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Serving Up New Local Food Ideas
at Hawaii's Public Schools

BY JESSE COOKE,
VICE PRESIDENT OF INVESTMENTS, ULUPONO INITIATIVE

A concert by Jack Johnson, a slow-cooked imu, 18,000 lbs. of local grass-fed beef, 2,600 pounds of local breadfruit, 34,000 pounds of local bananas, and 20,000 pounds of local papayas. What might sound like a super exclusive, extravagant luau is actually the result of the new ideas and notable work being done by the 'Aina Pono: Hawaii State Farm to School Initiative. Spearheaded by the Lt. Governor's office and the Department of Education (DOE) with support from The Kohala Center and funding by the Johnson Ohana Charitable Foundation, Kokua Hawaii Foundation, Dorrance Family Foundation, Hawaii Appleseed, HMSA Foundation, Kaiser Permanente, and Ulupono Initiative, this revolutionary program was featured in *Hawaii Retail Grocer* magazine last Fall.



(From left): Kim Johnson, Jack Johnson, Mililani High School students Hunter Gentry and Bryson Shishido. Photo courtesy of Department of Education

Opening Up A \$20 Million Market

Given the large purchase volumes mentioned above, local farmers and local food distributors need to pay close attention to what the 'Aina Pono program could mean for local food demand in Hawaii. Starting late last year, the DOE has been featuring a new, locally sourced ingredient every month in public school lunches statewide. One of the core goals of the 'Aina Pono program is to increase the percentage of locally grown food products to 40 percent of the DOE's total food spend. This is not an insignificant dollar amount. The DOE serves ~105,000 lunches and ~35,000 breakfasts each school day, 180 days of the year. In 2015, the DOE's total food spend amounted to ~\$46 million. With the continued increase in food prices, the DOE's 2018 food purchase amount will likely be near \$50 million. However, of that \$50 million, it is likely that only about \$2 million of food purchases will be for locally grown food products. If the 'Aina Pono program is successful and expands statewide, local farmers and ranchers would benefit from a very large, very consistent customer (the DOE) that is seeking to purchase \$20 million per year (40 percent of \$50 million) of locally grown food.

Taking Chances On New Ideas

'Aina Pono started as a farm-to-school pilot in 2016 at the Kohala cafeteria complex on Hawaii Island. The Kohala cafeteria complex consists of three schools (elementary, middle and high) with a total student body of approximately 780 students. Kohala serves approximately 425 lunches and 180 breakfasts every school day. An analysis of Kohala's historical food purchases found that 20 percent of food purchases were for locally grown products - 18.5 percent were for local milk produced by Big Island dairies, and the remaining 1.5 percent of purchases was for local produce. The Kohala pilot was successful on all accounts.

Although it seems counterintuitive, the Kohala pilot was able to save money and more than double local food purchases:

- Increased local food purchases from 20 to 42.5 percent (or 1.5 to 21.5 percent excluding milk)
 - Hawaii Island is the only island that produces its own milk, which means schools on all other islands serve milk imported from mainland dairies.
- Increased student meal participation from 51 to 54 percent
- Increased the percentage of fresh food served from 27 to over 80 percent

- Achieved annual net savings of ~\$77 per student (~\$60,000 in annual savings)

Thanks to the success of the Kohala pilot, 'Aina Pono was expanded to the Mililani cafeteria complex earlier this year, the second largest cafeteria complex in Hawaii. The Mililani cafeteria serves up to 2,500 lunches per day, about 1,000 for the high school and 1,500 for the elementary and intermediate schools. At over five-times the size of the Kohala cafeteria complex, the expansion to Mililani is a notable statement of the DOE's confidence in the 'Aina Pono program.

Another good sign that the program is gaining traction is the launch of a Local Food Procurement Working Group. Anthology Marketing Group's research firm is conducting much-needed agriculture market research to help the DOE develop food procurement solicitations. In many instances, local farmers, ranchers, and distributors have been hesitant to work with the DOE, due to its complex procurement policies, inflexible and out-of-market supply contract terms, statewide volume minimums, and standardized menus that lack understanding of regional farm production. Through Anthology's research, the DOE is seeking to find ways to streamline its procurement process to better emulate industry standards and norms, and to

Hawaii's DOE School Meal Program vs. Other States

The possible cost savings of \$77 per student is an important driving factor behind the DOE's support for 'Aina Pono, which should be the case because it makes good business sense. State taxpayers should be happy as well, as the DOE has been losing approximately \$20-\$30 million annually on its school meal program. These losses are funded by the State of Hawaii, via our state taxes.

As it happens, state funding of school meal programs is not "a given" for school systems in the United States. In fact, two similarly sized school systems are provided zero state funds for their school meal programs. Both Florida's Orange County school system (190,000 students) and Virginia's Fairfax County school system (180,000 students) cover all school meal program costs with Federal reimbursements and school meal sales. What's more, the Orange County school system actually makes money on its school meal program, earning a net profit of roughly \$10 million.

Undoubtedly, the higher costs for food and labor in Hawaii are significant factors that must be considered before drawing strong conclusions from these comparisons. For example, the cost of milk for many mainland districts is around 20 to 25 cents per half pint, versus 36 to 43 cents per half pint for Hawaii's school meal program. Another factor to consider is that Fairfax charges high school students \$3.25 per lunch while Hawaii's high schoolers pay \$2.75. In addition, the Orange County school system is less than 10 percent larger than Hawaii's school system, yet received ~25 percent more funding from the Federal Government for its school meal programs.

provide increased purchase flexibility to accommodate regionally specific menus and smaller purchase volumes.

A Triple Bottom Line That Makes Business Sense

'Aina Pono could be one of those rare ideas that benefit the health of communities as a whole and make good business sense for all stakeholders involved. Students are served more fresh food, arguably superior in nutrition versus processed or canned food. If 'Aina Pono expands statewide and achieves 40 percent local food purchases, local producers benefit from a large consistent buyer with \$20 million in annual market demand. The DOE could accomplish significant cost savings, possibly as much as \$13 million. And Hawaii's movement towards being more self-sufficient in growing its own food to feed our children will take a big step forward.



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