



LEGISLATIVE REPORT

LOCAL FOODS INCENTIVE PROGRAM

Report to the Vermont General Assembly

January 16, 2024

Submitted by:

**Heather A. Bouchey, Ph. D.
Interim Secretary of Education**

LEADERSHIP

SUPPORT

OVERSIGHT

Executive Summary

[Act 67 of 2021](#) aimed to increase equitable access to high-quality education for all students. High-quality meals are an essential part of a high-quality education. [Section 7](#) set the goal for schools to buy locally produced goods for at least 20 percent of all foods purchased. This benchmark was created to support local agriculture while also increasing the quality of services students receive during the school day.

This year, six school food authorities (SFAs) reported local purchasing of 15% or higher. A total of \$1,236,671.01 was put into the local economy due to SU/SD food purchasing during SY22-23 which is reflected in the SY23-24 applications.

Grant awards are calculated using only the number of lunches served under the National School Lunch Program. Subsequent Year applications have yet to be audited. Based on the results of those audits, final funding amounts may change. However, it is anticipated that as more schools start to refine their local purchasing practices and begin qualifying for Subsequent Year grant awards, grant requests will grow.

Legislation

This report is submitted pursuant to [Act 67 of 2021, section 7](#). The Agency of Education (AOE) is required to submit a status update on an estimate of the percentage of the cost of all foods purchased by the school board for programs that were locally produced foods during the one-year period.

The General Assembly charged the Agency of Education (AOE) with providing an annual report to the Senate Committee on Agriculture, Senate Committee on Education, House Committee on Agriculture and Forestry and House Committee on Education on the following:

- The information received from supervisory unions regarding the percentage of locally produced foods, as the supervisory unions define them, that were reported under subsection (b) of this section
- The percentage of locally produced foods, using the grant funding definition, that were reported under section (c) (5) of this section
- The amount of grant funding paid to supervisory unions under subdivision (c)(5) of this section and the amount of grant funding paid to supervisory unions under subdivision (c)(6) of this section in the prior school year

Background

The Local Foods Incentive (LFI) has two grant tracks: Baseline Year and Subsequent Year grants. SFAs apply for a Baseline Year grant first, which is intended to act as an “on-ramp” for SFAs as they prepare to increase their local purchasing and get their tracking systems in place. If applicants complete the four grant requirements (develop a locally produced foods purchasing plan, designate a Food Coordinator, identify a tracking method for Subsequent Year grants and provide a local purchasing estimate)

LEADERSHIP • SUPPORT • OVERSIGHT

they receive a grant award. There is no purchasing threshold required for a Baseline Year grant award.

After completing a Baseline Year, SFAs then apply for Subsequent Year grants every year thereafter. To receive a grant award in Subsequent Years, SFAs must achieve at least a 15% local purchasing threshold.

The grant award tiers for Subsequent Years are as follows:

15% local purchasing = \$0.15 per NSLP lunch served

20% local purchasing = \$0.20 per NSLP lunch served

25% local purchasing = \$0.25 per NSLP lunch served

The local purchasing percentage encompasses purchases made by the SFA for all federal child nutrition programs. These include the School Breakfast Program, National School Lunch Program (NSLP), Fresh Fruit and Vegetable Program, Summer Food Service Program, and Child and Adult Care Food Program.

Grant awards are calculated using only the number of lunches served under the NSLP.

New this year because of [Act 64](#), Approved Independent Schools operating a child nutrition program that qualifies for the universal meals supplement, in addition to supervisory unions/school districts (SU/SDs), are eligible to apply for a Local Foods Incentive grant ([Sec. 4. 16 V.S.A. § 1264a\(e\)2](#)).

One important consideration to keep in mind is that Subsequent Year applications have yet to be audited. Based on the results of those audits, final funding amounts may change. For example, last year (SY22-23), one of the six Subsequent Year applicants was disqualified from a grant award because milk purchases were included in their local purchasing data.

Program Analysis

This is the second year SFAs have reported actual food purchasing data. Although there is not enough history to establish a trend, the data does provide insights into the direction of the program. Based on multiple measures discussed in the Grant Funding section further below, there has been an overall increase in local purchasing.

Profile of Subsequent Year Grantees

While the SFAs that received Subsequent Year grants this year do not all share the same attributes, a rough profile has emerged. Generally speaking, the six SFAs that successfully achieved 15% local purchasing this year are self-operated programs, receive General Fund transfers into their school nutrition program, and are below the statewide average free and reduced meal eligibility rate of 35%.

Self-Operated Programs

A self-operated child nutrition program is one that is wholly managed by the School Food Authority and in which all staff are employees of the supervisory union or school district. This contrasts with Food Service Management Company (FSMC) run programs wherein the SFA contracts out much of the day-to-day operation of the program to a FSMC based on a fixed price per meal contract.

It is entirely possible for a FSMC run program to achieve a high local purchasing percentage, but it requires the SFA to request such a program in their initial Request for Proposal and for the SFA to pay the higher contract costs associated with increased local purchasing. This makes FSMC run programs less nimble because of the time it takes to go out to bid and establish a new contract. We have had some SFAs recently go out to bid and request increased local purchasing as a part of their contract, but the majority of SFAs that contract with FSMCs do not prioritize local purchasing. Many of these SFAs are the most cost sensitive and the increased contract costs, not all of which would be made up for through a grant award, remain a barrier to participation.

From this year's group of Subsequent Year grantees, Lamoille North SU is the exception as they have a "mixed" SFA wherein one of their sites is managed by a FSMC and the rest of the SFA is self-operated. The food purchases of all their sites were combined to calculate their local purchasing percentage.

General Fund Transfers

All School Food Authorities must maintain a separate nonprofit school food service account (NSFSA) which is the restricted account into which all school nutrition revenue must accrue. It is possible for the NSFSA to be financially self-sufficient and for SFAs to run their school nutrition program using only the revenue from federal and state reimbursement, child nutrition grants, and earned income. Some SFAs decide to further invest in their child nutrition programs by making a transfer of local funds from the SFA's General Fund into the NSFSA. The General Fund transfers for all SFAs have been included in the data tables below.

Five of the six SFAs (83%) that received a Subsequent Year grant had a General Fund transfer of at least \$180,000 into their NSFSA, which far exceeds their grant awards which are between \$20,000 and \$40,000. In comparison, only 48% of all other SFAs receive any General Fund transfer.

This highlights that many of the child nutrition programs in Vermont that are doing the most local purchasing are committing significant local funds to their programs.

Free and Reduced Meals Eligibility

Five of the six Subsequent Year grantees have a free and reduced meal eligibility rate below the statewide average of 35%. The one exception is Windham Northeast SU which has an eligibility percentage of 52% and the highest local purchasing in the state.

LEADERSHIP • SUPPORT • OVERSIGHT

In comparison, the average free and reduced meal eligibility of SFAs that have never applied for a Local Foods Incentive grant is 42%.

From this data point, it could be extrapolated that SFAs with a lower eligibility rate are more inclined to participate in the Local Foods Incentive, potentially because their communities have more resources to invest in the program (as highlighted in the General Fund Transfers section above). Additional SFAs will participate in the Local Foods Incentive as they slowly redirect purchases to local sources, but inevitably the increased food costs which are not fully covered by grant awards will remain a barrier for some SFAs.

Other Considerations

After applications were submitted, the Child Nutrition Programs team reached out to SFAs that had a year-on-year local purchasing decrease to see what barriers they encountered. One consistent piece of feedback received is the difficulty in finding a local source of beef. Beef has been identified as a crucial piece of any SFAs overall local purchasing if they wish to achieve 15% and we have heard consistent feedback that the current supply is not sufficient for the needs of Vermont schools. This is an area where the legislature could make significant grant investments to encourage the growth of Vermont beef and make in-state slaughtering and processing facilities more readily available.

When looking at the purchasing percentage of Subsequent Year applicants, there appears to be a small gap between SFAs receiving a grant award and SFAs that are not yet at 15%. Eleven SFAs (over half of all Subsequent Year applicants) are within 2 points of 10% purchasing. This suggests that 10% local purchasing may be the “natural” threshold for SFAs as they transition to local purchasing. Currently, SFAs nearing 10% are still very far off from the point at which they will receive a grant award (15%), despite making concerted efforts to increase their local purchasing. This may have unintended negative effects for the program as SFAs drop out if 15% feels unattainable or too much of a financial risk.

Grant Funding

Overall, \$240,188.55 in grant funding is anticipated to be paid out this year to applicants. This is an overall decrease from previous years; \$314,632.50 was paid out in SY22-23 and \$489,838.20 was paid out in SY21-22. This downward trend reflects fewer SFAs eligible to apply for the Baseline Year grant. The Baseline Year grant is much easier to receive, but an SFA is only eligible to receive the grant once. Currently the legislature has appropriated \$500,000 annually for the Local Foods Incentive and that level of funding is expected to be sufficient for the foreseeable future. Unexpended funds appropriated to the Local Foods Incentive are returned annually to the state’s General Fund. Once all eligible and interested SFAs apply for a Baseline Year grant, we do expect to see an upward trend in grant requests as more SFAs increase their local purchasing. While it’s too early to confidently predict when the full \$500,000 will be

LEADERSHIP • SUPPORT • OVERSIGHT

requested, we are seeing local purchasing and the related grant requests trending upward.

When looking at only Subsequent Year grant awards, there was a year-on-year increase; \$170,276.85 in SY23-24 compared to \$148,536.75 in SY22-23. This reflects an increase in actual local purchasing and an additional SFA becoming eligible for a grant award.

Total local purchasing has increased among Local Foods Incentive participants as well. There were thirteen SFAs¹ that applied for a Subsequent Year grant in SY22-23 and SY23-24. When comparing this group of SFAs' year-on-year data, local purchasing increased by \$233,004.83, from \$730,541.69 in SY22-23 to \$963,546.52 in SY23-24.

Data

31	Number of SFAs eligible to apply for a Subsequent Year grant.
6	Number of SFAs that qualified for a Subsequent Year grant award.
14	Number of SFAs that applied but did not qualify for a Subsequent Year grant award.
11	Number of SFAs that were eligible but did not apply for a Subsequent Year
4	Number of SFAs that applied for a Baseline Year grant.
28	Number of SFAs that have yet to apply for a Baseline Year grant.
31%	Windham Northeast SU's local purchasing percentage, the highest Subsequent Year percentage.
\$1,236,671.01	Total amount of VT Local food purchased by SFAs that applied for a Subsequent Year grant.

¹ The thirteen SFAs are: Rivendell Interstate School District, Essex Westford Educational Community, Unified Union School Dist., Mount Mansfield Unified Union School District, Addison Northwest School District, Caledonia Central SU, Central Vermont Supervisory Union, Harwood Unified Union School District, Lamoille North SU, Mt. Abraham Unified School District, Champlain Valley Unified Union School District, Windsor Central SU, Windham Northeast SU, and Burlington School District.

Subsequent Year Applicants

Unless otherwise indicated, all data is for SY23-24 applications. Not Eligible means that the SFA had not yet submitted a Baseline Year application, so it could not apply for a Subsequent Year grant. Organized by ascending SY23/24 Local Purchasing Percentage.

SFA Name	LEA ID	Locally Produced Foods Budget (\$)	Local Purchase 2023/24 (%)	Local Purchase 2022/23 (%)	SY23-24 Award	FSMC/ Self Op	General Fund Transfers	Number of Lunches	% FRL (Oct 2022)
Champlain Valley Unified Union School District	U056	\$48,994.68	4%	7%	\$ -	Self-op	\$424,576.43	400,855	9%
Mount Mansfield Unified Union School District	U401	\$37,465.39	6%	3%	\$ -	Self-op	\$0	287,062	8%
Burlington School District	T037	\$79,404.91	7%	15% ²	\$ -	Self-op	\$29,924.32	340,582	57%
Rivendell Interstate School District	U146	\$8,895.63	8%	7%	\$ -	Self-op	\$0	43,306	31%

² Burlington School District received a Subsequent Year grant in SY22-23 but not SY23-24.

SFA Name	LEA ID	Locally Produced Foods Budget (\$)	Local Purchase 2023/24 (%)	Local Purchase 2022/23 (%)	SY23-24 Award	FSMC/ Self Op	General Fund Transfers	Number of Lunches	% FRL (Oct 2022)
Central Vermont Supervisory Union	S068	\$27,631.00	8%	16% ³	\$ -	FSMC	\$0	128,391	21%
Caledonia Central Supervisory Union	S009	\$35,579.86	9%	10%	\$ -	Self-op	\$288,516.42	129,819	31%
Bennington-Rutland Supervisory Union	S006	\$34,594.00	9%	Not Eligible	\$ -	Self-Op	\$239,190.00	115,629	29%
Orleans Southwest Supervisory Union	S035	\$28,859.55	9%	Not Eligible	\$ -	Self-op	\$0	98,909	43%
Two Rivers Supervisory Union	S063	\$27,710.82	9%	Not Eligible	\$ -	Self-op	\$0	81,512	42%

³ Central Vermont SU received a Subsequent Year grant in SY22-23 but not SY23-24.

LEADERSHIP · SUPPORT · OVERSIGHT

SFA Name	LEA ID	Locally Produced Foods Budget (\$)	Local Purchase 2023/24 (%)	Local Purchase 2022/23 (%)	SY23-24 Award	FSMC/ Self Op	General Fund Transfers	Number of Lunches	% FRL (Oct 2022)
White River Valley Supervisory Union	S030	\$38,684.48	10%	Did Not Submit	\$ -	Self-op	\$133,980.00	119,282	24%
Orange Southwest Unified Union School District	U059	\$25,582.00	10%	Not Eligible	\$ -	Self-op	\$0	94,405	39%
Essex Westford Educational Community Unified Union School District	U051	\$111,236.00	11%	2%	\$ -	Self-op	\$280.00	405,046	17%
Lamoille South Supervisory Union	S026	\$41,520.46	12%	13%	\$ -	Self-op	\$122,150.00	151,385	18%
Windham Southeast Supervisory Union	S048	\$76,173.18	12%	Did Not Submit	\$ -	Mixed	\$0	256,861	45%
Lamoille North SU	S025	\$90,753.00	17%	14%	\$26,661.60	Mixed	\$424,936.36	177,744	34%
Addison Northwest School District	U054	\$53,495.70	20%	7%	\$20,529.80	Self-op	\$213,150.00	102,649	20%
Mount Abraham Unified School District	U061	\$87,285.09	21%	18%	\$29,202.80	Self-op	\$260,068.00	146,014	25%

LEADERSHIP · SUPPORT · OVERSIGHT

SFA Name	LEA ID	Locally Produced Foods Budget (\$)	Local Purchase 2023/24 (%)	Local Purchase 2022/23 (%)	SY23-24 Award	FSMC/ Self Op	General Fund Transfers	Number of Lunches	% FRL (Oct 2022)
Windsor Central Supervisory Union	S051	\$88,221.12	21%	26%	\$23,567.00	Self-op	\$0	117,835	11%
Harwood Unified Union School District	U060	\$69,144.21	23%	14%	\$37,544.40	Self-op	\$265,256.64	187,722	13%
Windham Northeast Supervisory Union	S047	\$225,439.93	31%	27%	\$32,771.25	Self-op	\$180,000.00	131,085	52%

Baseline Year Applicants

Organized alphabetically by SFA name.

SFA Name	LEA ID	Local Purchase Estimate (%)	Self-Reported Accuracy of Estimate	Number of Lunches	SY23-24 Award	FSMC/Self Op	General Fund Transfers	% FRL (Oct 2022)
Barre Unified Union School District	U097	25%	Moderately Accurate	235,097	\$ 35,264.55	FSMC	\$0	44%
Greater Rutland County Supervisory Union	S066	10%	This is a guess	156,545	\$ 23,481.75	Mixed	\$74,273.94	35%
Vermont Achievement Center ⁴	R186	20%	Moderately Accurate	11,463	\$1,719.45	Self-Op	\$16,409.86	83%
Windham Southwest Supervisory Union	S049	20%	This is a guess	62,973	\$9,445.95	Self-op	\$48,583.57	41%

⁴ Vermont Achievement Center is a newly eligible SFA due to Act 64.

SFAs That Did Not Apply

Organized alphabetically by SFA name. Some SFAs have not yet submitted their Financial Report, indicated by “Did Not Submit”. Lincoln Town School District is a new SFA, so there is no data from SY22-33 for their General Fund Transfers, Number of Lunches, or Free and Reduced Meal Percentage.

SFA Name	LEA ID	SFA Received a Baseline Year Award (School Year)	Local Purchasing Percentage Estimate (%)	Self-Reported Accuracy Of Estimate	General Fund Transfers	Number of Lunches	Free And Reduced Meal Percentage (Oct 2022)
Addison Central School District	U055	Never	11%	Very Accurate	\$75,290.00	173,744	24%
Burr and Burton Academy	P002	Never	13%	Moderately Accurate	\$0	86,813	13%
Colchester Town School District	T050	21/22	6%	Moderately Accurate	\$0	241,367	26%
Essex North SU	S019	21/22	Did Not Submit	Did Not Submit	Did Not Submit	17,749	30%
Franklin Northeast SU	S020	22/23	8%	Moderately Accurate	\$0	198,403	59%
Franklin West SU	S022	Never	1%	This is a guess	\$0	249,598	19%
Grace Christian School	R855	Never	25%	This is a guess	\$ 32,400.00	24,933	38%
Grand Isle SU	S024	Never	Did Not Submit	Did Not Submit	Did Not Submit	59,217	45%
Hartford Town School District	T093	Never	70%	This is a guess	\$0	109,822	27%
Kingdom East Supervisory District	U064	Never	20%	Moderately Accurate	\$13,878.54	130,639	42%
Laraway School, Inc.	R111	Never	1%	Very Accurate	\$0	3,008	88%

LEADERSHIP · SUPPORT · OVERSIGHT

SFA Name	LEA ID	SFA Received a Baseline Year Award (School Year)	Local Purchasing Percentage Estimate (%)	Self-Reported Accuracy Of Estimate	General Fund Transfers	Number of Lunches	Free And Reduced Meal Percentage (Oct 2022)
Lincoln Town School District	T112	Never	Did Not Submit	Did Not Submit	Did Not Submit	N/A	N/A
Lyndon Institute	P003	Never	4%	Moderately Accurate	\$0	36,844	30%
Maple Run Unified School District	U057	21/22	13%	Moderately Accurate	\$ -	288,665	37%
Mill River Unified Union School District	U052	Never	2%	This is a guess	\$-	96,068	34%
Milton Town School District	T126	Never	Did Not Submit	Did Not Submit	Did Not Submit	148,212	25%
Missisquoi Valley School District	U089	Never	7%	Very Accurate	\$ -	196,156	38%
Montpelier Roxbury SD	U071	21/22	10%	This is a guess	\$110,000.00	107,623	16%
North Country SU	S031	Never	10%	This is a guess	\$ -	292,199	67%
Northeastern Family Institute	R614	Never	Did Not Submit	Did Not Submit	Did Not Submit	10,487	89%
Norwich School District	T145	Never	Did Not Submit	Did Not Submit	Did Not Submit	35,819	2%
Orange East SU	S027	Never	20%	Moderately Accurate	\$107,793.18	158,579	37%
Orleans Central SU	S034	Never	3%	Moderately Accurate	\$109,411.45	117,003	64%

LEADERSHIP · SUPPORT · OVERSIGHT

SFA Name	LEA ID	SFA Received a Baseline Year Award (School Year)	Local Purchasing Percentage Estimate (%)	Self-Reported Accuracy Of Estimate	General Fund Transfers	Number of Lunches	Free And Reduced Meal Percentage (Oct 2022)
Rutland City School District	T173	Never	Did Not Submit	Did Not Submit	Did Not Submit	218,146	67%
Rutland Northeast SU	S036	21/22	13%	Moderately Accurate	\$ -	114,115	30%
Slate Valley Unified Union School District	U062	21/22	15%	Very Accurate	\$ -	122,042	45%
South Burlington Town School District	T191	21/22	8%	Moderately Accurate	\$ -	211,703	16%
Southwest Vermont SU	S005	22/23	15%	Moderately Accurate	\$ -	357,431	76%
Springfield Town School District	T193	Never	25%	Moderately Accurate	\$50,000.00	132,936	69%
St. Johnsbury Academy	P004	Never	50%	This is a guess	\$2,047,736.03	94,740	9%
St. Johnsbury Town School District	T179	Never	4%	Moderately Accurate	\$ -	83,761	70%
The Compass School	R820	Never	Did Not Submit	Did Not Submit	Did Not Submit	6,563	58%
The Village School of North Bennington	R053	Never	5%	This is a guess	\$7,500.00	14,678	20%
Thetford Academy	P005	Never	Did Not Submit	Did Not Submit	Did Not Submit	32,675	10%

LEADERSHIP · SUPPORT · OVERSIGHT

SFA Name	LEA ID	SFA Received a Baseline Year Award (School Year)	Local Purchasing Percentage Estimate (%)	Self-Reported Accuracy Of Estimate	General Fund Transfers	Number of Lunches	Free And Reduced Meal Percentage (Oct 2022)
Washington Central Unified Union School District	U092	Never	25%	This is a guess	\$149,115.00	136,662	21%
Washington County Mental Health Services Inc.	R528	Never	5%	This is a guess	\$17,044.63	5,904	90%
Windham Central SU	S046	22/23	15%	Moderately Accurate	\$337,985.00	77,803	35%
Windsor Southeast SU	S052	22/23	18%	Very Accurate	\$358,957.00	117,690	19%
Winooski School District	T249	Never	10%	Moderately Accurate	\$-	80,972	96%