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HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS  
Wednesday, March 29, 2023 — 9:30 a.m.

**Ulupono Initiative supports HCR 105/ HR 111.**

Dear Chair Gates and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy, clean transportation choices, and better management of freshwater resources.

**Ulupono supports HCR 105/ HR 111**, which requests the Department of Education (DOE) to develop a strategic plan to meet the locally sourced food goals established in Acts 175 and 176, Session Laws of Hawai'i 2021.

Ulupono supports the efforts to increase locally produced food in the DOE school meal program. This resolution asks the DOE to develop a strategic plan and fill the vacant farm to school coordinator position. With a dedicated resource in the farm to school coordinator position, and a detailed strategic plan to implement, we believe the DOE can be successful at meeting its 30% by 2030 and 50% by 2050 goal.

As the resolution states, the DOE produces approximately 120,000 meals per day with a \$50–60 million annual food budget and an estimated \$100 million total annual School Food Services Program budget.<sup>1</sup> To date, the DOE has not submitted to the Legislature, nor through its public website, any strategic action plan outlining how the department will meet its 30% by 2030 goal. Over the past 2 years since Acts 175 and 176 were passed, the DOE's reports to the Legislature have made broad claims with little to no insight on how the DOE will ramp up local farm to school efforts to meet its mandates. We ask this committee to consider adding in additional language within the resolution to highlight important data points that would allow the DOE to explain its strategic direction in a detailed manner. We acknowledge that the following additional requests are extensive, but we believe the information is crucial to meeting the legislative intent of Acts 175 and 176 and therefore further illustrates the need for the development of a strategic business plan.

Amend page 3, line 18 – page 4, line 8 to include detailed points such as these listed below:

**Existing Processes and Systems of DOE School Meals**

- Describe in detail DOE's current procurement process, including the primary suppliers for food or meals for the DOE (e.g., direct from supplier vs. via a food distributor or food service provider)

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<sup>1</sup> "State of Hawai'i Department of Education Financial Report, July 1, 2017–June 30, 2018." School Food Services Program, Pg. 16.

- Describe the types of food purchases, including a breakdown by type and by main vendor (e.g., fresh, canned, frozen, pre-made, etc. by direct from farmer, food distributor, food service provider, etc.)
- Describe the types of contracts utilized for food procurement (e.g., long-term vs. short term, how often are they open to bid, key terms, etc.) and identify what barriers currently make it challenging to increase local food purchases
- Describe the separation of procurement duties at the cafeteria level, regional level, and DOE level
- Review and identify procurement rules and central menu planning that hinder the ability to do regional purchasing
- Describe the DOE's current distribution process, including what distribution/hauling assets DOE currently has, how the majority of food is delivered to the cafeterias, and how this process will change as a result of farm to school efforts in a centralized cafeteria system

### **Understand How the DOE Works with Existing Local Farmers/Ranchers and Food Distributors/Food Service Provider**

- Provide a list of all current farmers/ranchers the DOE purchases from, and get feedback from those farmers/ranchers on how the DOE could improve its procurement and contract agreements to make regional purchasing easier
- Identify how the DOE's contract requirements/clauses differ from farmers'/ranchers' typical commercial contracts
- Identify the specific requirements/clauses in DOE contracts that make it difficult for farmers/ranchers to sell to the DOE
- Identify possible adjustments or needs to support more contracts and purchasing by local farmers/ranchers
- Provide a list of the current food distributors and food service providers the DOE purchases from, and get feedback from those food distributors and food service providers on how contracts with the DOE could increase more local food content
- Identify whether the DOE can contractually require its current food distributors to incorporate an increased percentage of local content in food products
- Provide details on the services the DOE's current food distributors provide to school kitchens
- Provide details on how the services provided by the DOE's current food distributors will change because of the large centralized kitchen
- Identify possible adjustments or needs to support increasing purchasing by local farmers/ranchers

### **Better Understand How the DOE Can Increase Purchases of Locally Grown Food**

- Conduct interviews with a large sample size of farmers/ranchers in the centralized kitchen region
- Identify what crops farmers/ranchers can provide, an estimate of the volume of each crop that farmers/ranchers can supply weekly, when they can provide the crops due to seasonality, and estimated pricing farmers/ranchers would charge for their crops
- Identify whether farmers/ranchers have the capability to haul their crops to the centralized kitchen, or whether farmers/ranchers will need assistance
- Identify whether the DOE will need to invest in (or contract with) hauling and distribution assets/services, so the DOE can transport crops from regional farms to the centralized kitchen

- Identify the primary requirements/clauses in farmers'/ranchers' typical commercial contracts with their current buyers
- Identify how the DOE's contract requirements/clauses differ from farmers'/ranchers' other commercial contracts
- Identify the specific clauses and requirements in DOE contracts that make it difficult for farmers/ranchers to sell to the DOE
- Provide workshop training and guidance for farmers/ranchers who want to become qualified vendors for the DOE
- Identify possible adjustments or needs to support more contracts and purchasing by local farmers/ranchers
- Create menus specific for the school districts that will be supplied by the centralized kitchen, taking into account the goal of 30% locally sources by 2030 and farm products available in the region
- Create alternate menus that can substitute local ingredients w/ imported ingredients in case of a shortage in local supply, and that can substitute imported ingredients w/ local ingredients in case of an import supply chain disruption as experienced during the pandemic
- Provide a list of the ingredients needed for each meal on the menu, the vendors that could provide the ingredients, and the pounds of ingredients needed for each meal on the menu; also identify which ingredients could possibly be provided locally and what share of the meal could potentially be locally sourced
- Provide a list of local farmers/ranchers in the region that have the combined volume necessary to supply the centralized kitchen and indicate any "shortfall" of volume that cannot be currently provided by local farmers/ranchers for all local ingredients in each meal on the menu
- Conduct food polls and taste testing with the students to find out what they want to eat to encourage food consumption and to reduce waste.

#### **Better Understand How the New (centralized kitchen) Model Will Operate**

- Provide details on the operations of the centralized kitchen and the resulting changes to the operations of the school kitchens that will be replaced by the centralized kitchen, including: the number of breakfast, lunch, and snack meals that the centralized kitchen will produce on a typical school day (for example, will the centralized kitchen be providing all meal production services, or will school kitchens still be needed for some meal production services); the number of staff needed to operate the central kitchen and their estimated salaries; and the current number of staff in the school kitchens that will be replaced by the centralized kitchen
- Identify whether the centralized kitchen strategy will require the DOE to invest in more distribution workers and/or assets such as vehicles, warehouse space, cold storage, etc.
- Provide detailed financial projections of the expected costs of the centralized kitchen versus the current costs of the school kitchens that will be replaced by the centralized kitchen

#### **Better Understand the Investment and Timeline**

- Identify the best examples of centralized kitchens done in other states that are models for the HIDOE's centralized kitchen including number of meals produced, square footage of the kitchens, workers needed for those kitchens, hauling and distribution services are provided by those kitchens, and the percentage of processed food versus fresh food
- Provide details on the costs of permitting, development, construction, and equipment purchases required for the centralized kitchen

- Provide a detailed list of all the permitting, development, construction, and equipment purchase costs that will be covered by the HIDOE's initial budget of \$35 million
- Provide a list of permits and licenses that will be required for the development, construction, and operations of the centralized kitchen
- Provide a list of additional equipment and infrastructure that will need to be purchased that was not covered by the HIDOE's initial budget of \$35 million to make the centralized kitchen fully operational
- Provide a detailed timeline showing the activities necessary to finalize permitting, development, construction, staffing, and equipment purchases for the centralized kitchen
- Provide contractor estimates and/or guarantees that the centralized kitchen can be completed within so many years

### **Improved Tracking and Reporting**

- Identify an IT system(s) that can track centralized kitchen and individual school kitchen purchases in sufficient detail to report local food purchases versus imported food purchases by food type, vendor, purchase amount, date of purchase, date of arrival, specific cafeteria, etc.
- Provide centralized kitchen and individual school kitchen financial reports on a monthly basis—these reports should include revenues (federal reimbursement and student purchases) and expenses (labor, food cost, supplies cost, etc.)
- Track the student participation rate in DOE's breakfast, lunch and snack meal program by elementary, intermediate, and high school
- Identify what operational adjustments and needs would be required to support implementation and ongoing utilization of such a system
- Implement organizational change management for adoption of new IT system or upgrade.
- If the new IT system or upgrade is more than \$1 million, pursuant to section 27-43, Hawai'i Revised Statutes (HRS), independent verification and validation, it must adhere to IT governance process to ensure success of the new IT implementation

We understand that the task to implement local products into our keiki's meals is complex, so we commend those within the DOE who are enthusiastic and willing to champion the State's worthy farm to school goals. The DOE can significantly improve its chances of success by developing a strategic business plan to meet its farm to school meal goals and by filling the farm to school coordinator position to provide necessary labor resources. Ulupono and many others remain very open and willing to support the DOE in meeting these needs.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata  
Director of Government Affairs



# HAWAII APPLESEED

## CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai‘i Appleseed Center for Law and Economic Justice  
Support for H.R. 111 and H.C.R. 105 – Requesting The Department Of Education To Develop A  
Strategic Plan To Meet The Locally Sourced Food Goals Established In Acts 175 And 176,  
Session Laws Of Hawaii 2021  
House Committee on Agriculture and Food Systems  
Wednesday, March 29, 2023, at 9:30AM

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Dear Chair Gates, Vice Chair Kahaloa, and members of the Committee:

Thank you for the opportunity to provide testimony in support of **H.R. 111 and H.C.R. 105**, which request that the Hawai‘i Department of Education (HIDOE) develop a strategic plan to meet the local food procurement goals established by the legislature in 2021.

The 2021 Hawai‘i legislature passed Act 176, SLH 2021, which establishes a farm to school program in HIDOE and requires that the Department procure 30 percent of their food from local producers. While the Department has publicly articulated a strategy that hinges on building centralized kitchens around the state, there are significant concerns that this strategy is inadequate to achieve this goal. These resolutions would require that the centralized kitchen plan is supported by additional strategies and support both within and outside the Department to ensure success.

Procurement, processing, and supply chain issues have dominated the conversation around farm to school at the legislature, and for good reason. However, these are just the tip of the iceberg, and without addressing some systemic issues internally, the food procured and processed by a centralized kitchen is unlikely to reach students in significant quantities or on a consistent basis.

Internally, the HIDOE’s School Food Services Branch must comply with a number of rules related to participating in the National School Lunch Program that have little to nothing to do with purchasing. These include:

- Developing recipes that meet requirements for protein, whole grain, salt, sugar, and fat
- Ensuring recipes are standardized for bulk production and consistency
- Inserting recipes into complex cycle menus that meet the USDA meal pattern requirements
- Ensuring there is a system in place to count the number of free, reduced-price, and paid meals served each day
- Collecting information on purchasing and inventory at the school level uniformly from school kitchens
- Gathering student feedback
- Providing staff training and developing systems for quality control
- Providing support for students with special dietary needs

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*The Hawai‘i Appleseed Center for Law and Economic Justice advocates for economic justice for and with Hawai‘i’s people. We envision a Hawai‘i that puts its people first—where everyone can meet their basic needs while living happy, healthy and creative lives.*

It is unclear if a centralized kitchen will add capacity for any of these tasks. For example, there is currently only one statewide cycle menu for breakfast and lunch, which does not take into account the many regional and cultural food preferences of the children that the HDOE serves. As a result, the Department currently only solicits and awards bids on a statewide basis to accommodate the statewide menu, precluding the opportunity to source from smaller local farms and vendors, who may not have the ability to supply ingredients for the entire statewide school system.

Another example: The current staffing structure does not provide regional support to school-level kitchen staff. One of the longest standing and most-often cited barriers to quality improvement is the fact that school-based cafeteria managers and staff report to principals, while supervisors (currently housed at SFSB) have no authority to implement changes to program operations at the school level.

The issue was pointed out seven years ago, in a 2016 technical assistance report<sup>1</sup> commissioned by the USDA, noting the following:

*“Since SFSB does not have direct authority in schools, much is out of the control of SFSB, especially regarding efficiencies. [They] cannot adequately monitor point of sale transactions [and] do not get data they need.”*

The report goes on to note, **“Also, each supervisor has too many schools to adequately monitor.”**

Under recommendations, the report states, **“In so many situations, the lack of line authority is reported to create limitations** [emphasis added].” They recommend the following:

*“Work with the Human Resources team to develop an overall reporting structure for all personnel that will meet the needs and obligations of the School Food Services Branch and its commitment to the USDA, DOE HNCP, BOE etc.”*

Of particular concern is the underutilization of a vast resource: **Hawai‘i’s 193 production kitchens and 44 serving kitchens could be leveraged to provide meals not just during the school hours, but to students (and their families) during summers, school breaks, and after school.** It is critical to note that there are still up to one in four children in Hawai‘i that regularly go without enough nutritious meals at home.<sup>2</sup> This means that when those kitchens are not offering meals, these children are not eating. It is our hope that a decentralized model would allow for more direct support of these kitchens, more partnerships with local community organizations, more federal funds being drawn down into Hawai‘i’s economy, and ultimately better community food security.

Thank you for considering these comments in your deliberation of these resolutions. Hawai‘i Appleseed is in full support of the HDOE farm to school program, as we believe in the importance of good quality food served through our federally-subsidized nutrition programs. We sincerely believe that this legislation will help achieve the intended effect of reaching the state’s farm to school goals.

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<sup>1</sup> U.S. Department of Agriculture and Institute of Child Nutrition. *Review of School Food Services Branch in Hawai‘i, Technical Assistance Report by Timikel Sharpe* (ICN consultant). May 2016.

<sup>2</sup> Feeding America estimates of Food Insecurity among the Child (<18 years) Population in Hawai‘i (2020)

**HR-111**

Submitted on: 3/28/2023 10:43:10 PM

Testimony for AGR on 3/29/2023 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Sarah Freeman	County of Hawaii	Support	Written Testimony Only

Comments:

Dear Chair Gates, Vice Chair Kahaloa, and members of the Agriculture and Food Systems Committee:

Thank you for the opportunity to provide testimony in **support** of HR111, which would require the Department of Education (DOE) to develop a strategic plan to meet the locally sourced food goals established in acts 175 and 176, session laws of Hawaii 2021.

The DOE has stated that they will seek a central kitchen model on Oahu to achieve its local food procurement meal goal provided in Acts 175 and 176. However, the DOE has yet to provide a strategic evaluation and plan that demonstrates the feasibility and effectiveness of this model.

I strongly encourage the Members of the House Committee on Agriculture and Food Systems to **support HR111** which requests for the department to develop a strategic plan to meet the locally sourced food goals established in acts 175 and 176.

Thank you for your consideration,

Sarah Freeman

County of Hawaii

Food System Specialist

**HR-111**

Submitted on: 3/28/2023 5:41:02 PM

Testimony for AGR on 3/29/2023 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Dexter Kishida	Individual	Support	Written Testimony Only

Comments:

As a large purchaser of food, this strategic plan will assist by informing the agriculture sector how to best meet the DOE's targets. One large issue I have found is the communication between supply and demand to allow each meet. This long range plan will fulfil this need.