



LOCAL FARMERS FIRST:

2019 Legislative Session
Total request: \$1,019,621

A Triple Win for Agriculture, Consumers and the Economy

In 2017 the Utah State Legislature created the Local Food Advisory Council (LFAC) to develop ways to create vibrant local food economies, increase access to fresh local food, and support sustainable, vital agricultural operations throughout the state. In late 2018, working groups of the LFAC offered four proposals to achieve those goals. Here's a brief description of each program request.

Local Food Hub Startup and Development Fund: (\$250,000 one time)

Local food hubs are fresh and processed food aggregation and distribution centers that focus on locally grown and produced food. Conversely, most food distribution companies that operate locally are actually bringing in most or all of the food they sell to their wholesale food service providers and grocery stores from around the country and the world. Clients for a food hub include schools and school districts, restaurants, cafeterias and in-house food service providers at hospitals, universities and corporations, senior care facilities, day care facilities, etc. A food hub is a distribution warehouse with dry, room temperature storage, a large walk-in refrigerated cooler a walk-in freezer, and one or more specialized delivery trucks/vans for pick-up and delivery. Many food hubs are now also offering at least basic processing of raw agricultural products to make those products easier to sell to food service organizations.

A \$250,000 one-time Legislative appropriation is requested to create a Local Food Hub Startup and Development Fund to provide grant seed money to contribute to food hub start-up costs.



A WIN FOR UTAH FARMERS:

- A food hub would provide a reliable distribution source for medium size and larger farms
- The aggregation feature of a food hub would allow small farms to enter wholesale markets

A WIN FOR UTAH CONSUMERS:

- More local restaurants, grocery stores, hospitals and schools would have consistent access to local food, especially farm fresh food.

A WIN FOR UTAH ECONOMY:

- The \$250,000 investment from the State represents a small part of the start-up cost of a food hub. That money would be levered with private and possibly local or federal government funds.
- Utah State University estimates that every \$1million in sales will result in \$2.31million in economic output (2.31 multiplier effect)
- Eventually each hub could generate \$5.1million in direct output, resulting in \$12.8 million in total economic output, and 32.9 jobs generated by the food hub.

Utah is one of only a few states without a food hub, but the concept will merge and connect small producers with large institutions.

Utah Produce Incentives--\$400,000 ongoing funding

A WIN FOR THE UTAH ECONOMY:

- Each dollar of SNAP/incentive generates \$1.79 of local economic activity (USDA). \$525,157 of economic activity was generated by DUFB between 2015 and 2017.
- Participating farmers report a willingness to hire more staff (23%), put more land into production (36%) and increase crop variety (45%).

A WIN FOR UTAH FARMERS:

- From 2015-17, Utah farmers received \$293,384 in combined DUFB and SNAP sales from farmers markets and farm stands and gained new, loyal customers
- 71% of participating farmers are selling more fruits & vegetables as a result of DUFB, and 76% said they are making more money.

A WIN FOR LOW INCOME UTAH FAMILIES:

- DUFB helped approximately 6,000 low-income Utahns in 2017, reaching more than 10,000 since 2015.
- 80% of DUFB participants ate more fruits & vegetables and in a wider variety because of the program.

Since 2015, Utah produce incentives have demonstrated the power to increase the demand for local food, support local agriculture jobs, and improve diet quality for low-income families. Double Up Food Bucks (DUFB) is an example which matches \$10 daily of SNAP (food stamps) benefits to purchase fresh Utah fruits and vegetables at farmers markets and farm stands. In 2018, the program operated in 25 markets, farm stands, and mobile markets. The demand for these incentive in Utah has grown at least 20% annually since 2015. In 2017, the Utah Department of Health (UDOH) created the Utah Produce Incentive Collaborative (UPIC) to support DUFB and other incentive programs through cross-sector partnerships with over a dozen organizations. UPIC aims to support farmers by increasing access to fresh, local fruits and vegetables among Utahns, especially among low-income families and those at higher risk of chronic disease.

An ongoing appropriation of \$400,000 per year would support the cost of incentives and other program expenses, pumping \$626,500 per year into Utah's economy.



"The program has been really great for people who need it and for us as farmers. ... As far as the impact on sales, we've seen a nice surge of customers. We're reaching a new market of people which is making a visible difference."

~ Rachel, Wilkerson Farms



Incentivizing Local Purchasing in School Meals (\$250,000, One-year pilot)

Buying locally-grown items from small farms often costs more than buying from major distributors.

Five states currently incentivize the use of local foods in schools through better reimbursement rates when food is local. This has significantly increased the percentage of local food served in schools. We propose \$250,000 for a one-year pilot of a Utah-grown incentive program, up to 20% of which would be administrative.

Schools will apply for program participation and submit invoices showing local-food purchases to receive the extra reimbursement.

Participation will be limited to 20 School Food Authorities (SFAs) during the pilot year. SFAs must meet minimum criteria outlined in the grant application, this states that the food must be grown in Utah and served as part of the National School Lunch Program, School Breakfast Program, or Seamless Summer Option.



A WIN FOR UTAH'S CHILDREN

- Students will get farm-fresh local foods more consistently.
- Children will receive more nutrients critical to their development
- Cafeteria managers in states with similar programs report a drop in food waste and increase in fruit and vegetable consumption.

A WIN FOR UTAH'S FARMERS

- The incentive counters the sometimes-higher cost of local food from small farms.
- Schools provide a large, consistent market for local farmers.
- Children who eat local food are better educated about agriculture and will support Utah farms.

A WIN FOR UTAH'S ECONOMY

- Farm to School programming typically has a 2-to-1 return on investment. A \$250,000 pilot program should return \$500,000 to Utah's economy.
- Michigan saw three school districts increase local fruit and vegetable purchases from \$31,000 to \$150,000 a year during the first two years of a similar program.
- States with these incentive programs typically see participating schools spend more on local produce than reimbursed for.

Food Innovation Implementation Coordinator: (\$119,621, one FTE)

A WIN FOR UTAH FARMERS:

- The coordinator will help farmers that want to create their own value added products and help them connect with companies who want to buy their raw products.
- Farmers will have a more consistent income source.

A WIN FOR UTAH CONSUMERS:

- The coordinator will facilitate more local food on the market year round in the form of value added products.

A WIN FOR THE UTAH ECONOMY:

- The multiplier effect for value added products is estimated by Utah State University to be between 1.79 and 2.31 on average. Every \$100,000 spent on raw farm ingredients could easily generate \$175,000 or more to the Utah economy

The Food Innovation Implementation Coordinator would be a new FTE, with a total compensation and benefits package of \$119,621/year.

The position will initially be housed at the Utah Department of Agriculture and Food, and will coordinate and or be a liaison between food and Ag. entrepreneurs and all of the business assistance organizations, regulatory entities, etc.

There are a lot of resources and regulations out there that local farms and startup food companies must navigate. A 2018 study by Utah State University identified a need for a person that can be dedicated to tying it all together. USU extension is very supportive of this concept as are many other organizations. This person would be responsible for coordinating resources, services and regulatory information for farms looking to expand into new markets or crops and food entrepreneur startups. This person would connect businesses with local governments, state agencies, SBA offices and services, non-governmental entities like USU extension, Incubator kitchens and skilled private sector professionals in business licensing, set up, product development, etc.

