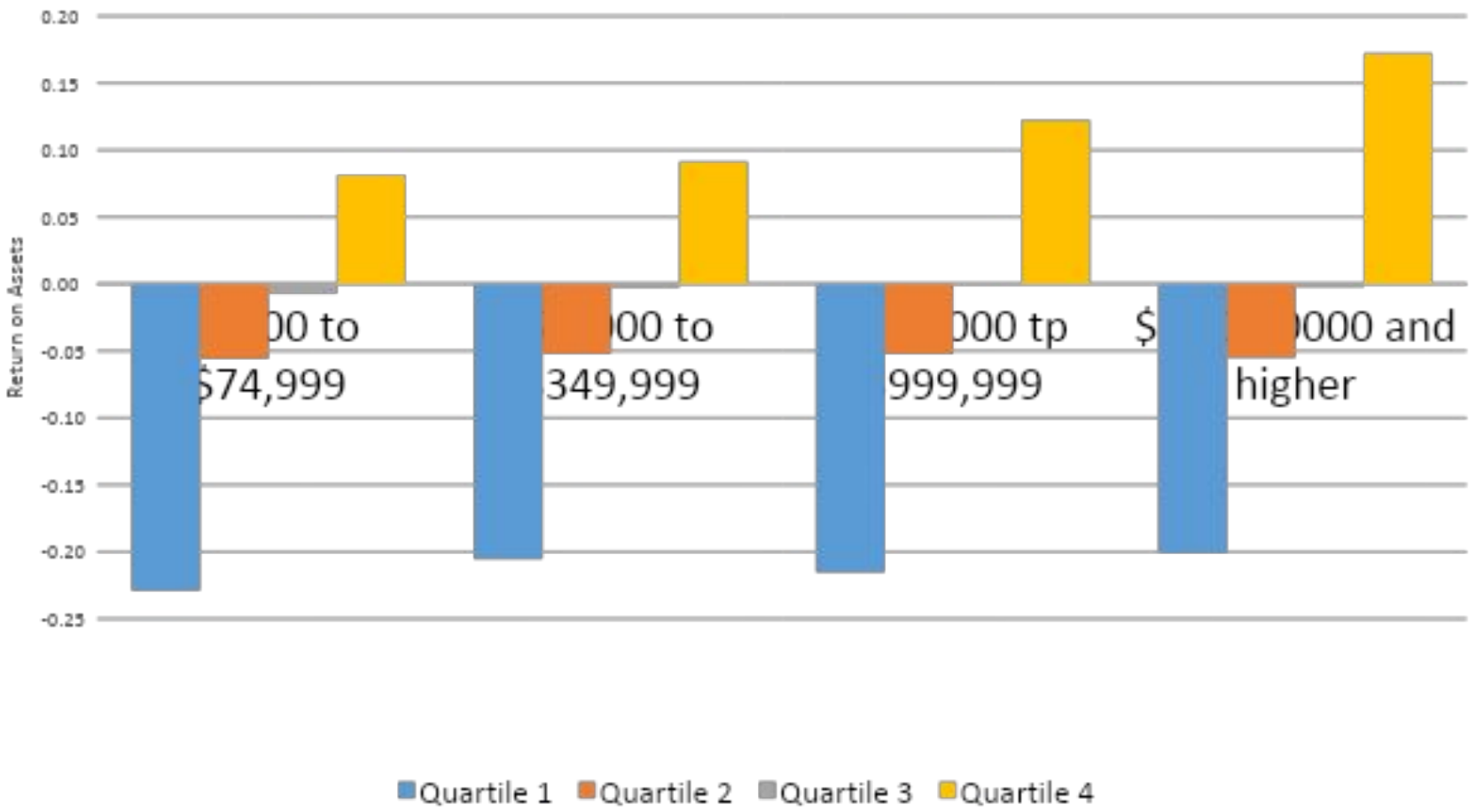


Source: USDA ERS



Even at smallest scale, many farms selling through local markets are profitable

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



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.



FACT SHEETS

FINANCIAL PERFORMANCE IMPLICATIONS OF LOCAL FOOD ENTERPRISES

LOCAL FOOD ECONOMICS FACT SHEET

PROFITABILITY IMPLICATIONS OF LOCAL FOOD MARKETING STRATEGIES

The objective of this fact sheet is to provide a general overview of the financial performance of local food enterprises. It is intended to be used as a benchmarking tool for local food enterprises. The data presented in this fact sheet is based on a survey of local food enterprises in Colorado. The survey was conducted in 2010 and 2011. The data is presented in a table below.

Marketing Strategy	Gross Profit Margin (%)				
	2010	2011	2012	2013	2014
Direct to Consumer	15.00	14.00	13.00	12.00	11.00
Local Food Store	10.00	9.00	8.00	7.00	6.00
Local Food Processor	8.00	7.00	6.00	5.00	4.00
Local Food Distributor	6.00	5.00	4.00	3.00	2.00
Local Food Retailer	4.00	3.00	2.00	1.00	0.00

Producers can be profitable at a variety of scales and marketing channels. Greater scale provided a clear advantage in intermediate markets among the highest performers.

For producers selling directly to consumers, only those producing small quantities of products for the highest performing local food stores were profitable. This suggests that the highest performing local food stores are able to pay a premium for high quality products.

To be profitable in the direct to consumer marketing channels and the possible alternatives at least among the most profitable.

LOCAL FOOD ECONOMICS FACT SHEET

FINANCIAL BENCHMARKS FOR LOCAL FOOD PRODUCERS

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LOCAL FOOD ECONOMICS FACT SHEET

THE ROLE OF LABOR AND OTHER VARIABLE EXPENSES IN LOCAL FOOD PRODUCTION

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LOCAL FOOD ECONOMICS FACT SHEET

EVALUATING THE FINANCIAL EFFICIENCY OF LOCAL FOOD PRODUCTION

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Urban agriculture

British Food Journal

Urban agriculture: connecting producers with consumers
Carolyn Dimitri, Lydia Oberholtzer, Andy Pressman,

Article information:

To cite this document:
Carolyn Dimitri, Lydia Oberholtzer, Andy Pressman, (2016) "Urban agriculture: connecting producers with consumers", British Food Journal, Vol. 118 Issue: 3, pp.603-617, <https://doi.org/10.1108/BFJ-06-2015-0200>

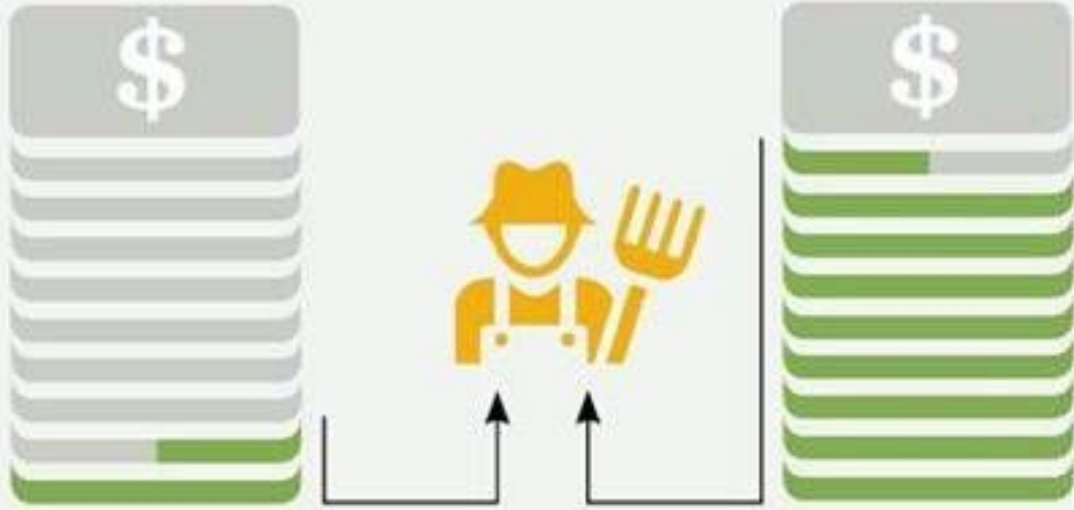
- 2012 national survey of urban farmers (n=315)
 - 26% had mission statements focused on markets (others focused on community, education, and food security goals)
 - Social mission primary driver of most operations
 - 28% had a primary farmer earning a living from the farm.
 - “Urban farms face real problems...related to farm survivability and farmer livelihood”





American
Farmland
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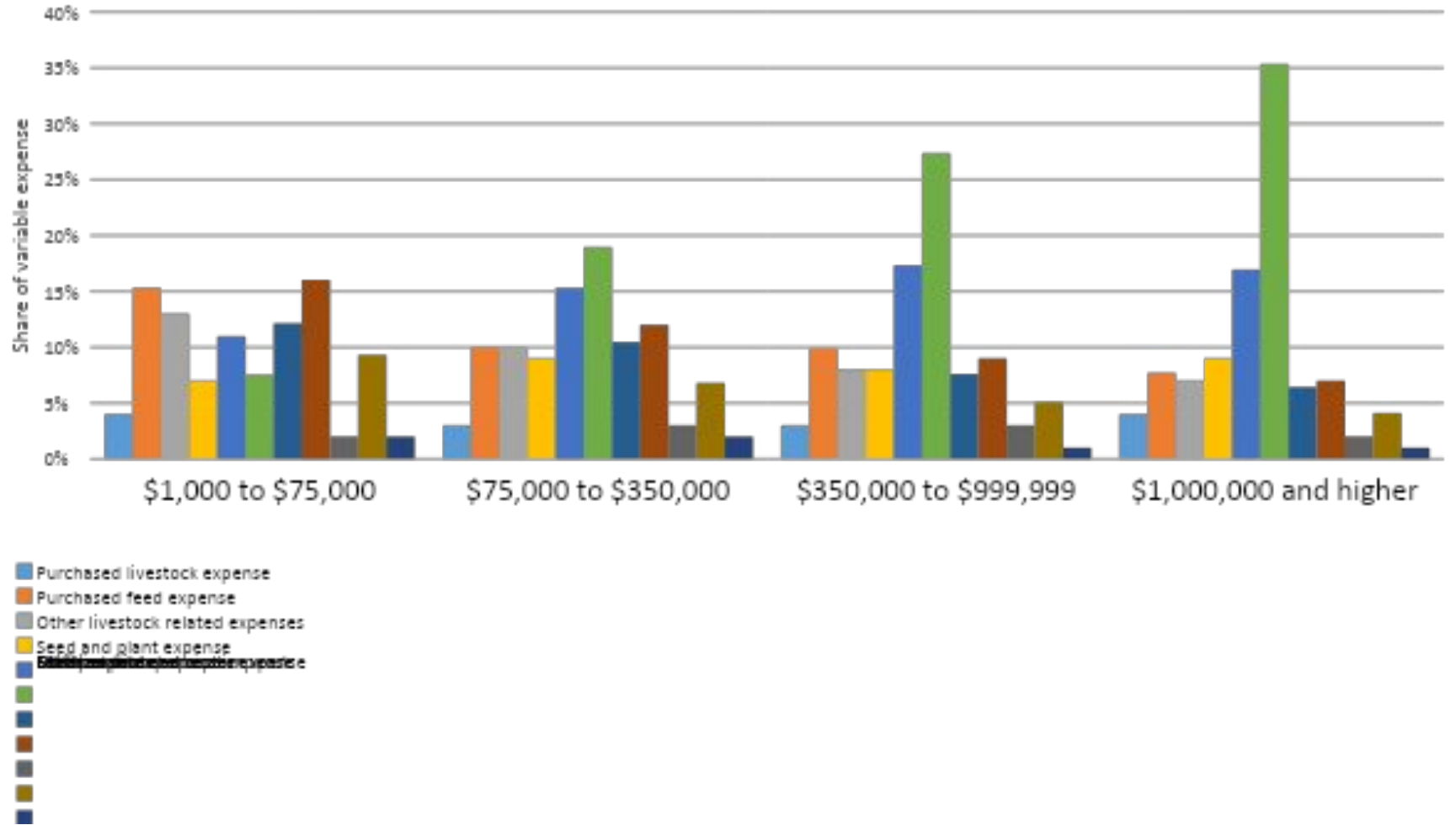
2 Your community wins.



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As farms selling through local markets get larger, their share of variable expenditure on labor increases

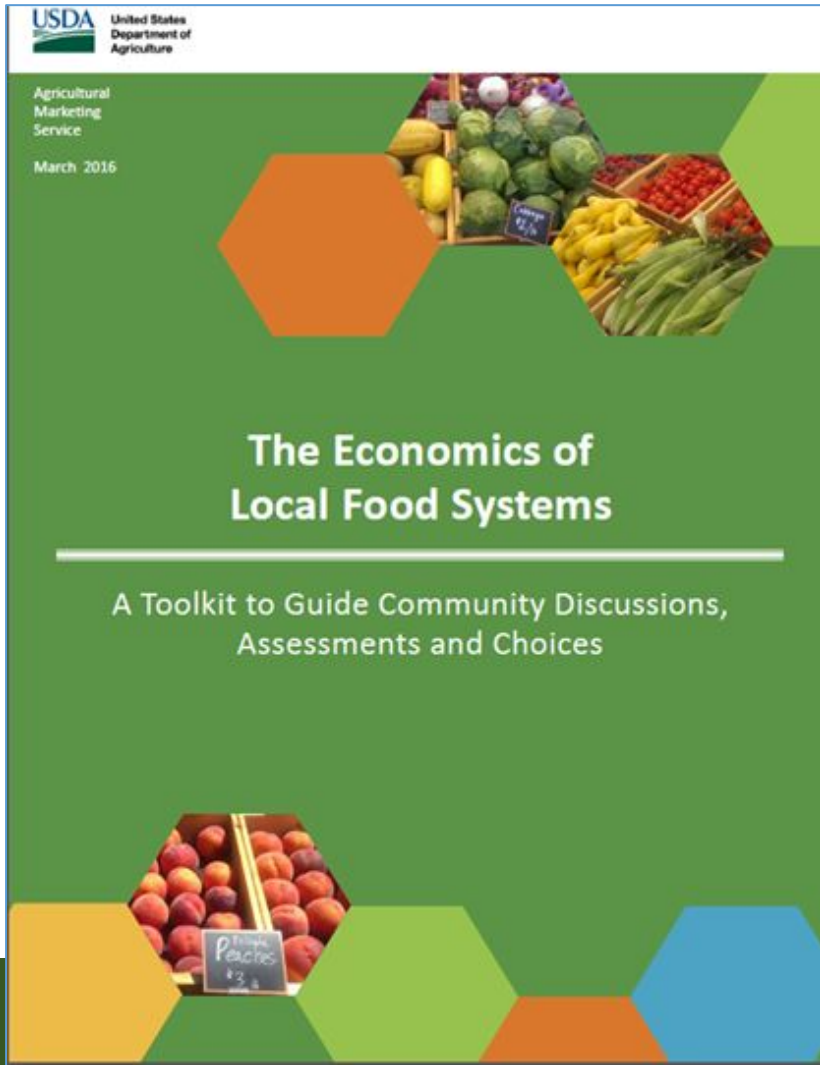
Average share of variable expense for local food producers by scale, U.S.



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.



Regional Economic Impacts of Local Food System Investments Generally Demonstrate Relatively Small, Short-Term Gains



- **Impacts on employment, output, labor income**
 - Gunter & Thilmany 2012; Hughes & Isengildina-Massa 2015; Hughes et al. 2008; Jablonski et al. 2016; Schmit et al. 2016; Swenson 2010
- **Spatial econometric models**
 - Deller et al. 2014; Brown et al. 2014

Need to evaluate the net impact!

- Surveyed 305 of Regional Access' customers
 - 49% purchased less from other sources due to purchases from RA
 - Average reduction >23%
- Opportunity Cost associated with \$1 increase in final demand for food hub sector ~ \$0.11
- Reduced Total Output Multiplier from 1.82 to 1.63 (>10%)



Evaluating
long-term
economic
impacts more
difficult, but
potentially
where more
important
impacts lie!

- Farmers' markets as **business incubators** by providing the infrastructure necessary to build skills and gain business experience.
- Regular interactions can generate and circulate **knowledge** that vendors might use to develop new products and creative ways of marketing them.
- Sales income may be less important than the **skills and business experience** developed through participation in farmers' markets.

Example: Human Capital

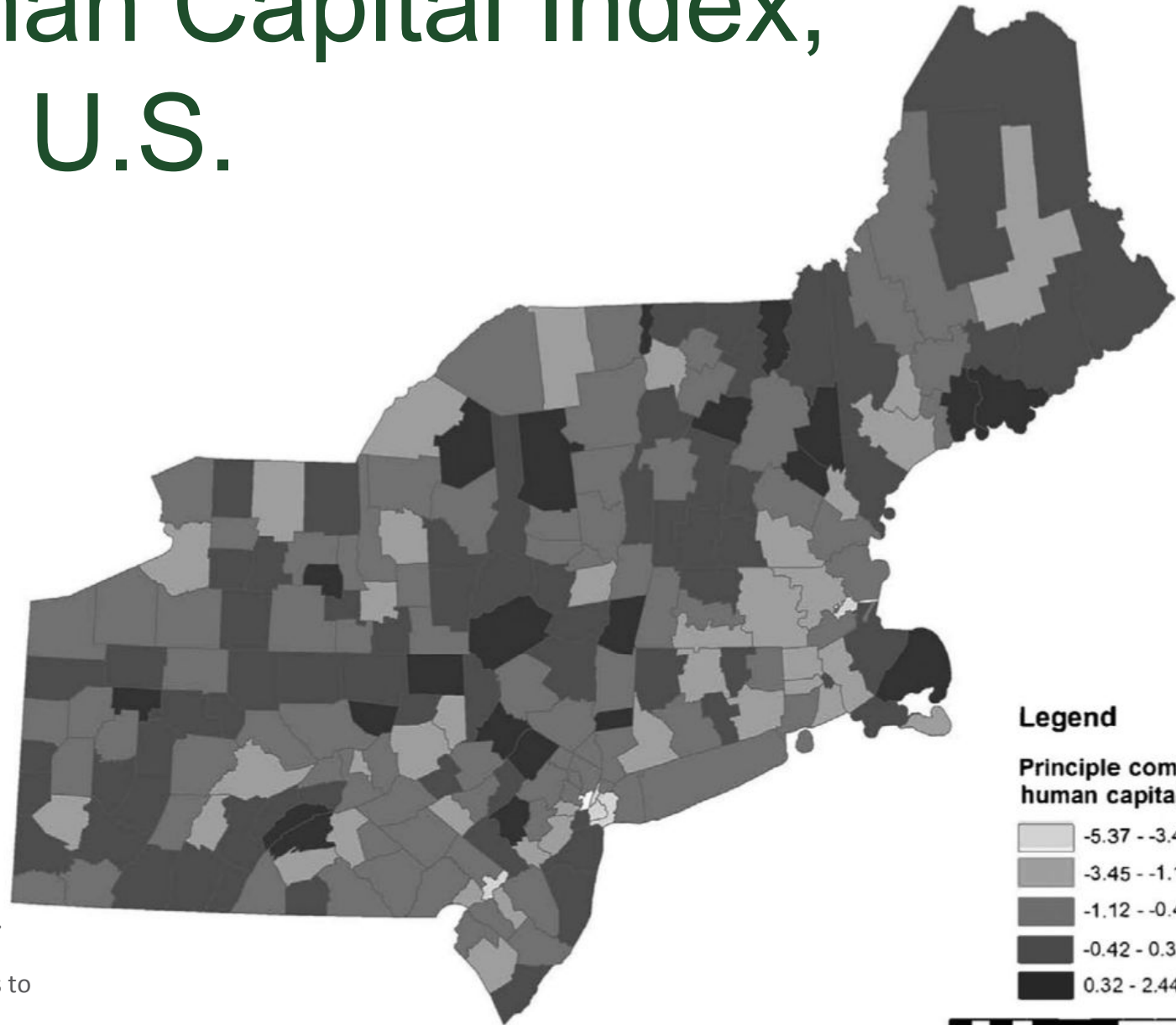
- 75% of farms made (or intend to make) changes to their farm business (ideas for a new product and/or marketing technique) based on these ideas.
- 45% of farms made these changes to product sold in both rural and urban markets.
- 82% reported that they shared ideas (or intend to) that they got through Greenmarkets with farmers in their home communities.



Stock of Human Capital Index, Northeastern U.S.



*Stocks of human capital significantly higher in counties with Greenmarket farmers



Source; Schmit, T.M., B.B.R. Jablonski, J. Minner, D. Kay, and L. Christensen. 2017. Rural wealth creation of intellectual capital from urban local food system initiatives: developing indicators to assess change. *Journal of Community Development*. 48(5): 639-656.

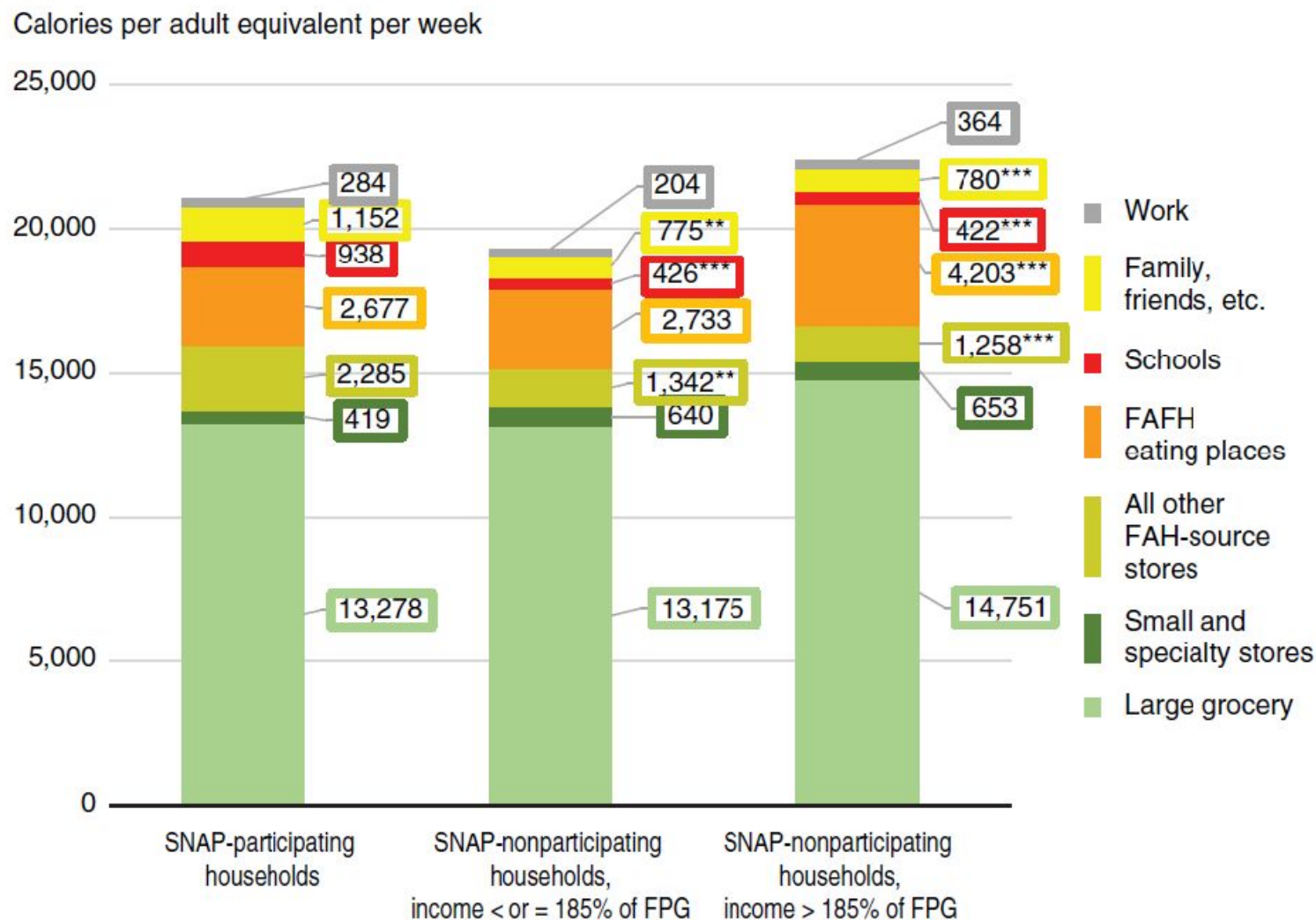
What are the 'health' effects?



Kids Win: Leveraging National School Lunch Program to promote healthy eating for kids

SNAP-households
acquired almost twice
as many calories from
school meals than
non-participant
households.

Distribution of household calories across food outlets, for SNAP participation and income



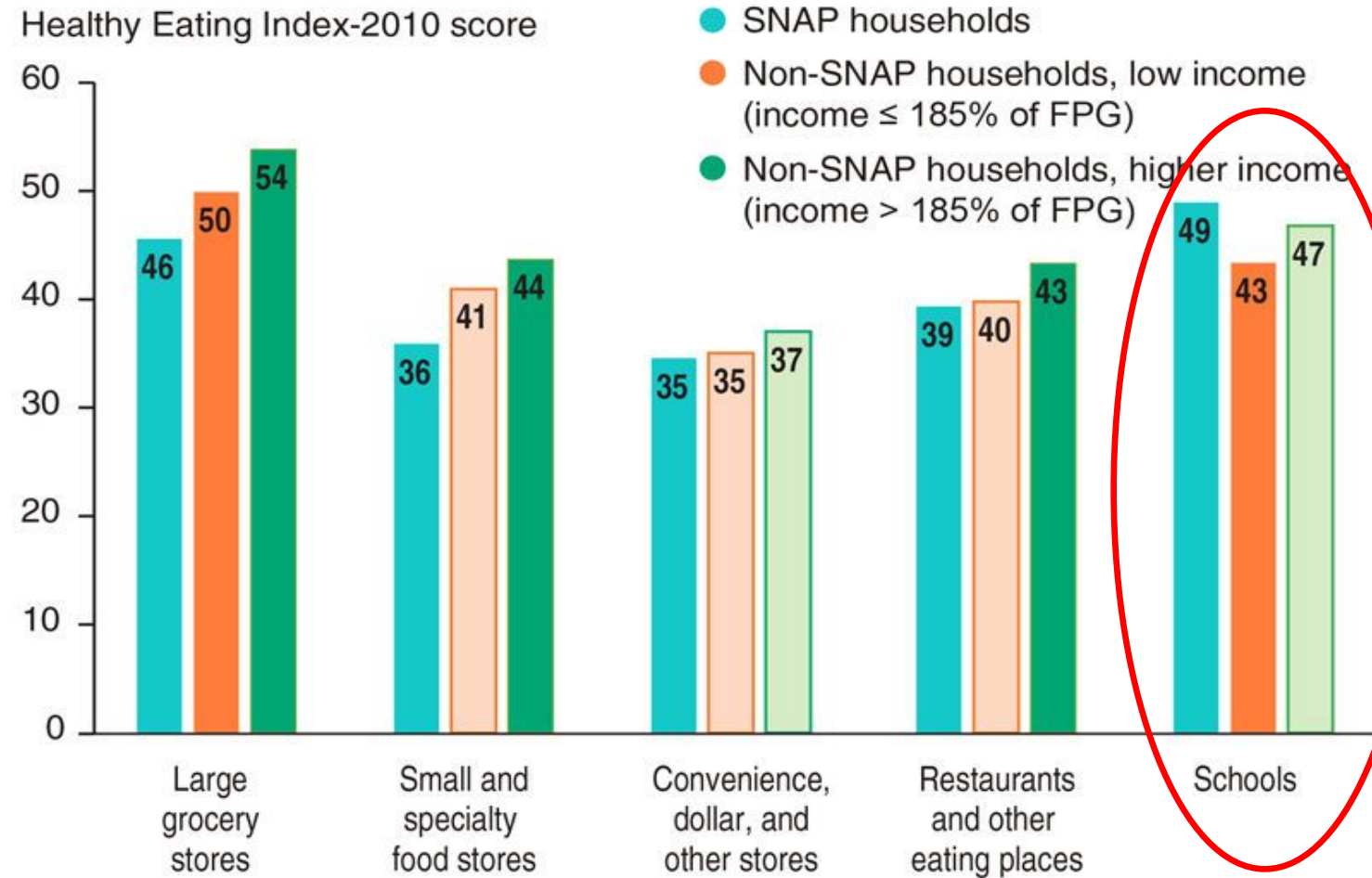
Notes: SNAP = Supplemental Nutrition Assistance Program. FAH = food at home. FAFH = food away from home. Weighted means reported; **, *** = statistically significantly different from SNAP-participating households with $p < 0.05$ and $p < 0.01$, respectively. FPG = Federal poverty guidelines. Results from the "Own production" and "Other assistance" not reported because sample size is less than 50.

Source: USDA, Economic Research Service (ERS) estimates using data from USDA's National Household Food Acquisition and Purchase Survey (FoodAPS)

Kids Win: Leveraging National School Lunch Program to promote healthy eating for kids

Schools are the only acquisition location where SNAP households had a higher nutrition score than non-SNAP households.

Nutrition score for household food acquisitions, by source



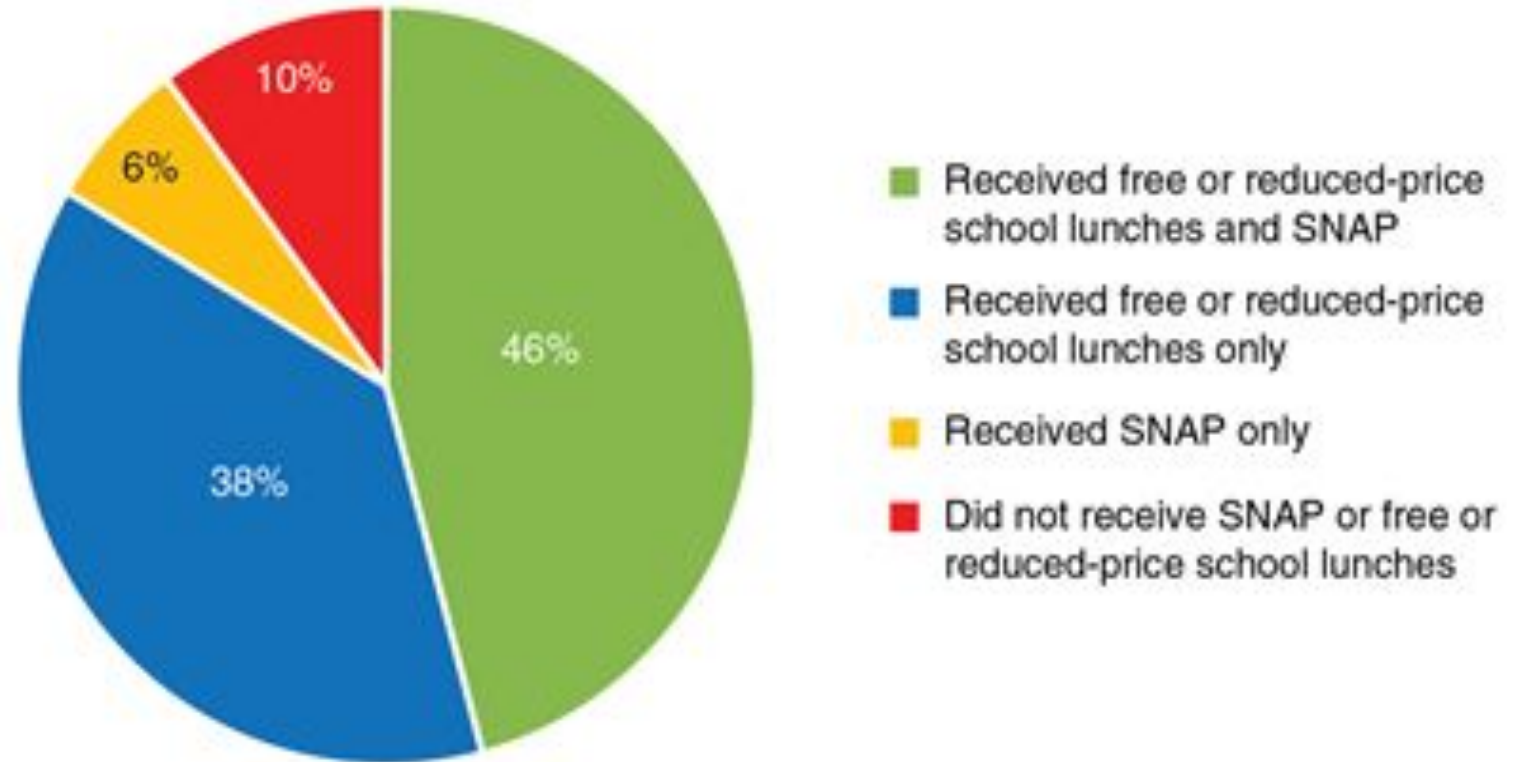
Notes: SNAP = Supplemental Nutrition Assistance Program. FPG = Federal Poverty Guideline. Healthy Eating Index-2010 scores run from 0 to 100, with a higher score indicating a healthier diet. Light-colored bars indicate difference from SNAP households is not statistically significant at $p < 0.05$.

Source: USDA, Economic Research Service estimates using data from the 2012-13 National Household Food Acquisition and Purchase Survey (FoodAPS).

Kids Win: Leveraging National School Lunch Program to promote healthy eating for kids

Some research suggests
that the National School
Lunch Program may
reduce food insecurity

More than four in five food-insecure households with school-age children receive free or reduced-price school lunches



SNAP = Supplemental Nutrition Assistance Program.

Note: Food insecurity and program participation measured during the 30-day period ending in mid-December for households with annual incomes below 185 percent of Federal poverty line and school-age children (ages 5-17).

Source: USDA, Economic Research Service calculations using data from the December 2014 and December 2015 Current Population Survey Food Security Supplement.

Are some school activities more successful?

- Local procurement?
- Experiential learning?
- Nutrition education?
- Promotion activities?
- School gardens?



Kids Win

Farm to School Activities and Student Outcomes: A Systematic Review

Melissa Pflugh Prescott ✉, Rebecca Cleary, Alessandro Bonanno, Marco Costanigro, Becca B R Jablonski, Abigail B Long

Advances in Nutrition, nmz094, <https://doi.org/10.1093/advances/nmz094>

Published: 05 September 2019 **Article history** ▼



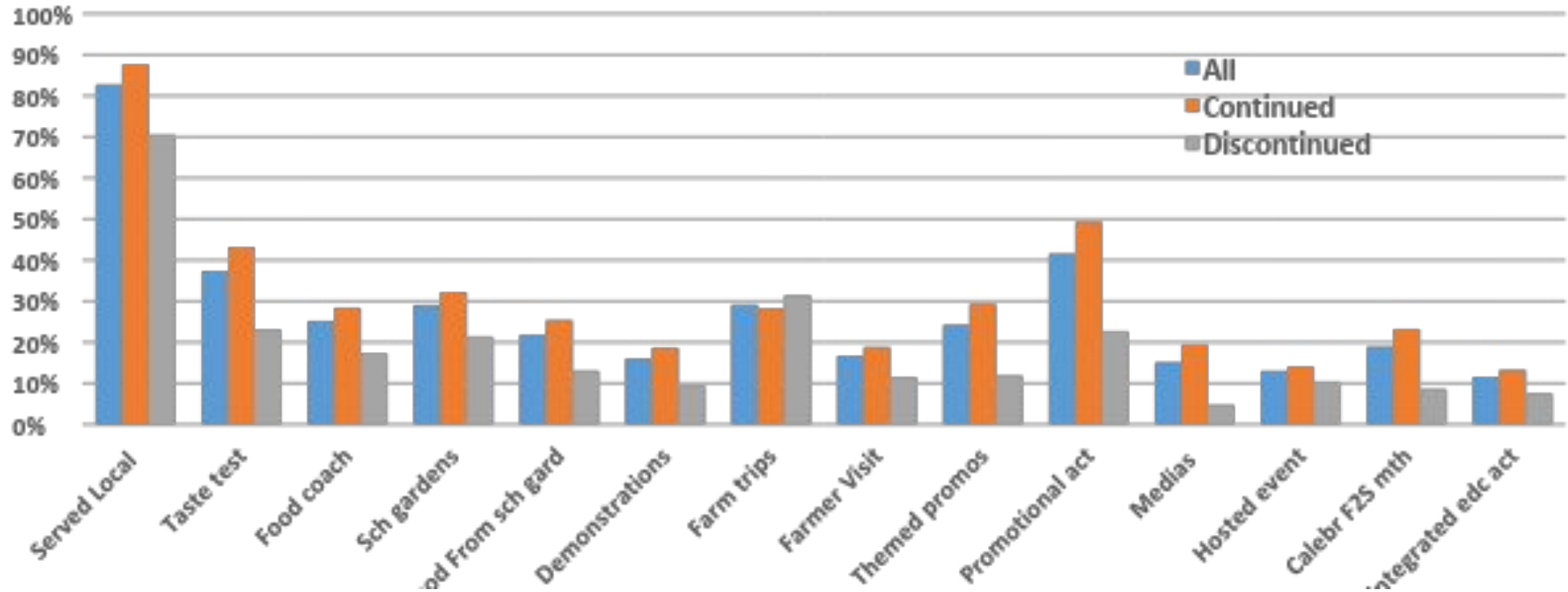
Main Findings:

- Most research is multi-component, so hard to disentangle activities
- Consistent evidence that farm to school programming is associated with increased nutrition-related knowledge
- Most studies also suggest positive relationships with healthy food selection, nutrition self-efficacy, and willingness to try FV
- Inconclusive: FV consumption and preferences



Kids Win: 2,961 School districts participated in F2S in 2011/2012; ~29% of those did not to participate in 2013/14

Share of F2S activities implemented

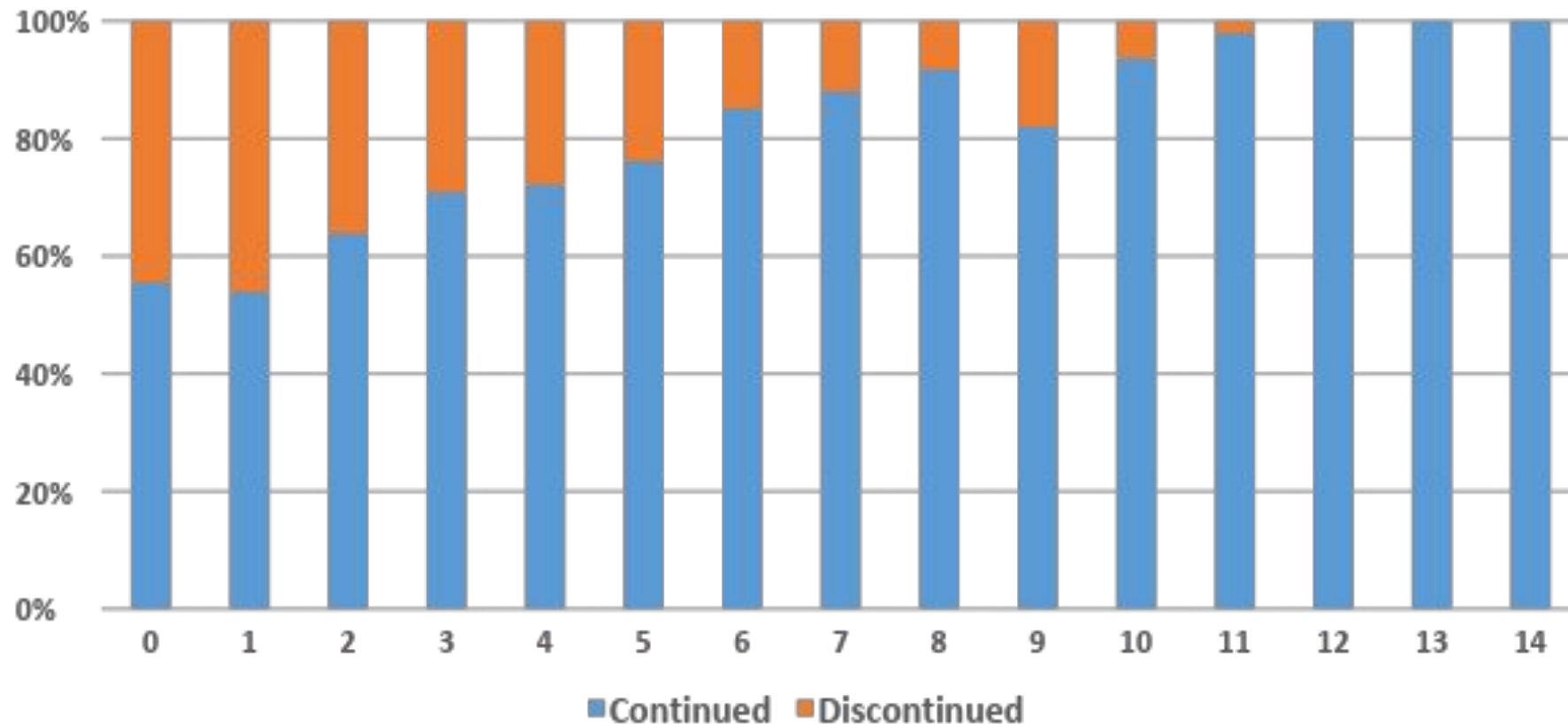


Mendis & Bonanno - Too Cool for Farm to School? Factors Affecting School Districts Discontinuing Farm to School Programming. Organized Symposium "Effectiveness of Farm-to-School Programming: Data Availability and Preliminary Evidence" 2018 WAEA conference, Anchorage, AK.



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

Share of school districts cont. vs disc. F2S activities by number of F2S activities implemented



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.



Kids Win

Does School Districts' participation in FTS influence households with school age children Food-At-Home fruit and vegetables expenditures?

NOTE: Results are preliminary and incomplete! DO NOT CITE

DISCLAIMERS / ACKNOWLEDGEMENTS

- The findings and conclusions in this presentation are those of the author(s) and should not be construed to represent the views of the Congressional Research Service or the Library of Congress, or any official USDA or U.S. Government determination or policy. This presentation was supported in part by the U.S. Department of Agriculture, Economic Research Service.
- The analysis, findings, and conclusions expressed in this paper also should not be attributed to Information Resources, Inc. (IRI).
- Funding from the National Institute of Food and Agriculture is thankfully acknowledged: "Rural Community Impacts of Farm to School: Food Supply Chains, Educational Programming, and Household Food Purchases" [Award # 2017-67023-26246]

Bonanno, Mendis and Cho – 2019 – FTS Program Duration and HHs' Fruits and Vegetables Purchasing Habits
Preliminary Results – DO NOT CITE



Does Farm to School participation influence F&V choices?

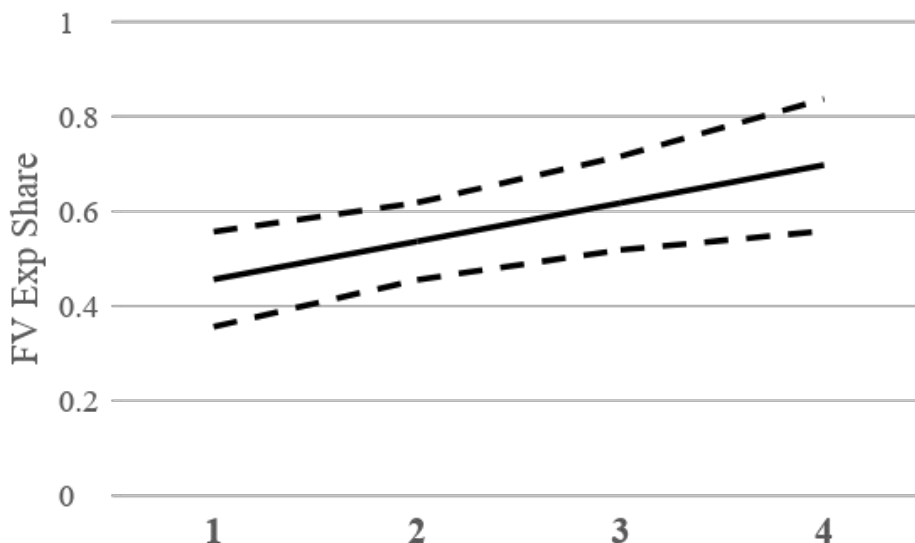
Data: IRI Consumer Network Panel (2011-2015), aggregated at monthly level and matched with Farm To School Census Data (academic years 2011-2012 and 2013-2014)

IRI-CNP FV purchases aggregated at the monthly level - Households with Children from the “Static Panel” purchasing FV retained in the data

- FV: all fresh, frozen, canned, and dried fruits and vegetables which are included in the National School Lunch Program (NSLP) and School Breakfast Program (SBP)

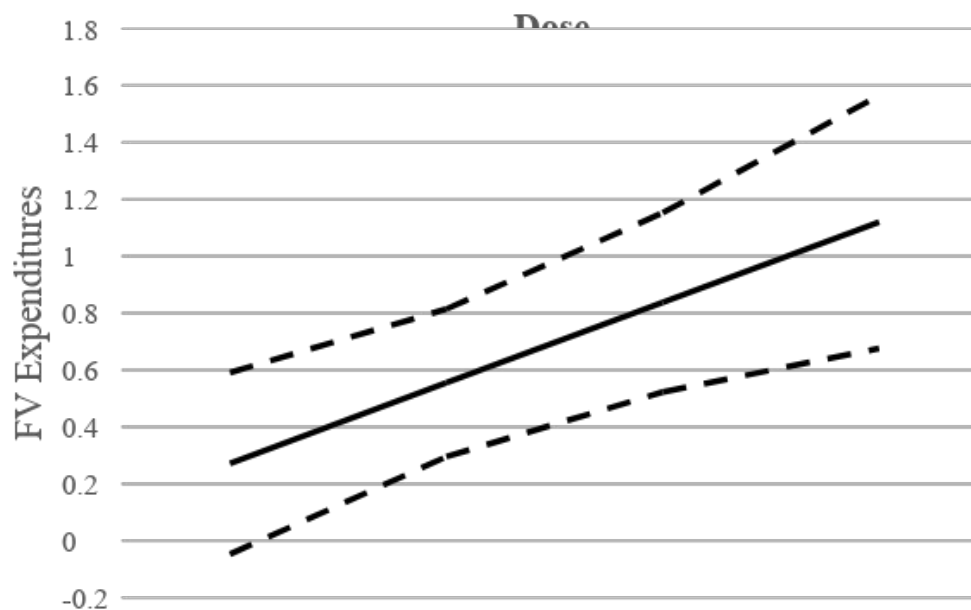
SD participation and continuation in FTS for missing years of the FTS Census, were imputed either via probit regression and out-of-sample predictions

Household (CNP) and SD (FTS Census) data matching using Zip-code if FTS Census has only one SD in that Zip-code (94.7% of SD



Dose-response functions

95% Confidence Interval



Outcome variables:

Top: FV Exp Share

Bottom: FV expenditure

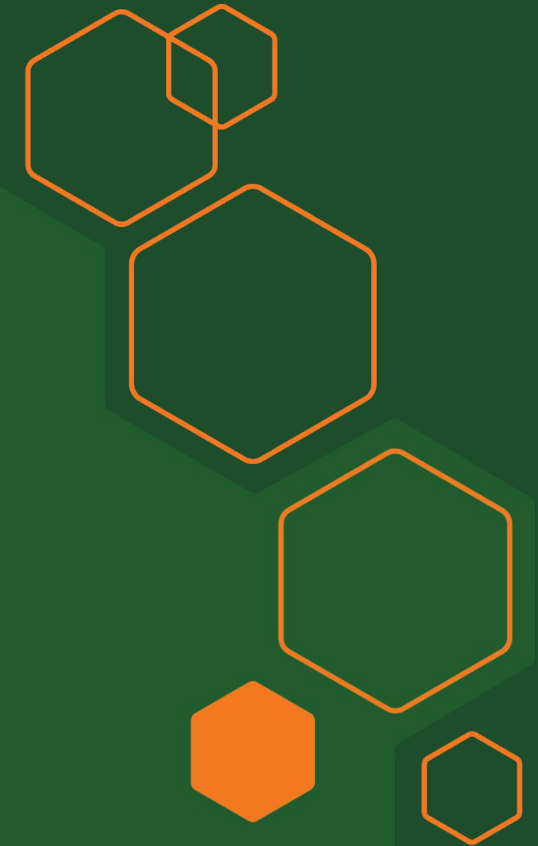
OLS and IV Models (not shown) for Robustness Check

Kids Win: Doing research/evaluation in-school settings is hard! Little evidence that kids eat more if local + info.

	1	2	3	4
Products	Apple	Cherry Tomato	Baby Carrot	Bell Peppers
Treatments	Conventional (C)	Local (L)	Local+info (LL)	

- Local: unidentified snacks sourced from within CO.
- Local+ info: Each snack with “CO Proud sticker” and an informational sheet about the source farm was included in the tote for teachers to read to students.





So what's an example of an opportunity that “makes both good **health and economic sense**”?



CONGRATULATIONS BOSTON, MASSACHUSETTS

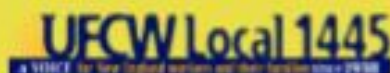


ON ADOPTING THE
PURCHASING
PROGRAM



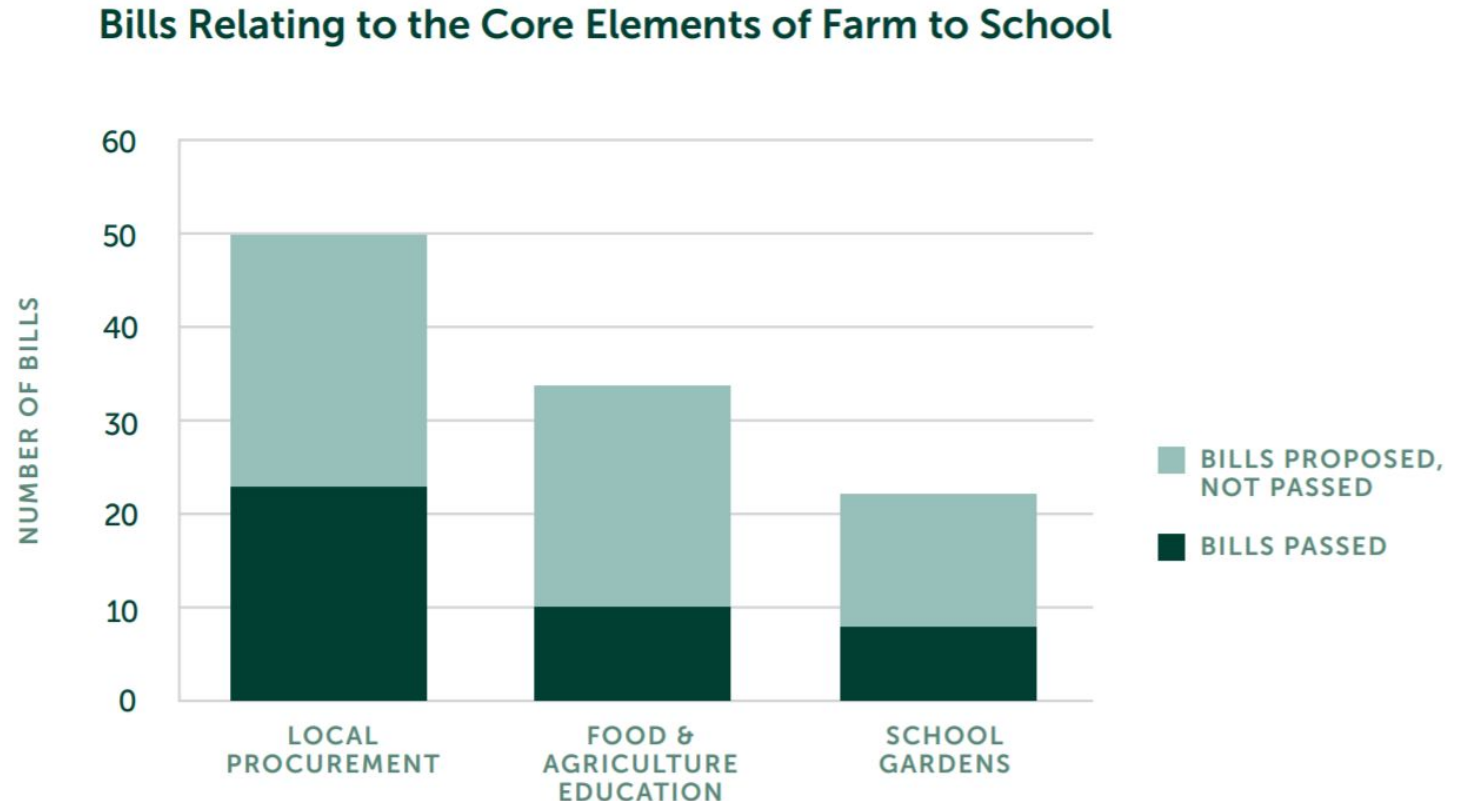
GOODFOODCITIES.ORG
#GOODFOODCITIES

THANKS TO
LEADERSHIP
FROM



Opportunity: Leveraging Institutional Markets

Boston Public Schools, the city's largest purchaser of food, serves more than 11.1 million meals per year at 125 cafeterias and satellite schools, to more than 57,000 students.



Source: National Farm to School Network 2019.



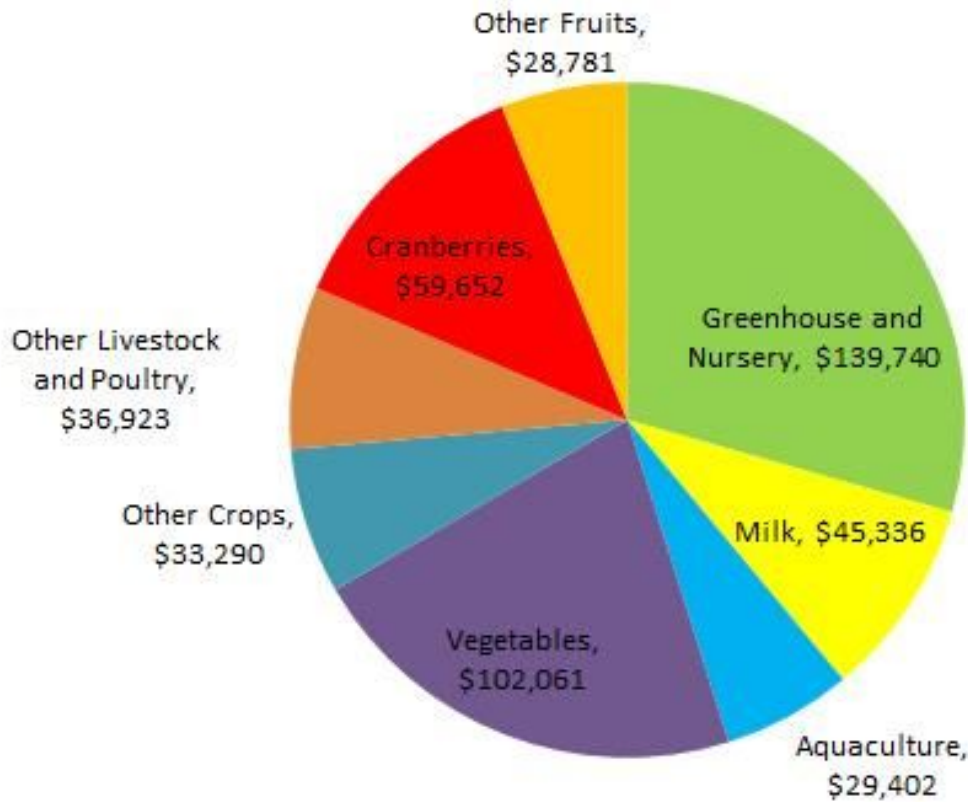
For institutional procurement strategies to work, need to consider:

1. Are you creating markets that will work for the scale and commodity of farmer in your region?

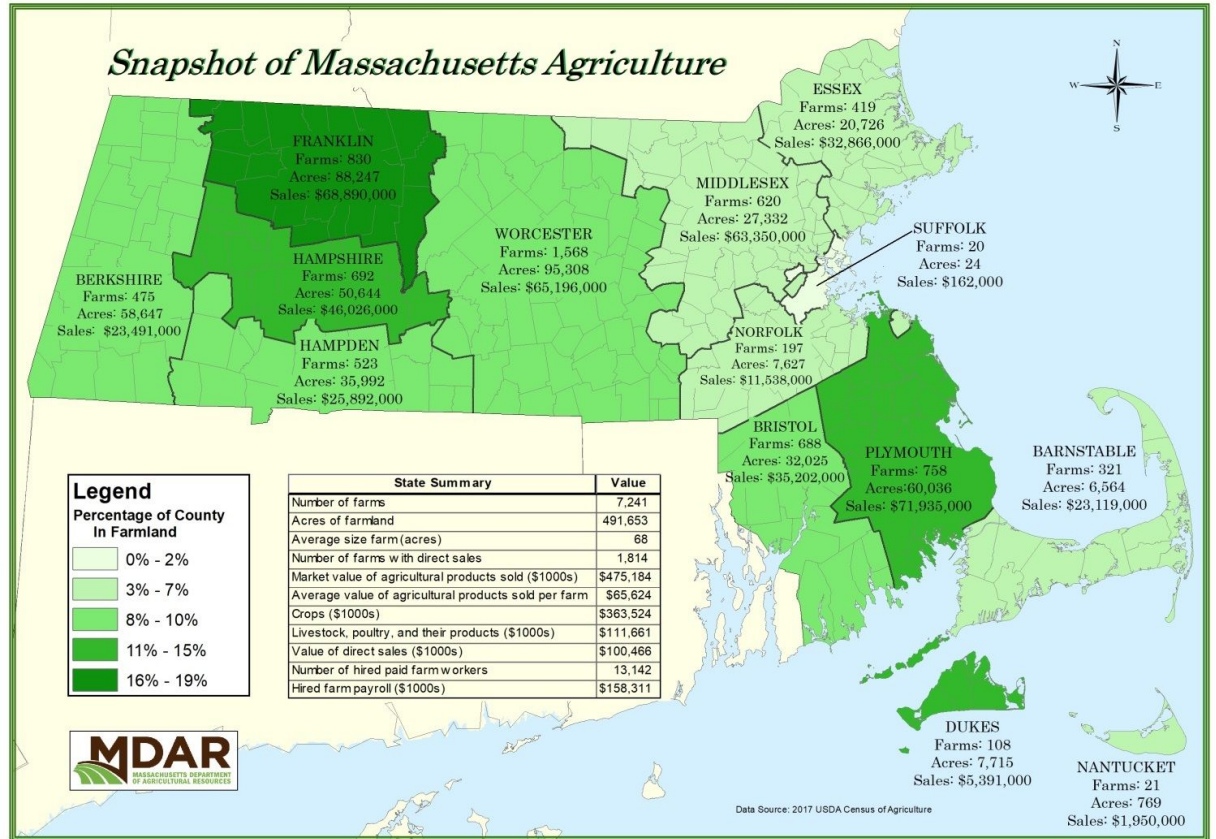


Need to consider scale and commodity

Massachusetts 2017 Agricultural Economy in \$1,000s



Source: 2017 USDA Census of Agriculture; NASS, 2018



Schools have limited ability 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:

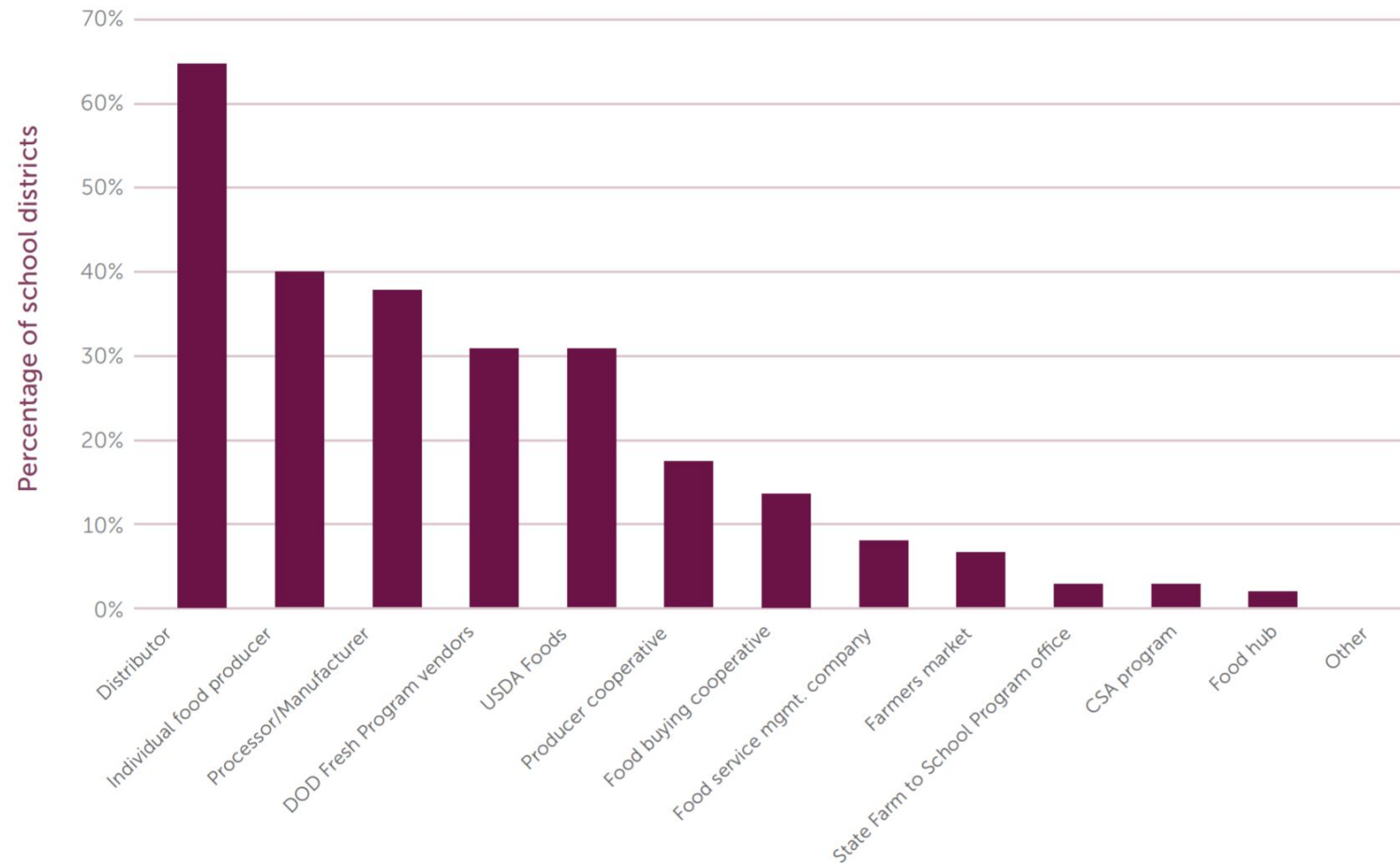
- Free: \$1.84
- Reduced Price: \$1.54
- Paid: \$0.31
- An additional \$0.36 is provided for each free or reduced price breakfast served in “severe need” schools, where at least 40 percent of the lunches served during the second preceding school year were served free or reduced price.



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).

Is there evidence that distributors pass any 'local' premium to farmers?

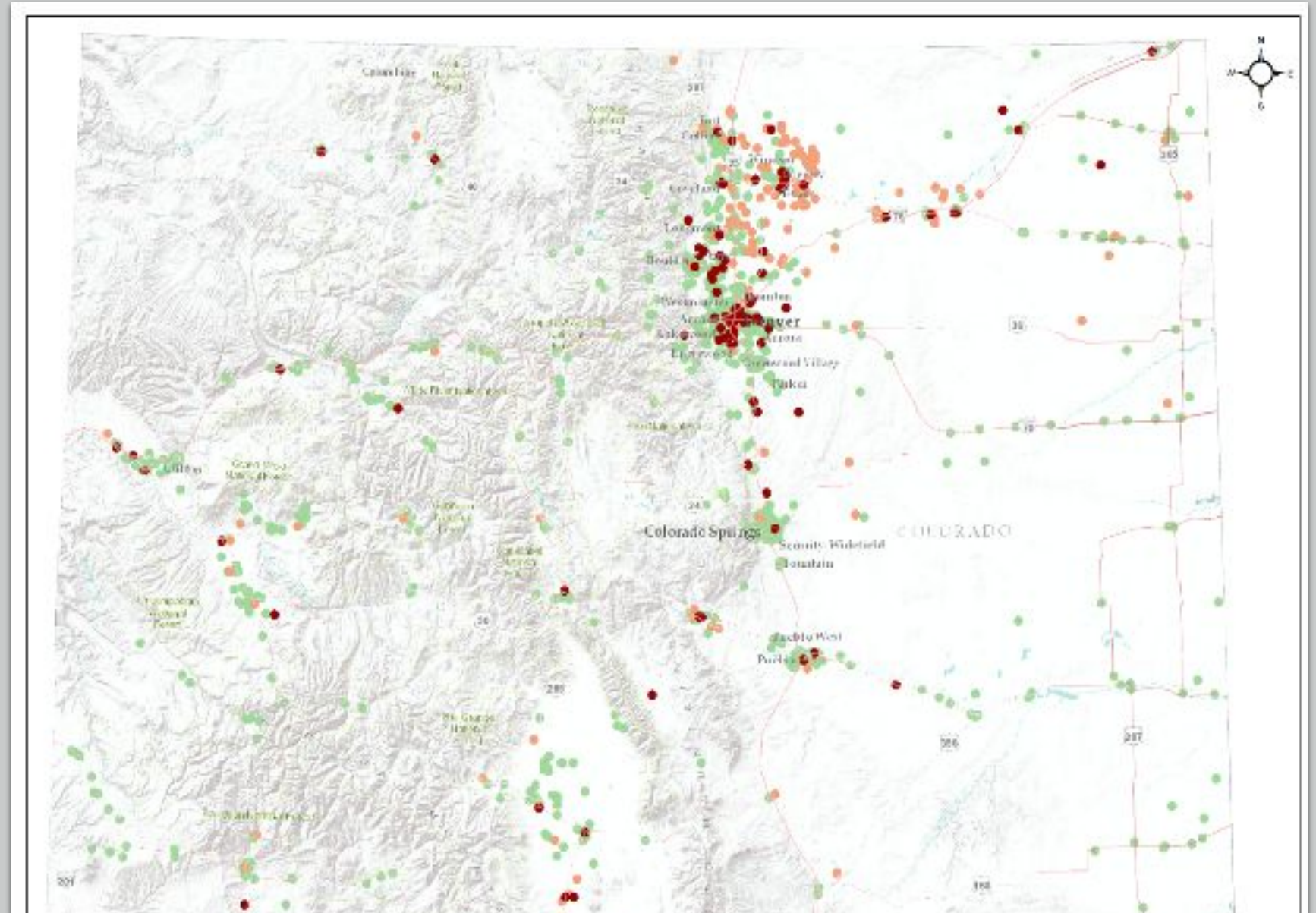


For institutional procurement strategies to work, need to consider:

1. Are you creating markets that will work for the scale and commodity of farmer in your region?
2. Is the right infrastructure in place?



Better to
utilize
underutilized
assets
BEFORE
making new
brick and
mortar
investments



Manufacturing facilities, Colorado, 2016

Opportunity for seconds?



Opportunity to think creatively?



Shaw Farm, Dracut; Photo Credit: Mass.gov



For institutional procurement strategies to work, need to consider:

1. Are you creating markets that will work for the scale and commodity of farmer in your region?
2. Is the right infrastructure in place?
3. Are the right people at the table?



Are the 'right' people at the table?



OUR MEMBERS

Meet the SFPC members.

Health Outcomes?

- Though research is inconclusive on local procurement impacts on FV consumption and preferences, may be more likely to get non low-income parents to participate in school meals.
- Greater participation may provide requisite economies of scale to districts to increase healthiness/palatability of meals.

Harvest of the Month
apple

Healthy Serving Ideas
 Mix chopped apples into your morning oatmeal for a healthy start to your day.

Shopper's Tip

- Look for apples that are smooth, firm, and have a shiny, waxy surface with leaves or with spots.
- Store apples in a cool temperature (up to 45 degrees) for up to three months.
- Choose firm apples in the grocery store.

Let's Get Physical!
 Make physical activity fun and social! Go to a local park or walk around the mall or the park on during your lunch break. Use the strategy: make someone for exercise usually by going for a walk, riding bikes, or bringing dance classes.

How Many Do I Need?
 The average child eats and drinks around 200 calories a day. Apples, grapes, and the average child's body size (4-5 years old) - a good tip to follow is: 4 Make half your plate fruits and vegetables (fresh or frozen total 1/2 cup).

Health and Nutrition Do Hand in Hand!
 Make half your plate fruits and vegetables each day. Drink water instead of sugary drinks. Sugar drinks are the largest single source of added sugar in the American diet. Cutting down on sugar may lower the risk of serious health problems like obesity, type 2 diabetes, heart disease, stroke, and some types of cancer.

How to Use Chopped Apples
 A 1/2 cup of sliced apples is a source of fiber. It's a great idea to use the sliced apples in your meals. Here are some ideas: Add to oatmeal, yogurt, or cereal. Use in smoothies. Add to salads. Use in baked goods like muffins, bread, and pizza.

Visit a Grocery Store
 Find the apples you like best. Look for apples that are firm, smooth, and have a shiny surface. Use the strategy: make someone for exercise usually by going for a walk, riding bikes, or bringing dance classes.

Choose MyPlate.gov
 For more recipe and tips visit: www.choosemyplate.gov

SNAP
 Supplemental Nutrition Assistance Program

Colorado State University
 Extension Services





FOOD SYSTEMS
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Growth in farms selling through local food markets

Table 2. Direct-to-Consumer (DTC) Farms and Sales for Commodities and Value-added Products, 1992–2017

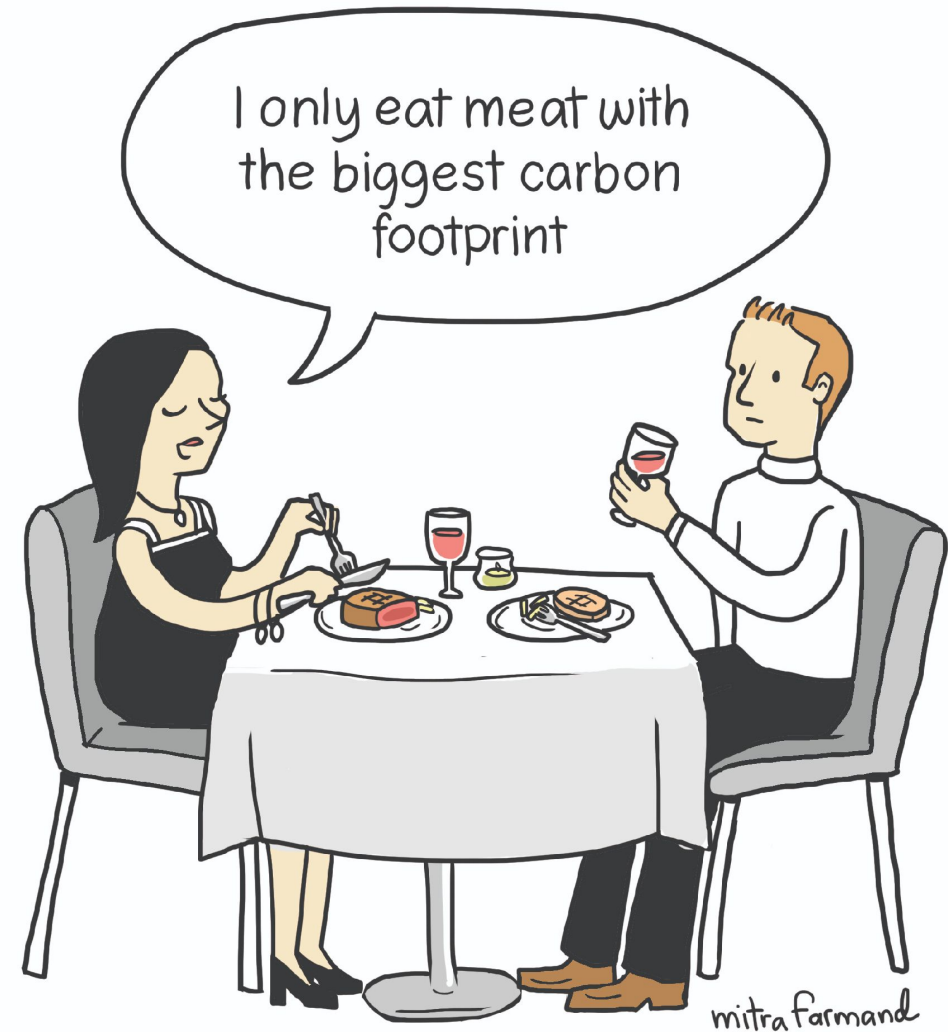
Year	Survey	DTC Farms			DTC Sales (billion 2017 USD)		
		Unprocessed Products	Processed Products	Processed and Unprocessed	Unprocessed Products	Processed Products	Processed and Unprocessed
1992	Ag. Census	86,432			\$0.7		
1997	Ag. Census	93,140			\$0.9		
2002	Ag. Census	116,733			\$1.1		
2007	Ag. Census	136,817			\$1.4		
2012	Ag. Census	144,530			\$1.4		
2015	LFMPS	58,560	74,738	114,801	\$1.7	\$1.5	\$3.1
2017	Ag. Census			130,056			\$2.8

Source: O’Hara and Benson 2019

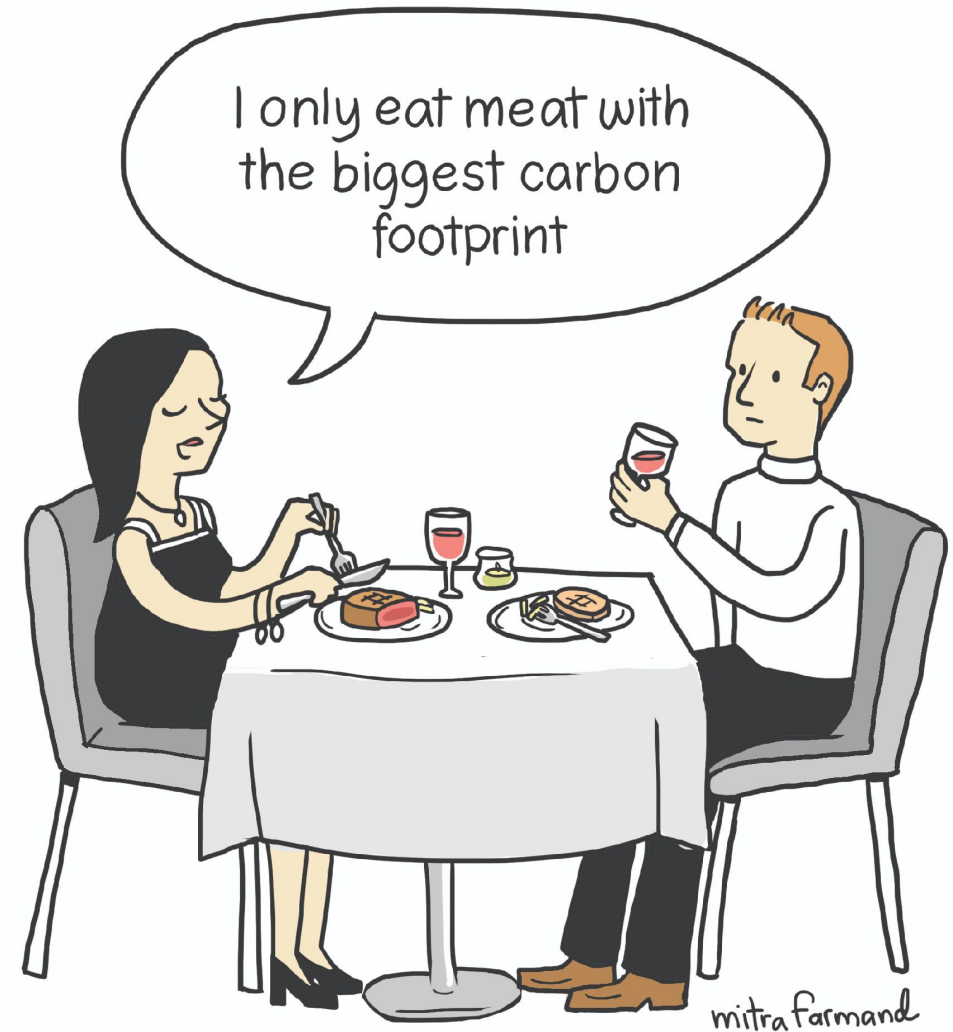


Why local food?

Local Food =
Reduced Food
Miles = carbon
reductions



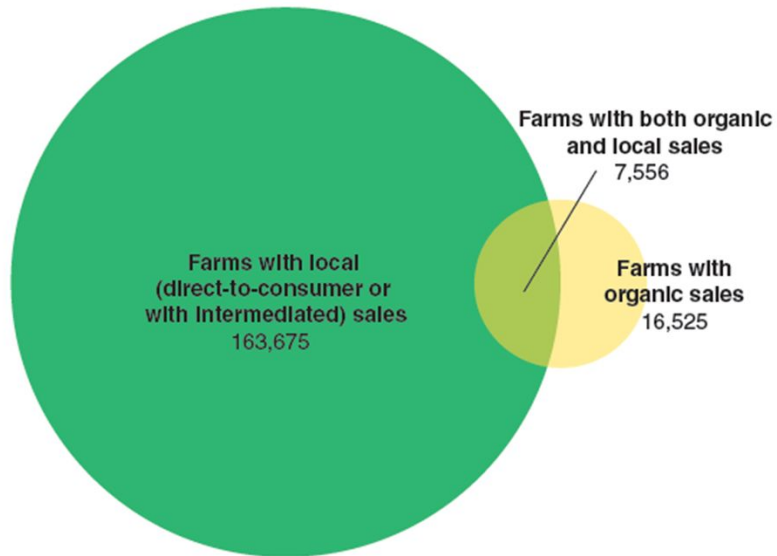
Why local food?



Why local food?

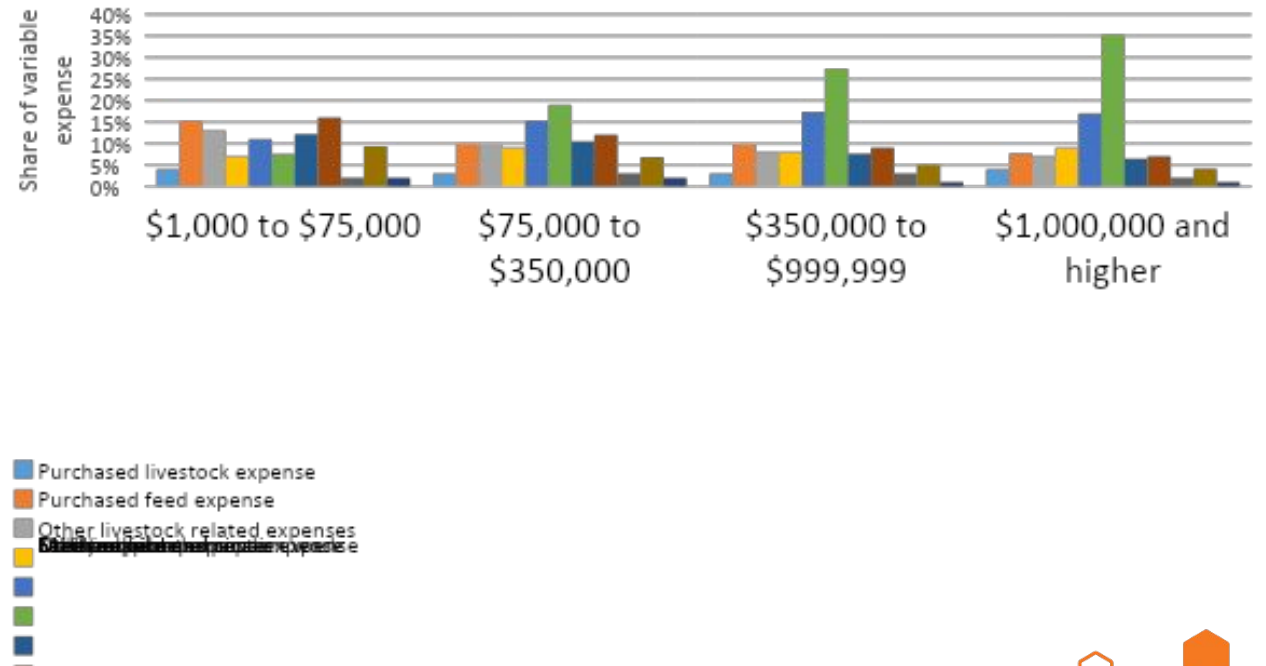
Local Food = Less Chemical Fertilizers

Intersection between 2012 local and organic production

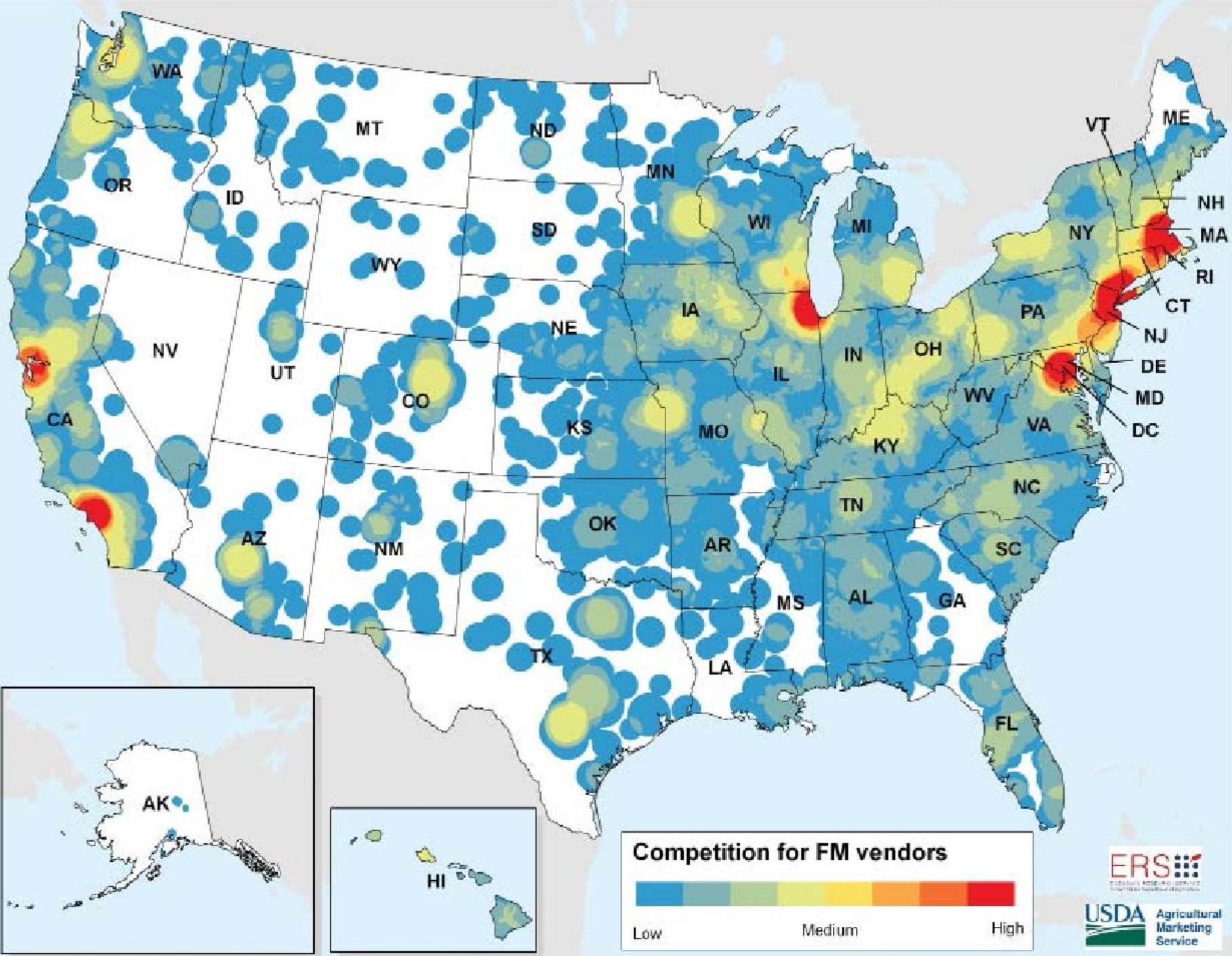


Note: Local defined as farms with DTC or intermediated sales. Organic defined as certified organic or organic-exempt farms.
 Source: USDA Economic Research Service using data from USDA, National Agricultural Statistics Service, 2012 Census of Agriculture.

Average share of variable expense for local food producers by scale, U.S.



Competition for farmers market vendors



Source: Lohr and Diamond, Dicken, Marquardt 2011

