



New England Beef-to-Institution Marketing Study

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Prepared by

Rose Wilson

Rosalie J. Wilson Business Development Services

Rosaliewilson.com

Charlene Andersen

Kamigo Marketing LLC

Kamigomarketing.com

Louise H. Calderwood

Everything Agriculture

Kate Rumley

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Executive Summary

The goal of this study is to assess the institutional demand for regionally grown ground beef; analyze the logistics and infrastructure required to support such demand; and if feasible, propose a model that could be replicated amongst the New England states to source, process, market and distribute regionally grown ground beef to institutions.

The study concluded that:

- There are opportunities for growth in the use of local beef in institutional markets in all six New England States
- The bulk of the need (86%) is for raw, bulk ground beef, with no additional processing (pasteurizing, cooking, spicing, shaping, or scoring) required
- Two models are currently in use that could be replicated on a regional basis to service this demand.

Conclusions

Buyers and price sensitivity

Within this market segment we discovered two distinct audiences:

- 1) Buyers who have more autonomy and decision-making control, whose primary decision making factors are the animal management practices used to produce the beef they are buying and a desire to support the local economy. These are buyers who are willing to make the effort to seek out local beef if it is available. These buyers are largely hospitals, higher education institutions, and private establishments.

29% of the respondents said they would prefer to buy their locally sourced product direct from a producer.

These buyers have a maximum price threshold of \$4-5/lb for locally sourced ground beef.

- 2) Buyers who are price sensitive and driven by routine. Buyers whose primary purchasing decision making factors are price and the degree to which the product is incorporated into their existing order and purchasing mechanisms. These buyers are largely K-12 schools, higher education, and food service management companies, and the distributors that service them.

53% of the respondents said they would prefer to buy their locally sourced product from their distributor.

These buyers price sensitivity hovers around \$2-3/lb.

Market Size, Scope - Buyer Responses Extrapolated to Total Institutional Population

Survey respondents represent 8% of the total institutional population in New England. Survey respondents utilize a total of 495,264 pounds of ground beef annually. Of this, respondents noted that they would purchase up to 25% of their total volume needs from a local source if the source could hit a \$2-3 per pound price point. According to respondents, 86% of their demand is for un-pasteurized, un-cooked, bulk, ground beef.

If one extrapolates this to the total institutional population base, 495,264 pounds equals 8% of 6,190,800 pounds. Therefore total annual New England institutional demand for ground beef approximates 6,190,800 pounds. 86% of the total institutional demand, 5,324,088 pounds is for bulk, ground beef. 25% of 6,190,800 pounds equals 1,547,700 pounds.

This means at \$2-3 per pound, the initial size and scope for a local beef to New England institutional market equals 1,547,700 pounds per year of which 1,331,022 pounds is raw, bulk ground beef.

If one assumes the average 3-5 body condition dairy or non-freezer trade grade beef represents 384 pounds of ground beef,¹ then this market has the potential to divert up to 4,030 regional culls into the New England institutional food supply on an annual basis.

The table on the next page lists each state's price sensitivity threshold and the institutional market segments that support that price point. This table can help processors and producers evaluate potential geographic regions, types of institutions, and products to serve and conduct financial analysis to evaluate the feasibility for their enterprise.

¹ see Processor Analysis: Carcass Yields.

Price Sensitivity Threshold by State, Institution, and Product

	CT	MA	ME	NH	RI	VT	Average All States
Bulk	\$2.64	\$2.46	\$2.88	\$2.43	N/A	\$3.05	\$2.69
	C H S	C H S	C H S	C H S	N/A	H	
Patty (4 ounce)	\$3.04	\$2.55	\$2.00	\$2.78	N/A	\$3.08	\$2.69
	C H	C H	C H S	C H	N/A	C H	
Meatballs	\$1.88	\$2.14	\$1.83	\$2.53	N/A	\$2.83	\$2.24
	C S	C S	C S	C S	N/A	C S	
Frozen uncooked	\$2.55	\$1.88	N/A	\$2.13	N/A	\$2.95	\$2.38
	H	H S	N/A	H S	N/A	H	

C=College/University H=Hospital S=Schools K-12

Models

In our research we found examples of both price sensitive audience's and source sensitive audience's ground beef needs being met by a local product. Two models stood out as being replicable on a regional scale, a producer-driven model that is designed for the buyer with decision making control and a proactive desire to source local beef, and a processor-driven model designed to service the institutionalized process and price driven buyers. The models create opportunities for both beef producers and dairy farmers, as well processors in all six New England states.

The producer-driven model

- 1) is limited in its ability to create widespread regional impact on the amount of local beef sold to institution markets
- 2) is best suited for small scale volume producers:
 - who want to be involved in the sales transaction
 - for beef and dairy producers who are engaged in retailing beef and have direct sales channels for other cuts from the animal
 - for producers who are charging a premium for their product

institutions:

- who are actively seeking local food
- who want to take the time to develop a direct connection to the producer
- who value specific attributes of the beef they buy, such as grass fed

- who have a flexible cost structure or budget to pay a premium for those attributes and the relationship.

The producer-driven model requires the producer to be the point person selling the product, and coordinating its processing and delivery. The producer-driven model offers the most opportunity for educational outreach and community building because of the direct connection between the farm and the buyer; it also offers the greatest opportunity for profitability for the producer. The producer-driven model also presents the greatest logistical hurdles, it is time consuming and complicated on the buyer end, it is time consuming and complicated on the producer end, it can be difficult to secure processing services, and variability in quality of those services can be damaging to the long-term success of the business relationship.

Producer-Driven Model

Pros:

- Can provide direct sale profit margins for producers
- Premium product for buyer
- Ability for secondary benefits such as community education/ag education/food education
- Ability to “Know Your Farmer”
- Ability to develop direct, long lasting relationships
- Ability to make a deep, meaningful impact on a narrow audience of producers and institutions

Cons:

- Time consuming for producer and for buyer
- Small scale/single animal transactions
- May not be of value to beef producers who command a higher price point than even committed institutions with discretionary budgets can afford
- Will not alleviate the issue of dairy culls being shipped out of state and resold back as commodity ground beef
- Dependent on processor availability/quality of services
- Will make a significant impact on a few individuals but by and large will not benefit the majority of the producer or institutional population

The processor-driven model

1) offers the majority of the opportunity for regional beef to enter the institutional market.

2) is best suited for:

farms:

- that have culls as a cost center and need to find the most efficient and economical return on investment for them.
- that are not seeking diversified markets or new enterprises.

buyers:

- That are price and process driven institutional buyers who may value the concept of buying local but whose budgets and routine still dominate their decision making.

processors:

- who are seeking opportunities to create markets for themselves
- who have established sales channels and markets
- who are interested in expansion or optimizing efficiency and return on assets of existing infrastructure
- who are resourceful

In this model, the buyer-seller relationship is anchored around the processor and the institution or wholesaler servicing the institution. The processor-driven model presents several advantages to serving the institutional market. These advantages enable the processor-driven model to overcome five otherwise insurmountable hurdles to large scale penetration of the institutional market:

- 1) Sufficient volume of product
- 2) Streamlined ordering and delivery system
- 3) Access to processing services
- 4) Cost efficient processing
- 5) Ability to compete on price

Processor-driven model advantages:

Access to unlimited raw materials

The average annual cull rate on conventional dairies is one third of the mature dairy head. The cull rate reported from the producers interviewed for this research ranged from 19% for dairy to 2% for beef. At the time of this report, New England had 216,100 mature dairy, not to

mention its beef herds. Even at a 19% cull rate, this represents 41,059 culls available to supply local demand, more than sufficient to meet the 4,030 cull needs on the institutional market. While 4,030 culls may be difficult for any one producer or group of producers to coordinate, processors have connections and relationships with a wide network of farms in their area, thus they have are well suited to initiate outreach and source culls as needed to meet buyer demand. Unlike producers, they are not limited by a single farm's production. Because of this, the processor-model immediately resolves issues of insufficient volume and provides a streamlined sales channel for the buyer.

Control of Processing Services

Because the processor also controls the processing services, they have the ability to resolve issues three through four at their discretion. By having authority over the processing schedule, the processor can elect to work overtime, evaluate the financial feasibility of expanding hours/days of kill floor use and cutting, and analyze the schedule to fit these animals in on slow days as ways to service the new market without compromising service to existing customers.² By controlling the cut sheet, the processor can create a cut sheet aimed at optimizing efficiency and turning out volume, further creating processing efficiencies. Cut time for a custom cut-sheet can reduce productivity by 50% or more, slowing the process from one hour to two or more hours per animal.³

Existing Sales Channels for Prime Cuts

According to the processors interviewed 50% of their volume is built around their own private label products in which they buy animals and resell the meat. Processors are experts at efficiently processing animals and harvesting all usable parts for sale. Their core competency is on processing and selling meat, in a business built around tight margins, it will be more effective for long term success and regional replicability for the processor to handle the responsibility of selling and marketing the remainder of the carcass to finance an institution's purchase rather than requiring the buyer or producer to assume the role.

²Willingness to work after hours on such a project was cited from conversations held with processors, including Herring Brothers Meats and Adams Farm, June 2011.

³Cut times cited from conversation with Bill Tripp Locust Grove Farm, NY June 23, 2011.

Processor-Driven Model

Pros:

- Improved (albeit marginal) price for culls to producer
- Competitive price for buyer
- Marginal per unit profit, but high volume for processor
- Ability to increase processor volume, improving return on assets, increasing cash flow, increasing retention and expansion of trained staff
- Ability for processors to automate the process to optimize efficiencies and potential for profitability
- Has the potential to make a broad impact to a large percentage of producers, processors, institutions
- Has the ability to redirect dairy culls to stay local
- Streamlines ordering procedures and ease of access for buyers- high volume single point of contact

Cons

- Sourcing regional beef does not fit most food service buyers' current business models resulting in little to no demand thus will be a slow market adoption process requiring market development, someone to push the effort
- Will never be a high margin business

While the processor-driven model does not represent significant monetary gain to farms or processors, it does present the opportunity for dairy farms to receive a better price for their culls than the traditional options currently at their disposal because it will pay the going commodity rate, without deducting commission or trucking fees, and since the animals' destination is local, they will likely arrive less dehydrated and in better condition, yielding a better live weight. For processors it represents the opportunity to make marginal profit per unit, but with a high turn-over potential, thus reasonable increase to overall income over time. This increase in work flow will also improve return on assets, increase year round cash flow, and encourage retention and expansion of trained work staff and hours of operation.

The processor-driven model works when the price point, including any distributor mark-up, falls within an institution's price sensitivity range. This range will be largely based on the current commodity pricing for ground beef, the type of institution, and the volume the institution is buying. The range will fluctuate up and down corresponding to the market. The feasibility for a

processor to be successful in this market will depend on operating expenses and the ability to derive income from the other parts of the animal. In general, what the processor charges per pound for the ground beef needs to at a minimum cover the cost of purchasing and processing the animal. The opportunity for profit will come from the income received for the other cuts of the animal. Theoretically, the main variable affecting the price of ground beef is the price paid for the animal. This occurs when the processor's operating expenses and volume of ground beef to live weight ratio stay relatively constant, and the spread between the price paid for the animal and the price charged for the ground beef covers the operating expenses. On average this is also the single variable affecting the price fluctuations of the global market. As long as the local product is competitive at any one point and time, it should remain competitive at any and all times, even with global market fluctuations because it will be trending up and down in a static ratio to the global market price at a ratio that has already been deemed acceptable by the buyer.

Financial viability will therefore be dependent on the spread between the going rate for culls, the going rate for ground beef, and the spread needed in between for the processor and distributor to break-even/make a profit. In general the processor/price sensitive driven model can work as long as:

- the processor can generate break even or better off the ground beef and generate profit from harvesting and selling other parts of the carcass such as tenderloins and rib eyes.
- the price to institution including any distributor markup can still hit the \$2.00-3.00/lb price range for bulk ground beef.

Hurdles/Making It Happen

Up until now, the effort to increase sourcing of local ground beef into the institutional market has been largely accomplished on an individual basis. Until stake holders decide to push (invest the time and energy to cultivate the markets), and buyers decide to pull (demand local product), distributors and food service management companies will not allocate resources to supporting local ground beef, and the effort will be of little impact.

Katherine Sims of the Green Mountain Farm to School Network expressed it this way: "We still need to actively reach out to schools with access to locally grown ground beef; the schools are not yet begging for it."⁴ Unless there is buyer demand, distributors will not push the product because warehouse space is limited and priority is given to products with high turnover.⁵

⁴Louise Calderwood conversation with Katherine Sims, August, 2011.

⁵Distilled from conversations with distributors, including Sysco, August 2011.

To capitalize on the opportunities and encourage large scale, regional adoption, significant investment in time and resources will be required for market development. Because of low profit margins it is unlikely that any effort could be driven long term by a third party, but as producers and processors may already have limited access to manpower and financial resources, having initial assistance from a third party to drive market acceptance and create pull would greatly expedite the rate of acceptance along the supply and demand chain.

Trends

With respect to trends, the study found minimal difference in responses by state. Rather the differences were found to be from the type of institution and producer responding. For example, regardless of what state was being researched, price was volume dependent. Hospitals currently demand the least volume of ground beef, and were paying the most, followed by colleges who used more than hospitals but who paid less than hospitals, and K-12 who used the most and paid the least. Similarly, regardless of state, the producers fell into two groups: dairy producers who have culls as a by-product of their primary operation and who try to minimize their sunk cost when they discard these assets; and beef producers whose profit centers around their beef animals, who have few non-prime animals, and who are selling even their non-prime beef for a premium.

There were two exceptions to a general lack of geographic trends:

1. Vermont's institutions had a higher price sensitivity threshold than the other states.
2. Rhode Island institutions by and large did not participate in the research.

Perhaps Vermont's price threshold can be at least partially attributed to the attention being given to local food through recent initiatives such as the statewide buy local campaign, the burgeoning localvore movement, and the various recent studies centered on the local agricultural economy. It may be that over time these have begun to influence a change in the customer mindset regarding buying local, price sensitivity, and qualitative properties of the products they purchase.

With respect to Rhode Island, it is believed that the higher prevalence of the use of contracted food service companies was what led to zero completed responses, and that this could signify or exemplify the disinterest of outsourced food service providers in altering existing business models to accommodate local or regional meat.

Findings

Producers

From the producers interviewed, which included a sampling from organic and conventional beef and dairy, small and large herds across each state, the conclusion is that producers,

whether beef or dairy, selling culls or prime animal, have two primary decision making factors they use to gauge new markets/outlets: price and the value of their time.

On average, producers interviewed offered \$0.65/lb live weight as a fair price for dairy culls and \$0.81/lb live weight for non-prime beef animals. Given the present value-proposition for engaging the institutional market is only marginally better or equivalent to the current outlets producers have at their disposal it is not worth a producer's time to pursue unless the buyers and processors initiate the transaction.

In ending comments, many of the producers contacted expressed similar hopeful sentiments for providing local beef to the community. Their comments tempered hope with caution and skepticism from experience. In general, producers interviewed were interested in the project and longed for local institutions to serve local beef to their communities, mentioning children, other family members, and friends who eat at such institutions as personal reasons why they would like local meat to be served.

Processors

Similar to the producers, processors expressed skepticism mixed with a sense of hope that this could work out. They were aware of the reality of the commodity driven landscape, yet maintained a personal and empathetic desire to be able to keep things local if it were possible.

"I do think there is a need for this, if it could happen. We are shipping loads and loads of beef out of New England, and it should stay here, because it comes back here anyway. There is a need to keep things local."⁶

Processors do feel that even with their existing infrastructure they could increase what they are doing and fulfill some institutional volume. They are used to working on margins and are not only looking at the profit this opportunity represents but how it might boost other elements of their business for over-all improved viability. A proven processor-driven model that can be replicated and is in use in at least two states with favorable outcomes reported for all parties is one in which the processor buys in animals for resale, develops relationships with the buyers or distributors, services their needs, and harvests other elements of the carcass for resale to help make the model financially viable while remaining within the institutional market's price sensitivity for ground beef.

⁶ Kate Rumley telephone conversation with Arnold Luce, Luce's Maine Grown Meats, June 27, 2011.

Two examples of the Processor-Driven Model are presented for Financial Analysis

Processor 1 in 2011 was

- paying \$0.80/lb live weight
- charging \$2.15/lb for 80:20; \$2.25/lb for 85:15
- average spread to cover operating expenses = \$1.40/lb;
- 27% of income came from non-ground beef product sales
- distribution: some institutions retrieve the product themselves, others use a wholesaler who applies a 12-15% mark up (\$.34/lb).
- Total cost of ground beef to institution: \$2.15-\$2.59/lb

Processor 2 in 2010 was

- paying \$0.61/lb live weight
- charging \$2.30/lb
- average spread to cover operating expenses = \$1.69/lb
- 14% of income came from non-ground beef product sales
- regular K-12 wholesaler stored and delivered the meat, potential surcharge to school of 12% (\$.27/lb).
- Total cost of ground beef to institution: \$2.30-2.57/lb

Distributors

While distributors maintain large, efficient warehouses, their business models require rapid movement of goods in and out of their buildings. Sales staff make frequent requests for the addition of new items into the product line offered, however, the products that receive attention and longevity in the line-up are those that can demonstrate demand and high turnover. To date, locally sourced fresh ground beef for the institutional market has not been in high enough demand to warrant strong consideration and push by the distributors.

However, if the ground beef providers can meet the buyers' needs, there is opportunity, even in the face of vertical integration within the industry, and the product need not be pasteurized. A simple, fresh, bulk, ground beef will suffice. To provide an example of the degree to which there is opportunity: Sysco owns USDA inspected facilities for in-house fabrication of meat products, however, due to liability concerns it refuses to produce its own ground beef. Ground beef is one of the few products in which distributors want to maintain a clear demarcation between their company and ground beef processing, and given this, they are more than willing to work with outside vendors.

Institutions

Of the three institutional market segments, the healthcare industry represents the easiest point of entry for both producers and processors. There are several reasons:

- Hospitals appear to be early adopters
- They have the highest price point and elasticity
- From large scale to small scale (less than 100 beds to greater than 250 beds) they are interested in local beef.
- They are aware of the potential health benefits of certain types of meat and are willing to pay a premium for these attributes.
- They are evenly split between those who want to buy direct and those who want to buy through a distributor.
- They tend to have more autonomy and are independently managed.

While hospitals represent the easiest point of entry for both the producer and processor-driven models, they represent the smallest volume needs of the institutional market and therefore higher education and K-12 should not necessarily be overlooked.

The bottom line is, if we extrapolate out the survey results to the entire New England Institutional Market:

1. 29% of the institutional population is seeking a direct relationship with a producer and has a sensitivity threshold that can reach as high as \$4-5/lb for ground beef, if the product has certain attributes such as single source, grass fed, certified organic, etc.
2. 53% of the institutional population is interested in purchasing local product with local being the key attribute, if it came from their existing distributor.
3. The total New England institutional market uses approximately 6.2 million pounds annually.
4. Institutional buyers are willing to replace up to 25% of their total volume, representing an opportunity to source up to 1.55 million pounds, with a locally sourced product if suppliers can hit a \$2-3/lb price point.
5. 86% of this volume, 1.33 million pounds is purchased as bulk, ground beef, requiring no further processing (no pasteurizing, shaped and formed, cooked, flavored, etc).

Recommendations

Based on the conclusions, the research recommendations are as follows:

Needs

1. Processor Enterprise Analysis

To ensure as positive and successful a long-term outcome as possible, it is important for each processor to make certain it makes financial sense for them before focusing on the institutional market. It is recommended that business planning/financial consultants be hired to assist processors evaluate the opportunity one-on-one, as it pertains to their business.

Key questions:

1. what are their per unit operating expenses?
2. would the spread between what they paid for the animal and what they could charge to the institutions for the ground beef cover their per unit operating expenses?
3. Do they have outlets for any other cuts they could salvage, what are the price points they could receive for those products, and any costs associated with selling them?
4. What is the net per unit income potential from the processor-driven model for this particular business? Is it break-even or better?

2. Market Development

- **Facilitate Processor Outreach**
Assist processors connect with the buyers and distributors in their area to assess market demand, and begin the sales relationship process. Continue to cultivate product demand and awareness, and nurture the buyer-seller relationships through on-going outreach to processors, distributors, and institutional buyers.
- **Facilitate Producer Outreach**
Conduct outreach to producers raising beef for direct sale and present them with the opportunity to make outreach to interested institutional buyers in their area. Assist them with connecting the dots with the buyers seeking a direct connection to the farmer. Focus on buyers and distributors in Higher Education and Hospitals.
- **Affect long term change through championing revisions to the commodity bid program in the Farm Bill at the federal level.** If New England wants to encourage local agricultural economic development, it must look at bottlenecks in the larger system and how they can be overcome.

Advocate for the following changes:

1. The commodity bid program could be broken into a state by state bidding process. Having each state as a separate bid enables all businesses both large and small, local and non-local, the opportunity to bid. With the current bidding process, bids are not broken out by state or region, precluding small or regional businesses from participating. Having each state as a separate bid will encourage local businesses to consider serving the needs of their states and surrounding states.
2. Advocate for a definition for micro-enterprises for beef processing. At present the commodity bid program gives preference to “small businesses” but the designation for a small meat processing business is 500 employees. This definition is still far larger than any of the processors in New England, and provides no advantage.

Action Plan & Budget

1. Secure funding for each interested processor to conduct an enterprise analysis/feasibility study for entering the institutional market

Cost: \$4,000-10,000 per processor

2. Hire Agency of Agriculture Staff or coordinate with another third party entity to assist with market development. Goal: to expedite adoption of the producer and processor driven models by both the buyers and suppliers.

Tasks include:

- outreach/networking (marketing and logistics facilitation) to processors, distributors, and institutional buyers to begin the conversation of the processor driven model, create awareness and demand, and assist individuals overcome hurdles
- outreach/networking to producers to disseminate the report with the list of pre-qualified prospects for direct sale, and assist them with communication and overcoming hurdles.
- Work with K-12 to help schools creatively allocate commodity and non-commodity dollars.
- Advocate supporting and encouraging changes to the Farm Bill as recommended.
- Should changes in the Farm Bill be implemented,
 - educate processors about the opportunities
 - assist them with the bidding procedures
 - provide education and outreach to institutions to make them aware when local suppliers are available and are bidding on state or regional bids.

Cost: 1.0 FTE at a (Vermont) state employee pay grade of 21.

Fixed Expenses

Salary and Benefits	\$60,000
Travel, estimate 200 miles per week at \$0.48/mile	<u>\$ 5,000</u>
	\$65,000

Contacts for Next Steps

On the following five pages readers will find contact information for individuals interviewed who were interested in participating in either supplying or purchasing local ground beef. The information is in table format. For producers, processors, and distributors there is a column indicating which model each individual would prefer to operate under. For all audiences there are columns identifying how the individuals might wish to be involved in helping launch this initiative, from passive participant to leading the effort.

Please note that the contacts list is not by any means exhaustive. It does not represent the entirety of any audience's total population base. There are institutions, processors, and producers who may not have been contacted or who may not have responded to the survey who may be interested in pursuing this market.

This list is intended as a template and an active database that can be added on to and updated to facilitate networking by providing a pre-qualified list of market prospect leads for processors and producers, and by providing a pre-qualified list of supplier contacts for proactive buyers.

Dairy Producers Interested in Selling Local Beef to Institutional Market

Preferred Participation Model	If a program were created to help initiate this effort (market development), how would you like to be involved?			Farm	Contact	Phone	Address
	Leader	Active participant	Passive Participant				
MA							
Processor-Driven			X	Devine Farm Inc	John	(413) 549-5253	26 Knightley Road, Hadley, MA 01035
Processor-Driven			X	Smith's Country Cheese	Dave Smith	(978) 939-2778 smithcountrycheese@verizon.net	200 Otter River Road, Winchendon, MA 01475
Processor-Driven			X	Shaw Farm Dairy & Ice Cream Stand	Warren Shaw	(978) 957-0031	195 New Boston Road, Dracut, MA 01826
Processor-Driven			X	Pearson's Elmhurst Dairy Farm	Robert Pearson	(508) 865-2158	342 West Main Street, Millbury, MA 01527
Both				Oake Knoll Ayrshires	Terri Lawton	(774) 219-6257 cell ; home (508) 543-6460; terri_lawton@yahoo.com	70 North Street, Foxborough, MA 02035
Both			X	Carter and Stevens Farm	Molly	(978) 355-4940; Molly's phone: 978-314-2879; carterandstevensfarm@gmail.com	500 West St. (Rt. 122), Barre, MA 01005
NH							
Both			X	Bohanon Farm	Jamie Robertson	(603) 746-4633	945 Penacook Rd, Contoocook, NH 03229
Maybe; Both				Crescent Farm	Sheldon Sawyer	(603) 756-4047 (maybe 4049)	420 Wentworth Rd., Walpole, NH 03608
VT							
Processor-Driven			X	Miller Dairy	Peter Miller	(802) 254-5304	Vernon, VT
Both		X	X	Brotherly Farm Organic	Craig Russell	(802) 276-9904	Brookfield, VT
Both		X		Kimball Brook Farm	Cheryl JD DeVos	(802) 425-3618	North Ferrisburgh, VT
ME							
Processor-Driven		X		Pine Hill Jerseys	Steven	(207) 872-6533 jwinrussel@roadrunner.com	475 Garland Rd Winslow, ME
Grassland Farm				T. Garin	(207) 474-6864	41 Grassland Ln., Skowhegan, ME	grasslandfarm@hotmail.com
Old Ackley Farm				Robert	(207) 374-5919	42 Ackley Farm Rd, Blue Hill, ME	
Processor-Driven			X	Castonguay Ayrshires, LLC	Mary	(207) 897-3724 marybastonguay@hotmail.com	39 Richmond Hill Rd Livermore, ME
Producer-Driven			X	Smith Family Farm	Lucian	(207) 288-4848	317 Crooked Rd, Bar Harbor, ME
CT							
Processor-Driven			X	Freund's Farm	Ben Freund	(860) 824-7524 Benjamin.freund@snet.net	324 Norfolk Rd, East Canaan, CT 06024

Beef Producers Surveyed Indicating an Interest in Local Beef to Institutional Market

Preferred Participation Model	If a program were created to help initiate this effort (market development), how would you like to be involved?			Farm	Contact	Phone	Address	e-mail
	Leader	Active participant	Passive Participant					
MA								
Both			X	Apple Valley Galloway Farm	Johanna	(413) 628-4773	1739 Hawley Road Ashfield, MA	johanna@ashfieldstone.com
Producer-Driven	X			Ioka Valley Farm	Don Leab	(413) 738-5915 and (413) 770 1657	PO Box 1045 Hancock MA 01237	info@iokavalleyfarm.com
Producer-Driven		X		Springdell Farm	Paula Robinson	(978) 486-3865 (978) 486-3726	571 Great Road Littleton MA 01460	springdellfarms@verizon.net
CT								
Both		X		Broad Brook Beef - From Double H Farm	Herb Holden	(860) 250-3311	47 Broad Brook Road, Broad Brook CT 06016; PO Box 307 Hartford County	herb@broadbrookbeef.com
Producer-Driven			X	Stuart Family Farm	Deb Stuart	(860) 210-0595; 860-210-1425	191 Northrup Street, Bridgewater, CT 06752; mailing address: 38 Town Line Road Bridgewater CT 06752	wstuartjr@aol.com
RI								
Processor-Driven			X	Heywood Farm	Robert Heywood, Adam Heywood, Joshua Heywood, Daniel Heywood	(401) 232-0554	1828 Atwood Avenue Johnston RI	heywoodfarm@msn.com
Both			X	Watson Farm	Don and Heather Minto	(401) 423-0005	455 North Road, Jamestown, RI	watsonfarm1796@yahoo.com
Producer-Driven			X	Windmist Farm	Martha Neale	(401) 529 9951 423 9767	71 Weeden Lane Jamestown, RI 02835	mneale13@hotmail.com
ME								
Producer-Driven		X		Archer Angus: Ray and Linda Buck		(207) 491-6354	209 Archer Road, Chesterville, ME 04938	archerangus.com
Producer-Driven				Grassland Farm	T. Garin	(207) 474-6864	41 Grassland Ln., Skowhegan, ME	grasslandfarm@hotmail.com
Producer-Driven				Old Ackley Farm	Robert	(207) 374-5919	42 Ackley Farm Rd, Blue Hill, ME	

Processors interested in Selling Local Beef to Institutions									
Preferred Participation Model	Name	Contact	Phone	Email	Activity	Street	City	State	Zip
CT									
Processor-Driven	Bristol Beef	Art Birallio	(860) 589-9969		Slaughter	785 Middle Street	Bristol	CT	06010
Processor-Driven	Baretta Provision	Bill or Dan	860-828-0802		Processing (no slaughter)	172 Commerce Dr.	East Berlin	CT	
Processor-Driven	Litchfield Locker	Bob	860-567-5448		Processing (no slaughter)	205 East Street, P.O. B	Litchfield	CT	06759
MA									
Processor-Driven	Adams Farm Slaughterhouse LLC	Ed Matlby	(978) 249-9441	emaltby@comcast.net	Slaughter Processing	854 Bearsden Road	Athol	MA	01331
ME									
Processor-Driven	Herring Brothers Inc.	Trey	(207) 876-2631	herringbros@hotmail.com	Slaughter, Processing	346 Water Street	Guilford	ME	04426
Both	Luce's Maine Grown Meats	Arnold Luce	(207) 635-2817		Slaughter, Processing	366 Embden Pond Road	North Anson	ME	04958
Processor-Driven	Sanford Butcher Shop	Paul	(207) 324-2800		Slaughter, Processing	578 Lebanon Street	Sanford	ME	04073
NH									
Producer-Driven	Lemay and Sons	Rick Lemay	603-622-0022	lsb2600@aol.com	Slaughter, Processing	116 Daniel Plummer Rd	Goffstown	NH	03045
RI									
Processor-Driven	Rhode Island Beef & Veal	Joel	(401) 474-6855; (401) 232-7220		Slaughter, Processing	60 Armento Street	Johnston	RI	02919
VT									
Both	Vermont Livestock, Slaughter & Processi	Carl Cushing	802-877-3421		Slaughter / Processing	76 Depot Road	Ferrisburg	VT	54569692
Producer-Driven	The Royal Butcher, LLC	Royal	802-728-9901		Slaughter / Processing	882 VT Rte 12A	Braintree	VT	05060
Both	Westminster Meats	Dan Mandich	(802) 722-3133	dmandich@westminsterme	Slaughter / Processing	52 Seafood Lane	Westminster	VT	05159
NY									
Processor-Driven	Hilltown Pork		518-781-4050			12948 Rte 22 (Mass Pike to	Canaan	NY	12029
Both	Locust Grove Farm		518-638-8591		Slaughter / Processing	4725 State Rte 40	Argyle	NY	

Distributors Who Responded Stating An Interest in Selling Local Beef to Institutions

Preferred Participation Model	If a program were created to help initiate this effort (market development), how would you like to be involved?			Business Name	Name First	Name Last	Business Street Address	Town	State	Zip	Region Served	Phone	Email
	Leader	Active participant	Passive Participant										
Processor-Driven	X			D&S Distributors	Don	Maynard	85 Ind Park Rd	Hardwick	VT		Northeast Kingdom		
Processor-Driven		X		Dennis Paper & Food Service Company	Chris	Caler	101 Mecaw Road	Bangor	ME	04401	ME	207-947-0321	Chris.caler@dennisexpress.com
Both			X	Reinhart (formerly burlington food service)	Fernando	Cresta	784 Hercules Drive	Burlington	VT		MA/VT/NH/NY	802-655-7595x310	
Processor-Driven				Sysco Northern New England	Louie	Cavallero	36 Thomas Drive	Westbrook	ME	04092	New England	800-632-4446; 207-871-0700	http://www.sysconne.com/orderze/1070/Page.aspx
Both			X	Upper Valley Produce	Allen	Freund		Waterbury	VT		VT	800-281-7161	afreund@uppervalleyproduce.com
Both				Black River	Tom	Biggs					VT	802 230 4800 x 14	tbiggs@blackriverproduce.com
				Dole & Bailey	Carl	Dematteo					New England	339-440-2200	carldematteo@mac.com
			X	Donabedian Brothers	Greg/Susan	Donabedian	475 S Broadway	Salem	NH	03079	Rockingham, NH	603-898-9781	donabedianbros@comcast.net

Institutions Interested In Buying Local Beef

Type of Institution	Preferred Method of Sourcing Local Beef	Being part of Effort/Interest in Buying Local Beef	Leader	Active participant	Join	Name	Job Title	Institution	Address	City/Town	State	Zip Code	Phone	Email
School	Distributor	Maybe	No	Maybe	Maybe	Gail Sharry	Child Nutrition Manager	New London Public Schools	134 Williams Street	New London	CT	06320	860-447-6064	sharryg@newlondon.org
School	Distributor	Yes	No	Maybe	Yes	Barry Sbordy	Food Service Director	Putnam Public Schools	33 Wicker Street	Putnam	CT	06260	860-963-6933	sbordyb@putnam.k12.ct.us
School	Distributor	Yes	Yes			Timothy Cipriano	Executive Director	New Haven Public Schools	75 Barnes Ave	New Haven	CT	06513	203-946-8813 ext 11	timothy.cipriano@new-haven.k12.ct.us
School	Distributor	Yes	No	Maybe	Yes	Tim Paquette	Food service Director	Stonington Public Schools	40 Field Street	Pawcatuck	CT	06379	869-599-0766	tpaquette@stoningtonschools.org
School	Distributor	Maybe	No	No	Maybe					Mansfield	CT			foodserv@mansfieldct.org
College/University	Distributor	Maybe	No	No	Yes	Jody Thompson	GM Sodexo	Western Connecticut State University	181 White St.	Danbury	CT	06810	203-837-8764	jody.thompson@sodexo.com
School	Distributor	Yes	No	No	Yes	Ernie Koschmieder	Director Food Services	Windham Public Schools	322 Prospect Street	Willimantic	CT	06226	860-465-2608	ekoschmieder@windham.k12.ct.us
College/University	Distributor	Maybe	No	Maybe	Maybe	Paul Denaro	Assistant Director Dining Services	Tufts University	89/91 Curtis St	Medford	MA	02155	617-627-3596	paul.denaro@tufts.edu
School	Distributor	Maybe	No	No	Maybe	Megan	Food Service Director	Town of Braintree	128 Town St	Braintree	MA	02184	781-380-0444	msardema@braintreema.gov
School	Distributor	Maybe	No	Maybe	Yes	John Overcash	Food Service Director	Littleton Public Schools	55 Russell Street	Littleton	MA	01460	9784868938 x 1243	jovercash@littletons.org
School	Distributor	Maybe	No	Maybe	Maybe	J. Mendes	Food Service Director	Berkley Public Schools	21 N. Main Street	Berkley	MA	02779	508 884 9434 x 318	jmendes@berkeley.k12.ma.us
School	Processor	Maybe	No	No	Yes	Ken Whittier	FSD	Bedford Public Schools	97 McMahon Rd	Bedford	MA	01730	781-275-9129	thedders
School	Distributor	Maybe	No	Maybe		Catheine Donovan	FSD	Hamilton-Wenham Schools	787 Bay Road	Hamilton	MA	01982	978-468-0398	donovanc@hwschools.net
School	Distributor	Maybe	No	No	No	Susan Murray	Food Service Director	Duxbury Public Schools	130 St. George Street	Duxbury	MA	02332	781-934-7669	susan.murray@compass-usa.com
Hospital/Healthcare	Distributor	Yes	No	Yes	Yes	Roger M. Knysch	Director of Nutrition and Foodservices	Fairview Hospital, Berkshire Health Systems	29 Lewis Ave.	Great Barrington	MA	01230	413-854-9618	rknysch@bhs1.org
College/University	Distributor	Yes		Yes		Kathleen Zieja	Director	Smith College	30 Belmont Ave	Northampton	MA	01063	413-585-2300	kzieja@smith.edu
School	Distributor	Yes		Yes	Yes	Ann Pitzen	Food Service Director	Leicester/Auburn Schools	1078 Main Street	Leicester	MA	01524	508-892-7040 x113	apitzen@leicester.k12.ma.us
School	Farmer	Yes	Yes	Yes	Yes	Alden Cadwell	Food Service Director	Concord Public Schools	120 Meriam Rd	Concord	MA	01742		acadwell@colonial.net
School	Farmer	Yes	Yes	Yes	Yes	Bob Kinch	Food Service Director	Maynard Schools	3 Tiger Drive	Maynard	MA	01754	978-897-6100	kinch@maynard.k12.ma.us
College/University	Distributor	Yes	Maybe	Yes		Eric Johnson	Food Production Manager	Sodexo	100 State Street	Frammingham	MA	01701	508 626 4066	ejohnson@framingham.edu
School	Distributor	Yes	No	Maybe	Yes	Andrew Stratton	Director of Dining Services	Chartwells, Granby Public Schools & Easthampton Public Schools	200 Park Street	Easthampton	MA	01027	413-529-1535	andrew.stratton@compass-usa.com
College/University	Distributor	Maybe	No	No	Maybe	Frank Gillespie	FSM Sodexo	Gordon-Conwell Theological Seminary	130 Essex St.	South Hamilton	MA	01982	978-468-7111	fgillespie@gcts.edu
School	Farmer	Maybe		Yes		Judith Campbell	Director of School Nutrition	Scarborough schools	9 Wentworth Dr	Scarborough	ME	04074	207-730-4701	Jcampbe@scarborough.k12.me.us
School	Farmer	Yes		Maybe		Deborah Dolley	Food Service Director	Falmouth Public Schools	74 Woodville Rd.	Falmouth	ME	04105	781-7429	ddolley@fps.k12.me.us
School	Distributor	Yes	No	Yes		Ron Adams	Food Service Director	Portland Public Schools	28 Homestead Ave	Portland	ME	04103	207-874-8231	radamsr@portlandschools.org
School	Farmer	Yes	Yes	Yes		Doris Demers	Director	York School Nutrition Program	469 US Route One	York	ME	03909	207-363-5554	ddemers@yorkschoos.org
School	Farmer	Yes	No	Maybe	Yes	Mary Emerson	School Nutrition Director	MSAD 55	137 South Hiram Road	Hiram	ME	04041	207-625-2490	memerson@sa55.org
College/University	Distributor	Yes	No	Yes		Mike Heffernan	GM	Sodexo@Colby-Sawyer College	541 Main St	New London	NH	03257	603-526-3770	mheffernan@colby-sawyer.edu
School	Distributor	Yes	Maybe	Yes	No	Jim Connors	Food Service Director	Manchester School District	195 McGreagr St.	Manchester	NH	03102	603-624-6300 x165	jconnors@mansd.org
School	Processor	Yes	Yes			Justin	Kitchen Mgr	Milford High School	71 Souhegan St	Milford	NH	03055	603-673-4201 ext 3237	thammerstrom@sau40.com
School	Distributor	Yes	No	No	Yes	Morgan Trahan	Food Service Director	John Stark Regional High School	618 No. Stark Highway	Weare	NH	03281	603-529-5305	morgan.trahan@sau24.org
School	Distributor	Yes		Yes		Jeanne Pierce	Director	Exeter Cooperative Schools	1 Blue Hawk Dr	Exeter	NH	03833	603 775 8449	jpierce@sau16.org
Hospital/Healthcare	Farmer	Maybe	No	Maybe	Maybe	Sam Fazio	Food Service Director	Alice Peck Day Memorial Hospital	125 Mascoma St.	Lebanon	NH	03766	603-448-3121	fazio@apdmh.org
College/University	Distributor	Yes		Maybe	Yes	ChrisMongeon	Food Service Director	Plymouth State University	MSC 20, 8 High St.	Plymouth	NH	03265	603.535.2710	cmongeon@mail.plymouth.edu
Hospital/Healthcare	Farmer	Maybe	No	No	No	Sheila R. Delworth	Food Purchasing	Northeast Vermont Regional Hospital	Hospital Drive	St. Johnsbury	VT	05819	802-748-7479	s.delworth@nvrh.org
School	Processor	Maybe	Yes	Maybe	Yes	Heather Champney	Kitchen Manager	Mettawa Community School	5788 VT Rte. 153	West Pawlet	VT	05775	802-645-9009	hchampney@brsu.org
School	Distributor	Maybe	No	Maybe	Maybe	Christine LaPoime	Director of Nutritional Services	South Burlington School District	500 Dorset St	South Burlington	VT	05403	802-652-7160	clapoime@sbschools.net
School	Processor	Maybe		Maybe	Maybe	Peggy Meunier	Food Service Director	Shelburne Community School	345 Harbor Road	Shelburne	VT	05482	802-383-1112	pmeunier@cssu.org
Hospital/Healthcare	Distributor	Yes	No	Yes	No	Laura Brace, CDM, CFPP	Director of Nutrition Services	Porter Medical Center	115 Porter Drive	Middlebury	VT	05753	802-388-4775	lbrace@portermedical.org
School	Distributor	Yes	Yes	Yes		Nicole Fournier	Food Service Director	The Abbey Group	6212 Vt Route 105	Enosburg	VT	05450	802-373-1242	nicole@abbeygroup.net
School	Distributor	Yes		Yes	Yes	Steve Davis	Food Service Director	Colchester School District	131 Laker Lane, PO Box 900	Colchester	VT	05446	802-264-5706	daviss@csdvt.org
School	Distributor	Yes		Yes	Yes	Wendy Howard	FSM	Montgomery Town School	249 School Drive	Montgomery Center	VT	05471	802-326-4618	whoward@montgomeryk8.net
School	Farmer	Yes		Yes	Maybe	Paul Morris	Food Service Director	Harwood Union High School	458 VT Rt 100	South Duxbury	VT	05660	802 382 1113	pmorris@harwood.org
School	Farmer	Yes		Yes		Alison Forrest	Food Service Manager	Brewster Pierce School	120 School St	Huntington	VT	05462	802-434-2074	feedkidswel@hotmail.com
School	Farmer	Yes	Yes			Dave Homer	Food Service Director	Chittenden East Supervisory Union	211 Bridge Street	Richmond	VT	05477	802-249-2711	david.homer@cesu.k12.vt.us
School	Distributor	Yes	Yes			Steven Marinelli	Food Service Director	Fitz Vogt & Associates Barre City Schools	155 Avers Street	Barre	VT	05461	802 476 6362	smarinelli@fitzvoigt.com
School	Distributor	Yes	No	No	No	Anne Coolidge	Co-food Service Manager	Monkton Central School	PO Box 40 1036 Monkton Rd	Monkton	VT	05461	802-453-2314- ext 30	acoolidge@anesu.org
School	Distributor	Yes	No	Maybe	Maybe	Leo LaForce	Food Service Director	Champlain Valley Union HS	369 CVU Road	Hinesburg	VT	05461	802-482-7176	llaforce@cvuhs.org
School	Farmer	Yes	No	Yes	Yes	Karen Russo	OSSU School Nutrition Director	O.S. Supervisory Union	24 Central Street	Randolph	VT	05060	802-728-3397 or 728-9555	krusso@orangesw.k12.vt.us
School	Distributor	Maybe		Yes	Yes	Christopher Hunter	Food Service Manager	Ita	2531 Lin Rd	Lynndownville	VT	05851	802-526-3209	chishunter@cruspschools.net
School	Not Specified	Maybe	No	No	Yes	Amanda Gifford	Admin/Food Service Director	Avalon Triumvirate Academy	1841 Main St	Fairfax	VT	05454	802-849-2488	atschool@surfglobal.net
School	Distributor	Maybe	No	Maybe	Maybe	Lisa Rock	Food Coordinator	Laraway Youth and Family Services	PO Box 621	Johnson	VT	05656	802-635-2805 x208	lisaR@laraway.org
School	Farmer	Yes	Maybe	Yes		Paul Lamarre	Ex Chef	Sodexo Services@ St Johnsbury Academy	100 Main St	St Johnsbury	VT	05819	802-748-1041	plamarre@stjacademy.org
School	Farmer	Yes	No	Yes		Annette L Burrington	Food Service & Nutrition Director	Barnet School	163 Kid Row	Barnet	VT	05828	802-633-4678	aburrington@kidrow.net
School	Farmer	Yes	Yes	Yes		Jennie Sweet	Food Service manager	Waits River Valley School	6 Waits River Rd	East Corinth	VT	05040	802-439-5534	jsweet@wrvs.org
School	Farmer	Yes	Maybe	Yes	Yes	John Vogt	GM	Sodexo	725 Veterans Ave.	Newport	VT	05855	802-624-0471	john.vogt@sodexo.com
School	Farmer	Yes		Yes	Yes	Scott St John	Food Director	Cabot School	PO Box 98	Cabot	VT	05647	802-563-2289	buckmaster72@yahoo.com
School	Farmer	Yes	Maybe	Yes		Laura Collaro	Food Services Manager	Lincoln Community School	1708 South Lincoln Rd	Lincoln	VT	05443	802-453-5877	lcollaro@anesu.org
College/University	Processor	Yes	Maybe	Yes		Melissa Zelazny	FSM Sodexo	University of Vermont	408 South Prospect St.	Burlington	VT	05405	802.656.4664	melissa.zelazny@uvm.edu

Methodology

Background Literature Review

The study conducted an extensive review of existing research, literature, and data on local beef production, local processing infrastructure, institutional market demand and current mechanisms for servicing that demand, and preexisting organizational models connecting local production with institutional buyers. A summary of our findings follows, while a detailed list of all material reviewed and sources contacted is included in the appendices.

Data gathering

Confidential survey questionnaires were created for each audience and hosted on Survey Monkey. An independent analyst reviewed and verified that the questions would lead to measurable outcomes and did not introduce any bias. In addition to this review the survey was sent to the participating State Departments/Agencies/Divisions of Agriculture for input. The surveys contain structured, unstructured and undisguised questions that were relevant to the subject matter. The questions were not lengthy, burdensome or ego threatening. Several determinant-choice questions were used requiring the respondent to select one answer from multiple choices. The language was simple with a reduction of ambiguity in some questions that allowed the respondent to check “other” and type in a response. Various scaling questions were used to obtain measurements.

Institutional Buyers

The method of collecting the majority of the data was through surveying, via a questionnaire, to 431 institutions representing K-12 schools and/or districts, colleges or universities, and hospitals in the New England region. The questionnaire was sent to either the Food Service Director/Manager, Food Nutrition Director/Manager, Executive Chef, Director of Dining Services, Kitchen Manager or Dieticians.

The survey was administered using the web-based software Survey Monkey. The recipient received an introduction cover letter email from the Vermont Agency of Agriculture with the link to the questionnaire. To increase response rates two follow-up reminders were sent and when necessary a follow-up phone call. For K-12 some State Agriculture Agency/Department personnel sent emails to their contacts informing and/or reminding them about the survey and with hospitals a sub-sample were sent an email from Healthcare Without Harm. In addition, an incentive (sponsored by the team, not the funders) to enter into a drawing for a \$25.00 gift card was offered. We found this dollar incentive may be useful for some, but would likely recommend a larger incentive for future surveys. The recipient had the option to Opt-Out as

well as to contact the consultant or Agency of Agriculture personnel with any questions or requests.

The cross-sectional study of the region received a 28.7% response rate. Of those responses 60.3% completed the entire survey thus, a 17% response rate representing 8% of the total institution population (beds/students).

Institutional Sampling

The selection of participants surveyed was based on their role as key personnel in decision-making regarding food purchases and/or menu offerings. The sample size was determined by using ProximityOne demographic and population resources, American Hospital Association Survey Database for fiscal year 2009, several directories, and supplied lists from the State Departments/Agencies/Divisions of Agriculture and from Healthcare Without Harm. In addition, the sample population was reviewed to ensure major food service management company personnel were included such as Sodexo, Aramark, Abbey Group, and Fitz Vogt. Random sampling was used from the supplied lists to reduce self-selection bias when answering the survey questions.

The total population of each segment is based on number of students for educational institutions and number of beds for hospitals, and is as follows:

- K-12 Students – 2,160,676
- Colleges/Universities Students – 907,479
- Hospital Beds - 43,566

K-12

The following chart depicts the K-12 Schools Population and Distribution

	Schools	Students	% by state	Sample Size Enrollment	Sample Size Actual	Sample Size Contacts
CT	1,117	568,405	0.263	149,529	191,356	42
MA	1,878	962,806	0.446	429,030	463,368	140
ME	623	190,737	0.088	16,838	42,842	17
NH	488	200,772	0.093	18,656	113,485	29
RI	328	146,228	0.068	9,896	54,458	22
VT	329	91,728	0.042	3,894	13,051	36
Total	4,763	2,160,676	1.0	627,843	878,560	286
				% Total	0.407	0.060

Source: proximityone.com/k12_state.htm

The K-12 number of schools and sample size is based on number of enrolled students.

College and University

The following chart depicts the College and University Population and Distribution

	Schools	Students
CT	50	180,190
MA	112	460,899
ME	30	65,551
NH	22	79,118
RI	12	81,720
VT	23	40,001
Total	249	907,479

The Colleges/Universities sample size is based on number of enrolled students.

	<1,000	1,001-2,000	2,000-3,000	3,001-4,000	4,001-5,000	5,001-6,000	6,001-10,000	>10000	Actual #	Actual # Student
CT	0	1	0	0	1	1	1	3	7	64,954
MA	4	12	6	5	3	3	5	6	44	256,039
ME	1	1	1	0	0	0	0	2	5	26,490
NH	1	0	0	0	0	2	1	1	5	32,712
RI	0	0	0	0	0	0	2	1	3	31,916
VT	2	0	3	0	0	0	0	1	6	19,876
Total	8	13	11	5	4	6	9	14	70	431,987
Total Student	4,415	18,333	26,163	17,066	18,045	32,696	71,723	243,546	431,987	

Hospitals

The following chart depicts the Hospitals Population and Distribution

State	Hospitals	Beds	Persons / bed
CT	47	9,636	365
MA	111	21,629	305
ME	42	4,062	325
NH	32	3,418	388
RI	16	3,318	317
VT	17	1,503	414
Totals	265	43,566	331

The Hospital sample size is based on number of beds.

State	Beds / Hospital Sample Size Per State			Est. Total beds in sample	% by state
	50 - 99	100-249	250+		
CT	0	4	4	2,034	18
MA	2	5	6	3,896	34
ME	2	3	1	863	8
NH	2	4	2	1,538	14
RI	2	4	1	1,618	14
VT	2	2	1	1,356	12
Totals	10	22	15	11,305	100

Producers

The method of collecting the producer data was through interviewing, via a questionnaire, 88 producers representing commercial beef and dairy operations, both large and small, conventional and certified organic, in New England. The questionnaire was administered over the phone, although participants were offered to complete it via e-mail if they preferred.

The completed interviews were collected using the web-based software Survey Monkey. The recipient received an initial call to introduce and, if possible, conduct the interview. If no individual was available, a voice mail with contact information was left. To increase response rates a minimum of two follow-up attempts were made to reach the intended audience.

A total of 36 responses were collected and analyzed, representing a cumulative response rate of 41%. The response rate between dairy and beef was almost evenly split with 15 beef responders, 19 dairy, and 2 beef/dairy combined.

Producer Sampling

The goal of the producer research was to focus on commercial beef and dairy producers whose primary income is from their farm operation, ensure representation from each state and ensure representation by type of operation including both large and small scale commercial operations, conventional and organic, grass fed, cow-calf, and feeder. The sample population was determined based on identifying total volume of producers and head of beef by type of operation and by state (see tables below).

To develop the contact lists, the researchers received input from State Departments/Agencies/Divisions of Agriculture, Ben Freund, MOFGA, Maine Beef Producers, Maine Dairy Producers Council, New Hampshire Farm to School coordinator, Vermont Beef Producers Association, NOFA-VT, Vermont Grass Farmers Association, the Connecticut Beef Producer List, Rhody Fresh, and Farm Fresh Rhode Island Beef.

Given there has been significant research and surveying done with Vermont producers recently, the decision was made to focus the majority of the producer outreach for this study on the remaining New England states to verify whether the feedback we were hearing from other states echoed or was different from the responses we were already hearing in Vermont. A total of 88 producers, representing 50 beef and 38 dairy farms, were contacted for the study.

Number of Dairy Farms in New England⁷

State	Number of Farms	Percentage of NE Total
VT	1016	60%
ME	308	18%
NH	131	8%
CT	109	6%
MA	101	6%
RI	13	1%
Total	1678	100%

Number of Dairy Cows in New England⁸

State	Number of Dairy Cows	Percentage of NE Total
VT	135,000	62%
ME	32,000	15%
NH	15,000	7%
CT	19,000	9%
MA	14,000	6%
RI	1,100	0.5%
Total	216,100	100%

Number of Cattle (all cattle and calves, beef and dairy) in New England⁹

State	Number of Cattle and Calves	Percentage of NE Total
VT	270,000	55%
ME	90,000	18%
MA	40,000	8%
CT	49,000	10%
RI	4,900	1%
NH	34,000	7%
Total	487,900	100%

Number of Beef and Dairy Producers Contacted for the Study

State	Beef	Dairy
RI	5	4
CT	2	2
VT	2	7
ME	18	5
MA	18	13
NH	5	7

Processors

The method of collecting the majority of the data was through surveying, via a questionnaire, to 33 processors representing as best possible, all USDA certified slaughterhouses and processors

⁷<http://www.keeplocalfarms.org/meet-local-farmers/participating-farms/> as of July 2010

⁸as reported January 28,2011 NASS (National Agricultural Statistics, USDA)

⁹as reported January 28,2011 NASS (National Agricultural Statistics, USDA)

in New England and eastern New York. The questionnaire was administered over the phone, although participants were offered to complete it via e-mail if they preferred.

The completed surveys were collected using the web-based software Survey Monkey. The recipient received an initial call to introduce and, if possible be administered the survey. If no individual was available, a voice mail with contact information was left. To increase response rates a minimum of two follow-up attempts were made to reach the intended audience.

A total of seventeen responded resulting in a 52% response rate.

Processor Sampling

Given its small population, sample size for slaughterhouses included as many known USDA certified slaughterhouses and processors in New England and New York as possible. New York facilities were included because several New York facilities provide services for neighboring states, including Vermont, Connecticut, and Massachusetts.

Distributors

The goal of the distributor research was to get a broad sense of the role they play in the institutional selling and distribution of ground beef in New England. The method of collecting the majority of the data was through surveying, via a questionnaire, to fifteen distributors representing large and small, local and regional wholesale distributors servicing beef for the institutional market throughout New England. The questionnaire was administered over the phone, although participants were offered to complete it via e-mail if they preferred.

The completed surveys were collected using the web-based software Survey Monkey. The recipient received an initial call to introduce and, if possible, be administered the survey. If no individual was available, a voice mail with contact information was left. To increase response rates a minimum of two follow-up attempts were made to reach the intended audience.

A total of eight distributors responded resulting in a 53% response rate.

Distributor Sampling

As noted, distributors were selected to represent a broad range and scale of service providers, from small to large, from localized service to multi-state, and from those who are strictly corporate/profit driven to those who have mission component to their business. Additional attention was paid to ensure that all six New England states had at least one distributor who even if they were not based in the state, serviced their area. To develop the list the research team sought input from the State Agencies of Education and Agriculture as well as feedback provided from the institutional surveys. In all, a list of fifteen distributors was compiled.

Background

In order to create the most complete and targeted recommendations possible, it was important to gain a solid understanding of past and current projects, along with an in-depth look at the regulatory environment, related to bringing local food to institutions, efforts to market local beef, and efforts to understand what bottlenecks are limiting access to local beef. Topics covered included:

- the growing interest in the local food movement
- feasibility studies for marketing and supplying local meat
- the historical uses and destination for New England dairy culls
- organizational models for local food distribution systems
- state and federal regulations and commodity purchasing.

A detailed listing of studies, literature, regulations, and individuals contacted is included in the appendices, meanwhile, below are some highlights.

There is considerable untapped potential for the utilization of ground beef by schools and institutions. According to USDA / ERS, 16% of all food purchases are by businesses and government including schools and institutions. There are many possibilities for connecting New England beef producers and processors with a wide variety of institutional purchasers. However, in order to meet required price points, many schools and other institutions pursue low cost strategies, often resulting in many low-skill, low-wage jobs, and the use of lower priced commodity ingredients. Public schools frequently budget meal costs at less than \$2.70 per meal to cover the cost of ingredients, labor, and overhead such as facilities and equipment. These price points may limit access to New England sourced ground beef, but should not be automatically considered as insurmountable barriers.

Growing Interest in Local Food

The literature corroborated what is in evidence across New England: a growing interest in local foods. As a result of, or coinciding with, increased demand, many research and implementation projects have since been undertaken to increase local food utilization in the region. A sampling of these efforts include: *“Farm to Plate-A 10 Year Strategic Plan for Vermont Agriculture”* (Vermont Sustainable Jobs Fund, 2009-2011), *“The Agricultural Creative Economy”* (ME Dept of Agriculture, 2008), the *“Vermont Food Basket Project”* (Marcotte, 2008), *“Agriculture’s Hold on the Commonwealth”* (Holm et al, 2007), and *“New Hampshire Department of Agriculture Marketing Research and Recommendations”* (Rumbletree Inc, 2003).

Among other things, the research found that investments in marketing infrastructure has the potential to yield a large return in farmer income, that demand for local products is growing, and that there are roadblocks to bringing local foods to consumers. Some such roadblocks include inadequate distribution mechanisms to address the unique needs of locally sourced

foods, higher costs (or perceived higher costs) of local foods, insufficient storage facilities, and difficulty in accessing processing services such as inspected slaughter services and value added processing infrastructure.

Universities and K-12 schools are also expressing growing interest in serving local foods to their students. Over the last decade, groups such as the National Farm to School Network and the Real Food Challenge have grown in popularity and support, and all over New England states have taken steps to increase local foods prepared in schools. This work has had successes and pointed out critical challenges. In New Hampshire, for example, the 2007 study "*Developing Sustainable Local Food Sales to a College Institutional Market*" described an initial reluctance by the institutions to work with multiple smaller suppliers, as well as a state law prohibiting any food sourced outside of New Hampshire from being labeled as "local."

Initiatives to bring local food to school and universities have made great strides over the past several years, although much of the work has focused on local fruits and vegetables. Less energy has been put behind bringing locally grown meat to these populations. A few institutions stand at the vanguard, pushing the envelope. Examples include *Fletcher Allen Health Care* in Burlington, Vermont which purchases 400 pounds of local meat a week; *Middlebury College* which has a longstanding commitment to buying locally produced ground beef; *Lyndon Institute* which has developed contracts for sourcing beef from local farmers; and *Green Mountain Farm to School* which has coordinated sourcing and micro-distribution of local beef for twelve schools and five senior centers in the Northeast Kingdom of Vermont. A larger effort afoot is *The Market Mobile* based in Rhode Island that coordinates 40 farms in Connecticut, Rhode Island and Massachusetts to provide local food including beef to schools, hospitals and work places as well as restaurants and small grocery stores. The idea is to consolidate locally sourced food into one vehicle and one invoice to facilitate the process of buying local, thus increasing institutional adoption rates.

Local Meat Feasibility Studies

Several studies have been conducted to assess the landscape of slaughter, meat processing capacity, and opportunities for local meat marketing in the Northeast. "Producing Natural Local Meats" in CT, MA, and RI (Bonelli, 2008), "Demand and Options for Local Meat Processing: Finding the way from pasture to market in the CT River Valley" (Coleman, 2008), "Economics of Regional Meat" (National Good Food Network, 2011), "New Hampshire Livestock Inventory and Slaughter Facility Feasibility Study" (Tappan, 2003), "Vermont Ground Beef Marketing Study" (Wilson, 2006), "Slaughterhouse Feasibility Study" (Sleeping Lion Associates, 2005), "Hudson Valley Livestock Marketing Task Force Meat Processing Facility Feasibility Study" (Shepstone Management Co., 2000), "Feasibility of a Local Processing Facility in Carroll County, Georgia" (Wolfe, Luke-Morgan, Daniels, and McKissick, 2009) have all explored existing capacity for processing services, current and growing demand for services, and opportunities for marketing local beef. The body of work includes in-depth financial analyses assessing the financial implications of building new and/or renovating existing slaughter facilities.

Findings from the research suggest that demand has been high for the re-localization of slaughter services, especially with the increasing consolidation of large slaughterhouses nationally, but that by and large even with increased demand, the demand is insufficient to warrant construction of new facilities, the return on investment of such an endeavor would not be viable, and public or private support for the construction of new facilities may jeopardize the profitability of existing businesses. On the other hand the cost-benefit of renovating existing facilities could increase throughput enough to make a dent in the capacity bottleneck and at a cost that makes it plausible. Concurrent to these findings was research highlighting that it is important to assess whether there are any patterns to who is expressing processing inconvenience because potential trends could help identify alternative solutions that could address particular needs cost effectively. For example, in addition to renovation of existing facilities, other tools such as itinerant and custom slaughterhouses, and producer education could help alleviate some of the constraints.

In 2000, the "*Shepstone Meat Processing Study*" concluded that a new slaughter plant in the Hudson Valley of New York could expect a 20% return on investment, but was feasible only assuming grant funding for 77% of capital investments. Similarly, the 2008 report "*Demand and Options for Local Meat Processing: Finding the way from pasture to market in the CT River Valley*" found in its survey of local farmers that additional slaughter and processing options were desired, and demand, while too insufficient for a large scale facility may have supported a small slaughterhouse but "The numbers depend on a long list of assumptions, and adjustments in any category affect the big picture. In general, a small-scale facility would only be economically viable with grant funding/other subsidies and/or limited capital requirements." (<http://www.extension.org/pages/54937/connecticut-river-valley-2008>). Meanwhile, research for the "*Vermont Farm to Plate 10 Year Strategic Plan for Agriculture*," along with the MA, RI,

CT, tri-state SARE research project *“Producing Natural Local Meats for Consumers,”* and feedback from the Food Venture Center in Hardwick, Vermont point to the conclusion that commercial producers processing a consistent and size-able volume of animals with consistent requirements for processors are experiencing fewer aggravations with existing USDA and state regulated slaughter and processing infrastructure than producers with smaller numbers of animals (1-10/year) who only require access to slaughter facilities infrequently, or new producers who have no established working relationship with a processor.

As an outcome to all this research and interest, initial steps to address capacity concerns are underway. For example, since 2009, the Vermont Housing and Conservation Board through the Vermont Farm Viability Enhancement program, has awarded \$123,085 in grants to meat processing facilities to expand, update or improve their operations. Recipients include Royal Butcher, Brault’s Market, Vermont Smoke and Cure, Enosburg Meat Market, Vermont Rabbitry & Brown’s Custom Meats, Spring Hill Poultry Processing, Sharon Beef, Vermont Salumi, Westminster Meats, Mad River Food Hub, and Parmelee Farm. While Vermont is working on infrastructure, Connecticut has launched a series of educational workshops for producers to teach them reverse seasonal growing techniques and body conditioning evaluation, so they can optimize yield and time finishing of animals to coincide with seasonal dips in processing demand.

Marketing initiatives that have occurred as an outgrowth of the research and interest include the Vermont Agency of Agriculture and Vermont Beef Producer Association’s *“Vermont Ski Burger,”* and the *Vermont Meatball Pilot Project*.

The Vermont Meatball Pilot Project

In 2009-2010, Doug Davis, director of the Burlington School District Food Service contacted local slaughterhouse owner Carl Cushing to buy locally raised meat for his students. The meat was made into one ounce meatballs by NPC Processing, a secondary processor in South Burlington, and then served to students in the Burlington area. The project used five cows from local dairy farms and one beef animal from a local beef producer, totaling 2,184 pounds of ground beef for the schools, along with 6 hides, 210 lbs of bones, and 72 pounds of tenderloin that Carl re-purposed for additional income. After secondary processing, which included the addition of filler ingredients, the school district was the owner of 3,000 pounds of meatballs. Reinhart Foodservice played a pivotal role in the project's success because as the school district's contracted service provider all purchased meat product must flow through them, so they needed to be on board with the concept. They were and agreed to store and deliver the finished meatballs to the schools as needed throughout the year.

Personal interviews conducted with participants in the project reveal an overall sentiment of success and willingness to continue with an expansion of the project, possibly buying 10,000 pounds of local beef for meatballs and crumbles in the coming year. A key aspect to the success of this project is the motivated individuals whose personal drive brought the goals to fruition. According to all players involved, in our current institutional food buying system, it goes against the grain to buy from new or specialized suppliers, and in order to change the status quo of purchasing, key individuals need to want to make the change happen. It takes creative thinking and problem solving to balance budgets and work with new products. If there is no coordinated effort to localize food buying, it will not happen on its own. According to Doug Davis, "It's about the individuals, their desire to get going. We've done enough research, have enough data to get going. I think that we should just run with it."¹ Another notable asset of the *VT Meatball Pilot Project* is the close proximity of the supply-demand chain. VT Livestock Slaughter and Processing, NPC Processing, Reinhart, and the Burlington School District schools are all located relatively close to each other, facilitating contact and reducing transportation costs.

Additional research investigated the barriers to institutional buying of local beef. In several published reports food service directors from across the country named the increased cost of local ground beef (whether perceived or actual) as a barrier to purchasing ground beef from local farms. In a *Washington State School Ground Beef Service Survey*, over 81% of respondents cited cost as a primary concern. In addition, 47% of respondents cited cost as a primary concern in an Oklahoma study (*Oklahoma Farm-to-School 2003* http://www.kerrcenter.com/ofpc/publications/Farm-to-School_report.pdf). In both studies, ground beef safety and a reliable supply were the other top two concerns.

Dairy Beef

In New England, there are approximately 216,100 dairy cows.¹⁰ On average ⅓ of a conventional dairy herd will be sent as cull cows per year, representing a cumulative New England annual cull herd population of 71,280. At present the majority of these culls are sent to auctions or sold to dealers, shipped to Pennsylvania and processed into commodity ground beef.¹¹ The question New England states have explored is the possibility to process these culls regionally, rather than having them sent out of state for processing only to be sold back into our markets, "*Vermont Ground Beef Marketing Study*" (Wilson, 2006). Nationally, several organizations have explored the potential of adding value to dairy animals as sources of beef ("*Market Cows: A Potential Profit Center*" Wallace, 2002 and "*Sustainable Farming*" Fanatico, 2010). Both articles cite cull dairy animals as an important resource for farmers and a tangible opportunity to increase farm profits. They recommend that farmers begin to look at their cull animals as such and use foresight and planning in order to market cull animals of higher quality and greater weight, thereby increasing their income. A private company with interest in the dairy cull market, Stonyfield Farm, has stated they are considering exploring efforts for local organic dairy culls to remain in-region to increase value to the farmer.¹²

Initiatives Connecting Institutional Markets with Local Foods

While there is significant effort to source local food for use in schools, the team found few active models of organizations connecting local farms with institutional buyers. The two who have gained a foothold and show promise for long term sustainability are the Institutional Food Market Coalition (IFM) of Dane County, WI, and Good Food on the Public Plate in London, England.

¹⁰as reported by NASS January 28,2011

¹¹"Vermont Ground Beef Marketing Study" (Wilson, 2006)

¹²Louise Calderwood conversation with Britt Lundgren, Stonyfield Farm, June 2011.

IFM provides support to producers, processors, distributors, and buyers of local food by facilitating connections between these players and educating them about opportunities and hurdles related to sourcing local food. The program is a collaboration between state and county government, University of Wisconsin staff, and other stakeholders (Dane County, 2011). A detailed description of the discussion we had on their program model is provided in Appendix E.

Good Food on the Public Plate is also a government driven initiative but it is focused on assisting public sector organizations in using more sustainable food. According to the British organization's website, an independent review found that every pound (1 GBP) spent by the group affected between 8.57 and 38.75 pounds of money spent by organizations on food purchases.¹³ Good Food on the Public Plate started as a pilot program in 2004 working with four London hospitals. Its success prompted the program's growth and expansion and by 2011 the group was servicing approximately 150 sites (hospitals, universities, schools, and public services) in the Greater London Authority. Its sister program, Good Food for Our Money, works to establish mandatory health, animal care, ethical and environmental standards for food bought with public funds. Combined the projects aim to solve health and environmental problems, support the production of good food, and to serve as a positive example for the private market.

Both the Institutional Food Market Coalition and Good Food on the Public Plate effectively coordinate relationships between farms and institutions serving large populations. Both are extremely "lean" operations, focusing on providing the service of connecting the dots between buyer and seller, rather than providing physical distribution services. As such they run on minimal operating expenses: a coordinator and an office space. And through their efforts they have provided visible proof that a "coordinator" role can result in a significant increase in volume of local product sold for total program dollars spent.

Another initiative is occurring in Maryland, where with the help of a Federal State Marketing grant in 2008, Maryland is connecting hospitals with local and sustainable food producers through a program they call the Maryland Hospitals for Healthy Environment (MD H2E). MD H2E found that key elements to success include:

- Having a dedicated staff person to organize and spearhead the movement
- Direct e-mail, telephone and personal contact to specific individuals rather than broad base email announcements to encourage attendance at events.
- Creating positive media to inspire participation
- Press briefings with photo opportunities

¹³<http://www.sustainweb.org/goodfoodpublicplate/about/>

- Focusing on clear, branded campaigns that allowed short term trials of the food (ie “eat local week”, or similar challenges)
- Don’t segregate the local foods from the regular food options because when separated, people avoided the local section entirely.
- New and different forms of local food were less likely to be used than familiar forms

In 2011, MD H2E launched a specific “Campaign to Buy Local Meat and Poultry” to call attention to the need to expand beyond local fruits and vegetables purchasing. This summer, 36 hospitals are taking part in their Buy Local Challenge (Mitchell, 2011).

Partners/State Agencies

Food banks

According to our research, sites receiving food from state food banks operate on limited budgets and may not have the resources to buy ground beef at a price that would allow farmers, processors, and distributors to make a profit. According to a survey at the Vermont Foodbank in 2010 (Rumley and Snow, 2010) only 6% of Network Partners (food shelves and other meat sites) were willing to pay \$2.00/lb for ground beef, and 0% were willing to pay \$2.50/lb.

Farm to School Networks

New Hampshire - An in-person meeting with Stacey Purslow was conducted on July 20, 2011 to learn about current activities in the state regarding beef and other products and initial results were shared. Stacey indicated Exeter, Kearsarge, Winnicut High School, Windham, Somerworth and Gilford school systems were currently using local produce, but not beef. Stacey shared two question topics to ask producers which were integrated into the producer survey.

Maine - Ken Morse was contacted via email. He indicated this project is a big part of their effort and they are working on the economics of school and other institutional foods. He suggested we speak with Doris Demers, Director of School Nutrition for Kittery and York schools regarding her purchasing of beef. In a phone interview on June 28, 2011 with Doris we learned she is working with Ray Bock of Archer Angus on a pilot program bringing beef to the school system. She is working directly with Mr. Bock on ordering, packaging and delivery. Archer Angus offers a \$50 credit to the school if any family or other institution or restaurant purchases a side of beef. This helps with costs to the school. The program has run for a year and some lessons learned were:

- planning is critical to reduce waste
- finding ways to reduce other costs to compensate for the higher priced beef patty (patty size -3.2 ounce at \$0.70/patty approximately \$3.50/pound)
- dealing with price fluctuation

- there is a learning curve for staff in food preparation of grass fed meat (temperature/cooking times).

Overall, response from parents and kids was favorable. Doris indicated the Maine Farm to School program has no state funding and relies on parents volunteering.

Vermont- The Vermont Farm to School network has been highly involved in this project and would appreciate seeing more local beef being utilized in local schools, and would appreciate local beef being in the USDA Commodity System.

New Hampshire - Cheshire County Conservation District

A phone discussion was had with Amanda Costello, District Manager, regarding efforts underway in the county. Amanda discussed holding an annual match making event with producers and restaurant personnel with about 20-30 of each group attending. Some are small-scale beef producers. While not exactly relevant to the target market we are researching, Amanda indicated that barriers to entry between local producers and commercial buyers revolve around wholesale pricing, product quality, and quantity.

Regulatory & Commodity Purchasing

How USDA Agricultural Marketing Service (AMS) Purchases Are Administered

Within USDA there are four agencies that have some level of responsibility for the commodity program. The primary agency is the Food Distribution Division (FDD) of the Food and Nutrition Service (FNS), an agency within USDA that governs the federal nutrition programs. FNS determines the total monetary value of commodities that each school district can receive (called “commodity entitlement dollars”), consolidates all the commodity orders (which generally are based on what schools have asked for through their state agencies), and directs USDA’s Agricultural Marketing Service (AMS) and the Farm Service Agency (FSA) to buy the requested foods. AMS is responsible for buying red meats (primarily beef and pork), poultry and eggs, fish, fruits, vegetables, and tree nuts, and FSA buys peanut products, grains, oils, and dairy products, including cheese and dry milk. The Food Safety and Inspection Service (FSIS) ensures food safety through standards and specifications on the handling of commodities.

The state agencies responsible for commodities are known as Distributing Agencies (DAs), and they distribute commodities to local school districts, which are called Recipient Agencies (RAs). These RAs ultimately serve the food to students as part of meals.

The USDA Foods Master List of commodities available to schools includes some 180 items. Typical fare for the institutional kitchen consists of beans and grains, beef and poultry, cheese, fresh, frozen, and canned fruits and vegetables, and staples such as pasta sauce, peanut butter,

and oils. Some processed meats are also available directly through USDA foods, including beef patties, chicken fajita strips and breaded pieces, and turkey taco filling. In recent years, the program has emphasized its growing supply of healthy choices, including, extra-lean ground beef.

Individual school districts do not choose from this entire list, but from a shorter one derived by their state distributing agency. Based on surveys of food director preferences, the DA creates a short list, reflecting what the district wants and the timeline they want. It communicates these preferences back to USDA Foods, which uses this information to plan its buying strategies in agricultural markets.

School districts are not able to request commodity food produced from a specific region; nor can they place orders for preferred brands or producers. Loosely written specifications optimize the system for competitive purchasing, and USDA Foods is at liberty to replace familiar products with different, less costly ones without advance notice to recipients. (School Food101: School Food Focus 2010, *C.S. Mott Group for Sustainable Food Systems at Michigan State University*).

Department of Defense Fresh Foods Program

In 1994, the Food and Nutrition Service began working with the USDA Agricultural Marketing Service (AMS) and other agencies in and out of government to explore options for providing more fresh fruit and vegetable products to schools. This meeting led to talks with the Department of Defense (DoD) to enter into a pilot project, now known as DoD Fresh, to supply fresh fruit and vegetables directly to hospitals, schools, and prisons along with their deliveries to military installations or other sites in the United States. The program is not currently available for ground beef purchases, but it does provide a workable framework for increased purchases of locally produced food.

The pilot project began in school year 1996 with eight states participating, allocating a portion of their commodity entitlement funds toward the program. Produce valued at \$3.2 million was delivered to schools that year. Due to the favorable response from states participating in the pilot, the program was opened up to all states. By FY 2010, spending had reached \$66 million. At this time, 45 States, the District of Columbia, Puerto Rico, the Virgin Islands and Guam are participating in the program using commodity entitlement funds. Due to the volume of its purchases the DoD has considerable buying power to negotiate favorable rates for all manner of commodities and fresh foods as well as an established system for collecting, sorting and distributing these foods to end users.

Schools can use their commodity entitlement funds, section 4 and 11 funds (federal and state meal reimbursement), and local school system funds to purchase these products. The 2002 Farm Bill included authorization for up to \$50 million to expand the program to all states and

territories (double the previous authorization). The DoD manages the financial component of the sales (billing districts and paying farmers) and charges a very modest percentage for overhead. A recent improvement to the DoD structure allows local farmers to enter into the contracts and deliver their products directly to the local DoD distributor, rather than having to transport the produce to a central location for re-distribution back into the local school system. (DoD Fresh Fruit and Vegetable Program and Farm to School DoD)

Exploring the possibility of extending the DoD purchasing and distribution network to include locally grown ground beef is a possible step to increasing access for New England schools.

Beef Purchasing Standards

A food purchase report from the USDA Agricultural Marketing Service (AMS) for February 9, 2011 (see appendices) demonstrates the price points and scale of processing necessary to interact with the USDA Commodity Program. Two vendors successfully placed bids on 440,000 pounds of frozen, fine ground beef with price points between \$1.9966 per pound and \$2.1124 per pound. A single vendor successfully bid on a contract for 418,000 pounds of frozen 100% beef patties priced between \$2.5989 per pound and \$2.6597 per pound. The range in prices is a function of the size of the order delivered to varied locations within the bid. For the eleven month period from May of 2010 to April of 2011 the average price paid by USDA for fine ground beef was \$2.1938 per pound and for 100% beef patties was \$2.3889 per pound.

A brief review of the USDA contracting system shows 10,000 pounds as the lowest volume bid accepted through the system in 2008. It is extremely unlikely that any New England based slaughterhouses or meat processing facilities will be able to meet either the price points or volumes necessary to intercut with the USDA commodity system. While USDA does have a program to increase opportunities for small businesses, the cut off for meat processing facilities (to include slaughterhouses) is 500 employees (2008 Frozen Beef Purchases, USDA and April 11 USDA Meat Purchases).

Meat Processing Inspection Requirements

The USDA AMS commodity program revised its purchasing specifications for raw ground beef in 2010 in response to concerns expressed in the media that the program's existing specifications were not as stringent as those of large-scale purchasers of raw ground beef in the corporate sector, such as quick-service restaurants.

The new requirements applicable to AMS ground beef contracts awarded after July 1, 2010 call for a zero tolerance for the pathogens E. coli O157:H7 and Salmonella in meat intended for use in the USDA AMS commodity food program. Specifically the new AMS standards (1) tightened microbiological testing protocols; (2) tightened the microbiological upper specification and critical limits; (3) increased microbiological sampling frequency for finished products to every 15 minutes; and, (4) instituted additional rejection criteria for source

trimmings used to manufacture AMS purchased ground beef. AMS also considers any vendor classified by FSIS as having a long term poor safety record as an ineligible vendor until a complete cause-and-effect analysis is completed.

To achieve these standards the AMS has implemented protocols that include (1) steps taken when cattle are slaughtered, (2) oversight of the suppliers' slaughter and grinding processes, and (3) microbial testing of the raw ground beef at different points in the production process from slaughter through grinding. Full details of the USDA's protocol can be found in the GAO report 11-376.

Before purchasing raw ground beef from a supplier, commodity program officials visit the supplier's facilities to evaluate, among other things, its quality control programs, equipment, and documentation that the supplier's product complies with the program's specifications. After purchases have begun, commodity program officials periodically inspect the supplier's facilities, processes, and documentation at a frequency dictated by the size of the purchases. For example, these inspections occur monthly for suppliers with multiple, ongoing contracts, and they occur at least once during each contract period for suppliers with intermittent contracts. If deficiencies are discovered, these inspections may occur more often. Finally, when raw ground beef is being produced, commodity program officials must be present to monitor the supplier's performance, verify compliance with the program's specifications, and obtain samples of raw ground beef for microbial testing, among other things.

Beef suppliers must send samples of raw boneless beef before and after it is ground to a laboratory, accredited by the commodity program, where the samples are tested for the full range of microbes detailed in the commodity program's purchasing specifications. Under the current specifications, samples must be taken from each 2,000-pound lot of raw boneless beef to be ground and each 10,000-pound lot of finished raw ground beef. Samples of finished raw ground beef are selected at 15-minute intervals during grinding. Suppliers may not distribute the raw ground beef to schools until the test results are known.

The commodity program uses test results of other bacteria to help ensure that the raw ground beef it distributes to schools is produced under sanitary conditions. If the levels of these bacteria exceed certain thresholds, the commodity program rejects the affected lot of raw boneless beef or ground beef. Suppliers that fail to maintain sanitary conditions are barred from producing raw boneless beef or ground beef for the commodity program until they take corrective action to restore sanitary conditions.

Although the steps required for participation in the commodity program are more stringent than the standard federal requirements for meat inspection, they are essentially identical to the requirements of other private-sector purchasers—including grocery store chains and quick service restaurants—with variation in such things as the number or placement of required

antimicrobial interventions designed to reduce microbial contamination. The specifications used by these purchasers, like those used by the commodity program, call for more-stringent testing for microbial contamination than do federal regulations for the same foods in the commercial marketplace. The commodity program's specifications and those of many private-sector customers include high standards with only slight differences.

Although the standards imposed by AMS for commodity program purchases are similar to many of the largest players in the meat processing community, they far exceed federal requirements and are out of the reach of most small slaughterhouses and meat processing facilities. In our research it appears that the greatest opportunity for increasing the use of locally grown ground beef in schools and institutions in New England is through direct relationships with either farmers or processors, outside of their commodity purchasing dollars. In 1977, 84 percent of all steer and heifer slaughter occurred in plants that slaughtered less than half a million head a year. By 1997, plants in that category saw their share drop to 20 percent, while 63 percent of slaughter occurred in plants that slaughtered more than a million steers and heifers per year.¹⁴ By comparison, Larry's Custom Meats in Otsego County NY recently expanded and can now process up to 5,000 animals per year, up from 1,100 animals in the old plant. Mandating the AMS imposed regulatory structure designed for large scale operations onto small meat businesses, who might process 10,000 lbs per week (compared to 10,000 pounds per hour in some plants) would surely destroy any efforts to increase local sourcing of meat.

In 2010, an expert committee convened by the National Research Council at the request of USDA's commodity program found that the scientific basis of the program's 2010 revisions to its purchasing specifications for raw ground beef is unclear. In its report, the committee noted that some specifications were based on industry practices, but it could not determine the scientific basis of the industry practices. Further, it noted that other specifications appeared to have been based on information gathered through informal, ad hoc expert consultation, a method the committee deemed to be the least preferred form of evidence for developing specifications. Nevertheless, the committee found that a lack of reported outbreaks in recent years caused by either *Salmonella* or *E. coli* O157:H7 associated with raw ground beef purchased by the commodity program strongly suggested that the program's purchasing specifications have been protective of public health. The committee did, however, recommend that the commodity program develop a systematic, transparent, and auditable system for modifying, reviewing, updating, and justifying science-based purchasing specifications for raw ground beef.

The committee was also asked by USDA to compare the commodity program's purchasing specifications to those used by other large purchasers of raw ground beef. Accordingly, the

¹⁴ MacDonald, James M., Michael E. Ollinger, Kenneth E. Nelson, and Charles R. Handy. "Concentration and Consolidation in Livestock Slaughter." USDA Economic Research Service, March 1999. AER-785

committee reviewed the purchasing specifications for raw ground beef used by 24 large corporate purchasers and found considerable variation with regard to acceptable levels of microbes. While the committee found substantial differences among the 24 purchasers in their criteria for bacteria that indicate the extent to which production conditions are sanitary the variations were linked to the intended use of the raw ground beef. For example, specifications for raw ground beef distributed in frozen form may need to differ from purchasing specifications designed to improve the shelf life of fresh ground beef.

According to its report, because the committee lacked information on the scientific basis for the corporate purchasing specifications, it could not directly compare the commodity program's specifications with those of the corporate purchasers. (GAO-11-376 School Meal Programs: More Systematic Development of Specifications Could Improve the Safety of Foods Purchased through USDA's Commodity Program).

Analysis of Data

Producer Analysis

Six out of thirty-eight producers asked to be sent the interview questions via e-mail. Of those six only two completed the interview. Of thirty six completed interviews two came from e-mailed links, therefore 94% of the responses came via telephone administration of the interviews, which corroborates our assumption that this audience would be more responsive to direct outreach.

The purpose of the producer interviews was to identify what dairy producers are doing with their culls, how many culls they have, what they receive for their animals, whether they are or would be interested in direct retail sales of ground beef, and whether they would be interested in an alternative outlet for their culls and if so what the selling points to them would be; and to understand where and how beef producers are currently marketing their beef, do they have culls and if so what are they doing with them, what are they charging for their prime product and their cull beef, and would they be interested in/are they working with institutional buyers.

Size & Scale

Participating farms from both dairy and beef represented a wide variety in size of operations. Some beef farms had as little as zero mature animals, while others had 200 grown cattle, excluding replacement animals. The average size of the beef operations reporting came to 89 mature head. Dairy farms reported herds that ranged from 22 to 300 milking head. The average size of the dairy operations reporting came to 139 mature head. Nearly half (45.2%) of all farms estimated that their herds would stay roughly the same size over the next ten years. 41.9% anticipated growing their herds, and 16.1% predicted a decline in number of animals in the same time frame.

Of the beef farms planning on expanding, many cited an inability to meet demand for beef as the reason for growing the herd. Businesses planning to shrink their herds listed expensive feed, inability to access land, changing marketing strategy, and personal health among their reasoning. Many respondents found it difficult to predict ten years into the future.

Culls

When queried about the number of “cull” (mature dairy and non-freezer cull beef) animals they sell to market annually, thirty farms responded. Most beef farms responded that they have no such animals to sell, while dairy farmers report selling roughly ten animals all the way up to 90 or more. The average number of dairy culls per year came to twenty-seven (19% of the average mature head herd size) while the average number of beef culls came to two (2% of the average mature head herd size). The industry standard for culling of a dairy herd is 30% of the mature animals per year. While the producers interviewed for this study appeared to have a slightly lower cull rate, it is unlikely that over time their cull rate would differ significantly from the standard of 30%. Additionally, in our questioning, we asked for total number of culls and then the number of those that were body condition 3-5. It is possible that some respondents only answered the second half of the question relating to 3-5 body condition culls. This could also be why the producers interviewed had a slightly lower than average cull rate.

Farms interviewed reported growing a wide variety of breeds of cattle. Many dairy farms claim to raise Holstein and Holstein crosses, others report milking Ayrshires, Jerseys, and Shorthorns, and a few noted other breeds. Beef producers report growing predominantly Angus, Hereford, and Lineback.

The sizes of cull (mature dairy and non-freezer beef cull) reported from these breeds ranged widely. The smallest live weight for a mature dairy cull reported was 650 lbs, while the largest was 2,000 lbs, and the average was 1,304 lbs.

The smallest live weight for a mature beef cull reported was 650 lbs, while the largest was 1,800 lbs, and the average was 1,130 lbs.

Meanwhile, the average ratio of hanging weight to live weight for dairy cows came in at 44% while for beef cows it came in at 59%.

Pricing & Markets

Many respondents found it difficult to answer questions regarding the price they receive when marketing cull animals. It was also hard for most respondents to estimate a “good, fair price” for their cull animals, 61% declined to answer the question. Some farmers added that there would be no way for anyone to pay the price that the animals were truly worth.

In general, respondents agreed that beef prices have been high in 2011, with the highest price listed for a dairy cull at \$1.30/lb live weight while the lowest price someone remembered receiving was \$.25/lb live weight. On average, the historical low for dairy culls came to \$0.37/lb live weight, the high came to \$0.85/lb live weight, and the average hovers around \$0.54/lb live weight. The average of the prices farmers would consider “fair” for culls came in at \$0.65/lb live weight.

Meanwhile for beef producers who reported selling non-prime animals by auction or dealer (of which there were only three) their numbers were not too far from the dairy culls, with the notable exception being what they felt was a fair price. The average historical low was \$0.37/lb live weight, the average historical high was \$0.89/lb live weight, the historical average hovered around \$0.63/lb live weight, and the average of the prices farmers would consider “fair” came in at \$0.81/lb live weight.

Respondents reported selling their cull animals in several different ways. For dairy producers 37% were selling cattle at auction, 47% to livestock dealers, 37% as direct sales of USDA certified retail cuts, and 16% as custom whole or half animals. Only one respondent reported also selling animals to local processors for resale. The beef producer responses were quite different. Several beef producers sell all of their animals to direct retail to clients without separating out “cull” animals. These producers reported selling older animals mostly as ground, but not marketing them differently than the rest of their herd.

Many producers, when asked about dealer and auction fees, were unsure of what they typically paid, but were aware that there were surcharges or deductions being taken from their pay price. Most reported paying commission fees, trucking fees, and beef promotion fees.

Four farmers estimated paying between 2% to 12% in commission, while 2 said they pay between \$10-12/per animal. Trucking fees (whether paid to a dealer or cost to the farm in trucking themselves) ranged all the way up to \$50 per animal. And beef promotion fees were listed to run between \$1-8/animal. One farmer also reported having to pay a stockyard fee of \$15-20/animal.

When asked to rank avenues for selling culls by preference, dairy farmers reported competing interests of price and convenience as their main decision-making factors, while beef farmers tended to be more concerned with maintaining ownership and control of their product for as long as possible, and animal welfare.

While only one producer mentioned selling animals to a local processor for resale, nearly all of the dairy respondents, twelve out of fourteen, (86%) expressed that they would be receptive to the idea. Only three out of eleven beef respondents (27%) reported any interest in a venue other than direct retail. Farmers looking for an outlet for their culls reported finding the

monetary and labor costs of trucking animals prohibitive and much preferred a system in which another party schedules a visit to the farm and buys the animals, trucking them away. While it did not trump key decision-making factors, these respondents also noted that if all else was equal they liked the idea of working with local processors or an organizing group that would sell the meat to the local market both for the benefits it brings to the community and the welfare of the animals. Producers who preferred to sell their animals direct were largely beef producers and generally were already direct marketing their animals.

When asked about product liability insurance, many dairy farms were unsure if their policies contained that type of coverage. Most who were unsure felt it was likely that they carried the coverage. 65% of dairy producers responding reported having product liability insurance for their business, while 35% reported a lack of coverage. 100% of beef producers reported having product liability insurance.

Institutional Sales

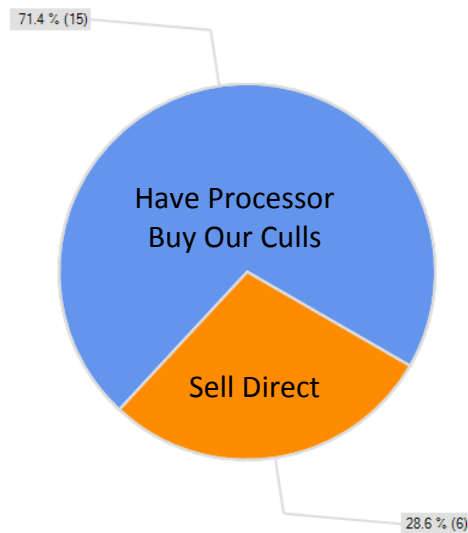
Five producers, all of which identified as “beef producers,” although one identified as a combination “beef and dairy producer”, reported they currently sell ground beef directly to institutions. The price per pound for the product ranged from \$4.99 to \$5.50 per pound. Another producer reported selling halves to a food co-operative for \$3.75 per pound hanging weight. Two producers reported selling cuts other than ground beef to institutions, but did not volunteer the price per pound they receive. When selling meat to institutions, most producers reported a minimum order size to deliver the product, with 10 pounds or more as the lowest minimum recorded. Most producers selling product directly, either to consumers or institutions reported transporting the product themselves, in coolers in non-refrigerated vehicles. Most included the cost of delivery in the price charged for the product. One farm reported using a refrigerated truck to deliver, and one a freezer trailer. These producers typify the group favoring more control over their sales relationships. They tend to be receiving a high price for their product, and are often unable to meet the demand of their customer base. These producers are more likely to be beef producers.

When queried on the important decision-making factors in deciding to service the institutional beef market, producers most often cited price (84%). A desire to support the local economy was also found important by many (56%), as well as a desire to support the local health of the community (52%), desire to education the community about local agriculture (36%), a stable year round cash flow (32%), ease of transaction (28%), and a long term relationship potential (24%) were all ranked as important factors. Keeping business “in the black”, animal welfare, timing sales well with the market, and providing organic food to the community were also given as important reasons to sell meat locally.

Of respondents, 71% claimed to prefer less responsibility and management of selling to institutions (for example selling to a processor who handled institutional contracts) to more

responsibility (selling meat directly to a school or hospital). When asked if they would consider being involved in an organized effort to source, supply, and serve locally raised beef to local institutions, 48% of producers answered affirmatively, 24% were not interested, and 28% were unsure. Of those interested in participating, 6% were interested in becoming a leader of the effort, 35% were willing to be an active participant, but not a leader, and 65% preferred to join with no active participation.

If you did want to/or do service the institutional market, how would you prefer to be involved?



Challenges

Producers cited many challenges to selling locally raised ground beef to New England institutions. Price was foreseen as a tripping point by many, with several farmers unconvinced that institutions would ever be willing to pay the price they needed to be a successful business. Steady supply of meat, marketing of the concept, lack of farmer ownership of a processor resold product, and lack of inspected, nearby, or humane slaughter facilities were raised as issues by producers interested in the direct sales model.

One farmer stated, “Having the supply and the demand in sync is a challenge. Dairy culls cost money for us to keep so if the local market isn't ready, it costs us money and it's better for us to ship them.” This comment speaks to a key flaw the producer-driven model presents to dairy farmers who are looking to minimize lost cost sunk into a cost center: timing. In the processor driven model, the opportunistic nature of the model fits the dairy industries timing concerns. The processor calls his network of farms when he needs supply. If farms have animals they think they might be willing to part with he can come look at them and select those he desires,

the rest they will ship. If the farms have animals they want to ship, they can let him know ahead of time and he can come and select any he wants to buy. It creates opportunity for the producers when it works, but it doesn't cripple the farm when it doesn't. In the producer driven model, the impact of any unfulfilled transaction has significantly higher repercussions on farm income.

Another respondent emphasized the need to educate buyers, especially for the producer-driven model, saying, "People need to understand that our ground beef comes from a single animal. It costs more to produce so it costs more to buy."

A few farmers, who fit into the group more interested in selling product directly to end users, mentioned that testing requirements for schools are unreasonable.

Another farm interested in direct sales mentioned that if the institutions needed fresh, unfrozen product that would pose problems for them.

Producer Conclusions

In ending comments, many producers expressed similar hopeful sentiments for providing local beef to the community. Their comments tempered hope with caution and skepticism from experience. In general, producers reported being interested in the project and longed for local institutions to serve local beef to their communities, mentioning children, other family members, and friends who eat at such institutions as personal reasons why they would like local meat to be served.

From the producer research, the overall conclusion we reached is that all producers, whether beef or dairy, selling culls or prime animal, have two key decision making factors they use to gauge new markets/outlets: price and the value of their time. On average, with their current market outlets, dairy producers would consider \$0.65/lb live weight a fair price for their culls and beef producers \$0.81/lb live weight. At present the value-proposition for engaging the institutional market is only marginally better or equivalent to their current outlets or markets, and is not worth their time to pursue unless the buyers and processors take the initiative and come to them.

Processor Analysis

Seventeen out of seventeen respondents preferred to complete the survey over the phone, corroborating our assumption that this audience would be more responsive to direct outreach. At least one processor from each New England state and New York responded.

Capacity

Six out of twelve respondents said their kill floor is open 5 days per week, one said 4-5 days per week, three respondents indicated they had no kill floor, and two indicated that their kill floor operates between 1-2 and 2-3 days per week. One of the respondents who operates it 5 days per week said they would operate it 7 days per week if there was demand for their services, and the respondent who operates only 2-3 days per week said they would operate more days per week if they could find more labor.

On the days they are open, 10 respondents answered their maximum kill floor capacity for beef. The largest was 42/day, the smallest was 3/day and the average came to 20.

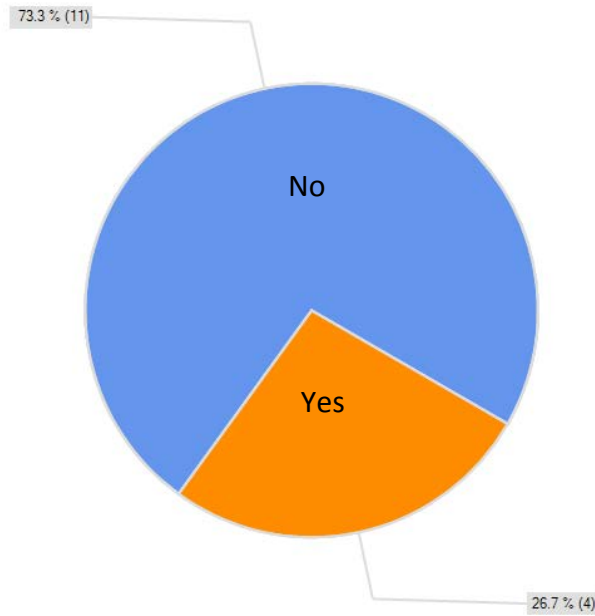
When asked what their maximum processing capacity was per day a total of ten responded. The largest was 42/day, the smallest was 3/day and the average came to 14.

An important fact that came to light is that respondents pointed out that processing time varies by type of work. When the processor is cutting for product he will resell he can be much more efficient than when he has to go by a customer's cut sheet. "Cut and wrap used to take 1 hr/beef animal now takes 2-2.5hrs/beef - cutting my operational efficiency and thus return on expenses in half, because customers are getting more fancy in their cut requests."¹⁵ If the processor model were engaged, the processor gains control over how they cut and wrap the product for the institutional buyers, enabling them to control their operational efficiency, and rate of return on assets and investment, even if the price they charge for the product is lower.

When asked whether their facilities were operating at full capacity (either on the kill floor or in processing) the majority of respondents (11 out of 15) answered that they were not operating at full capacity.

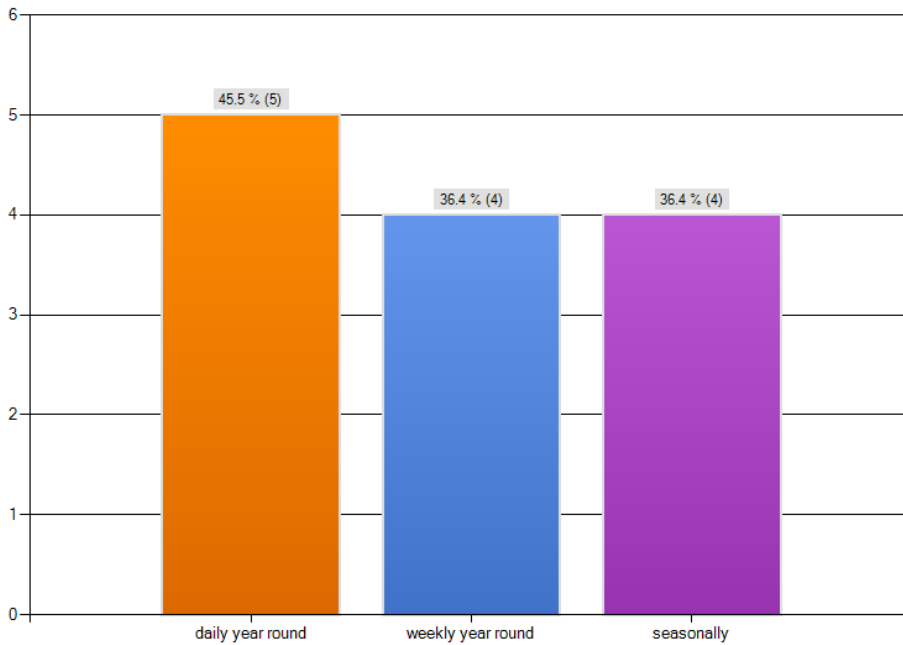
¹⁵Bill Tripp, Locust Grove Farm, Argyle NY, telephone interview June 2011.

Is your facility operating at its full capacity?



When asked where there was opportunity to expand- year round, seasonally, daily or certain days of the week, 45% said they could increase current productivity daily, year round.

when is there opportunity to expand operations?



Verbal responses to support these claims were as follows:

“Could fit in another 8 animals per week year round with current infrastructure.”

“Currently we are at 80% capacity Sept-Nov and 60% capacity the rest of the year.”

“Could handle another 20 per week.”

“20 more per week.”

“Could process another 3-4 animals per week.”

“Could slaughter 2-3 more days per week, 10 animals per day, therefore 30 more per week. Could process 2-3 more animals per day, 5 days per week, therefore 10-15 more per week.”

“40-50 more beef week.”

“could double what I'm doing.”

“We could do up to 30 more beef per week March-Aug. For example this week we only have one beef booked, and next week we only have two.”

“In spring, could do one more animal per week.”

When processors were asked what prevented them from operating at full capacity their leading response was insufficient demand for their services. While this may seem at odds with the existing sentiment that there is a lack of processing capacity, one must remember that the processors are responding based on how they see overall use of their facilities and assets, not just their ability to service orders. While processing carcasses/animals brought to them for slaughter/processing services and then retrieved by the owners is part of their business (referred to in this document as “custom orders”), product for resale where they purchase, process, and resell meat is also a core part of the industry, and it is this part of the industry where they can gain efficiencies and continue to leverage their existing assets. It is also a part of the industry that until now has not received much attention. When asked how their time is spent their answers demonstrated that the processor’s own product for resale market is perhaps a larger percent of the industry than was previously realized. 50% of the processing industry is made up of product processors buy, process and sell themselves for resale.

From the processors’ perspective, there is untapped capacity, there is concern and frustration from more and more demand for custom work reducing operational efficiency and return on assets, and taking more time to manage the customer and the process. There is concern that even with higher pricing for these services their business survives on marginal profits.

Meanwhile there is a sizeable portion of their time invested in non-custom, resale operations which they feel could be expanded upon, work in which they have more autonomy and control over the process, and receive less hassle. Both avenues represent marginal profits but one avenue can yield higher turn-over and more autonomy, and one can slow the processor down and be emotionally exhausting. On the whole, processors felt they could continue to meet their custom demand while being able to expand their resale businesses, and that this growth would benefit both lines of business because if sufficient, year round volume of resale product was warranted, they would be able to train and retain more staff, providing better service to their custom customers and an increase in overall hours/days of operation would provide more availability in general.

Product Capabilities

100% (twelve out of twelve) respondents indicate they offer their bulk ground beef in cryovac[®]/vacuum sealed packaging.

One said they also offer it in feeder tubes, and three said they could do white paper wrapped packaging if needed.

Patty responses were a bit more varied, four said they cryovac[®] their patties, one said they are frozen stacked with freezer paper, and one said they are bagged in 10 pound boxes.

82% (nine out of eleven) said they have patty-making capabilities.

66% (eight out of twelve) said they offer both fresh and frozen product.

Four respondents noted they offer seasoned ground beef products, and one said they make meatballs.

None of the respondents indicated they offered cooked or pasteurized product.

Use of and Method of Acquiring Local Beef

Ten processors noted they actively purchase and resell a local beef product while one indicated he would like to start using local beef. Of these ten, six go the farms to select and retrieve the animals at the processor's expense, two hire local dealers to secure the animals for them at the processor's expense, one has the farmer bring them to him, one goes to auction, and one would like to start using local beef by going to auctions.

Servicing institutions

Seven respondents said they are currently serving the institutional market:

Maine: Herring Brothers Meats, VT, Sanford's Butcher Shop

Connecticut: Litchfield Locker, Baretta Provisions

Vermont: Royal Butcher, Westminster Meats, and Vermont Livestock Slaughter & Processing

Locust Grove Farm out of New York noted that they used to service schools until the new USDA regulations came into effect.

Of these processors, four are using a processor driven model, while three are relying on a producer-buyer relationship. In the processor driven model, 50% are using local beef, and 50% are reselling non-local boxed beef. Both of the processors using boxed beef said they would switch to locally sourced beef if their customers asked for it. Both noted that their institutional customers are more concerned with price than local sourcing, which is preventing them from buying local animals.

In the processor driven model, the processor is in the driver's seat. They buy in the animals or boxed beef, arrange transportation for the animals to the slaughterhouse/processor, salvage any higher end cuts, bones, and hides for other uses/markets to help make the proposition financially feasible, sell the desired amount of finished ground beef to the institutional buyer or distributor, and arrange transportation with the buyer. This model can service a large volume of buyers because the processors can use their network to access supply from many farms, and the processor can create an efficient processing operation.

In the producer-buyer driven model, the producer is in the driver's seat. They secure a processing date, hire a processor to have the animal processed, and work out the sales and transportation arrangements with the buyers. This model is inherently limited from a supply and demand stand point because it is single transaction dependent: there is a single source for supply and a single destination for finished product. However, for buyers looking for specific attributes in their purchased product, such as single sourced animals, grass fed animals (higher omega 3 fatty acids, lower fat, lower calorie)¹⁶, humanely raised, certified organic, or value a relationship with where their food comes from, etc., this model ensures they are getting what they desire.

¹⁶ <http://www.eatwild.com/healthbenefits.htm>

Distribution

Three respondents claimed they currently work with distributors, two are in Vermont, and one is in Maine:

Vermont: Westminster Meats, Vermont Livestock, Slaughter and Processing

Maine: Herring Brothers Meats

Distributors with whom they work include: Dennis Paper, Sysco, Reinhart, Black River Produce, Dole and Bailey. One respondent noted they used to work with Sodexo but had a bad experience and ended the relationship.

Seven out of thirteen respondents noted that they have delivery vehicles and could distribute to institutions if desired, while an eighth respondent said they would acquire a delivery vehicle if it would help expand their business.

In terms of serving local beef, the majority of respondents (eight out of eleven) indicated it was extremely or very important to them.

Eleven out of twelve respondents (92%) indicated that incentives such as grant funding or loans would help them expand if needed to service institution demand. When asked how these funds could help, the top priorities were more cooler space, and staff hiring, training and retention.

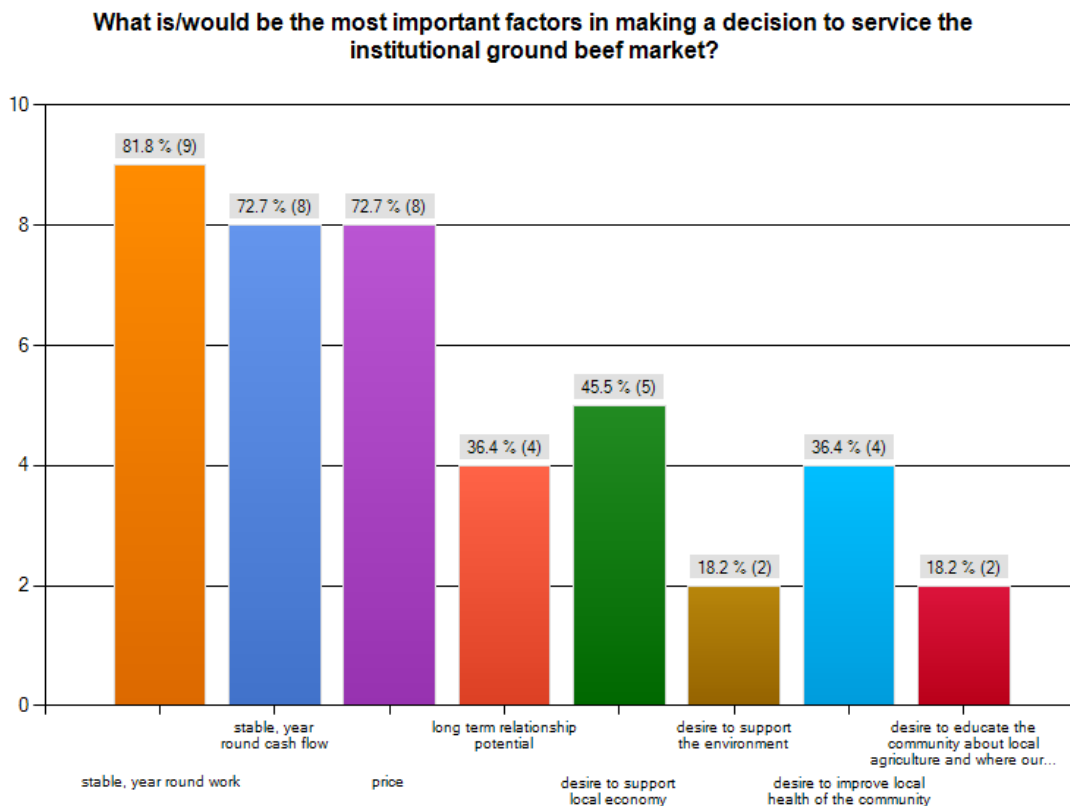
Processors were not without reservations about servicing the institutional market. Some were concerned about price, the ability to make it financially feasible, and the difficulty they have had in the past working with corporate food service companies. Others, however, noted that they have good relationships and models set up to work with schools and are not experiencing any issues.

An example of a good working model was described by Herring Brothers Meats as follows:

We already work with institutions. We would like to do more with them if there is demand. Currently the institutions call in or have Dennis Paper call in and place an order for a certain quantity of product and we produce and sell it to them. For example, they call in and order 10,000lbs of ground beef. We buy the animals, and sell the customer the quantity of finished product they are looking for, we resell or utilize any of the other parts of the carcass for other products and income- primarily we save the tenderloins, the top round for beef jerky, and the bones for dog bones and the hide. For the schools we were charging \$1.85/lb for 80-20, but with the price of animals now up, we had to raise our price to \$2.15/lb for 80-20 and \$2.25/lb for 85-15. In order

to get the right fat mix, we normally mix bulls with cull cows. We normally find producers still find us a better deal than selling at auction because even though we offer the market rate, we charge no shipping fee. Depending on how far out of state the animals will travel, the buyer will deduct \$0.06-0.08/lb for shipping expense, and the livestock dealer gets \$0.02/lb, so the producer can save from \$0.08-0.10/lb by having their culls stay local. The institutions we work with normally prefer the 5-10lb cryovac® bags of fresh 80-20 ground beef. We print a use or freeze by date of 21 days but send it to them fresh. They pick it up or have it delivered by Dennis Paper. Most of our institutions buy through Dennis Paper.

When asked about key decision making factors in servicing the institutional market three key factors rose to the forefront: year round work, year round cash flow, and price/profitability (see table on following page).



Carcass Yields

With respect to animals, processors cited the average live weight of a non-freezer grade beef animal at 1,250 pounds and the average hanging weight at 623 pounds, bringing the ratio of hanging weight to live weight to 50%. For dairy culls the average live weight cited came to 1,214 pounds and the average hanging weight to 640 pounds bringing the dairy cull hanging to live weight ratio to 53%.

It is interesting to note the discrepancy between the processors' perception of live to hanging weight from the producers' perception. On average the dairy producers under-projected what their animals were worth by 72 pounds while the beef producers over-projected by 48 pounds.

The amount processors were paying for culls and non-prime beef animals, prices current as of 2011, averaged \$0.76/pound live weight for dairy culls and \$0.88/pound live weight for non-prime beef animals. These values corroborate those cited by the producers with both audiences noting that 2011 prices have reached a historical high.

We also asked processors their estimation of what the harvestable amount of meat on a body condition 3-5 dairy cull or non-prime beef animal would be. The goal was to get a sense of the average amount of ground beef and higher end cuts a cull carcass might yield so we could conduct a rough financial analysis for a processor driven model.

The average per carcass came to:

	ground beef lbs	tenderloins lbs	rib eye lbs	loins lbs	bones lbs	hides \$
Average	384	8	14	12	30	39

Processor conclusions

Similar to the producers, processors expressed skepticism mixed with a sense of hope that this could work out. They were aware of the reality of the commodity driven landscape, yet maintained a personal and empathetic desire to be able to keep things local if it were possible.

“I do think there is a need for this, if it could happen. We are shipping loads and loads of beef out of New England, and it should stay here, because it comes back here anyway. There is a need to keep things local.”

Processors do feel that even with their existing infrastructure they could increase what they are doing and fulfill some institutional volume. They are used to working on margins and are not

only looking at the profit this opportunity represents but how it might boost other elements of their business for over-all improved viability. A proven processor-driven model that can be replicated and is in use in at least two states with favorable outcomes reported for all parties is one in which the processor buys in animals for resale, develops relationships with the buyers or distributors, services their needs, and harvests other elements of the carcass for resale to help make the model financially viable while remaining within the institutional market's price sensitivity for ground beef.

Two examples of the Processor-Driven Model are presented for Financial Analysis

Processor 1 in 2011 was

- paying \$0.80/lb live weight
- charging \$2.15/lb for 80:20; \$2.25/lb for 85:15
- average spread to cover operating expenses = \$1.40/lb;
- 27% of income came from non-ground beef product sales
- distribution: some institutions retrieve the product themselves, others use a wholesaler who applies a 12-15% mark up (\$.34/lb).
- Total cost of ground beef to institution: \$2.15-\$2.59/lb

Processor 2 in 2010 was

- paying \$0.61/lb live weight
- charging \$2.30/lb
- average spread to cover operating expenses = \$1.69/lb
- 14% of income came from non-ground beef product sales
- regular K-12 wholesaler stored and delivered the meat, potential surcharge to school of 12% (\$.27/lb).
- Total cost of ground beef to institution: \$2.30-2.57/lb

Distributor Analysis

New England is home to a number of food distributors who provide a wide variety of customized service to vendors such as international food processors, regional companies and individual farms. Distributors access markets as varied as single schools to full supermarket chains. The distributors themselves range in size from sole individuals with small trucks handling a limited range of products such as Don Maynard of D&S Distributors in Hardwick, Vermont to sophisticated wholesaler operations such as Dennis Paper and Food Company of Bangor, Maine that are able to source and deliver a wide range of products. Some wholesalers such as Black River Produce of Ludlow, Vermont and Dole and Bailey of Chelsea Massachusetts work with farmers to assure production of the quantity and quality of beef they require.

For this research a variety of distributors were interviewed in Massachusetts, Maine, New Hampshire and Vermont, and of these at least one also serviced Connecticut and Rhode Island. Their size ranged from sole proprietors operating a small fleet of trucks to a multi-national organization. An effort was made to include mission focused organizations targeting increased access to locally produced food, to more standard businesses offering products across a range of price points to meet the needs of varied customers. The amount of ground beef handled by the companies interviewed ranged from a few hundred pounds a week to several thousand pounds per week.

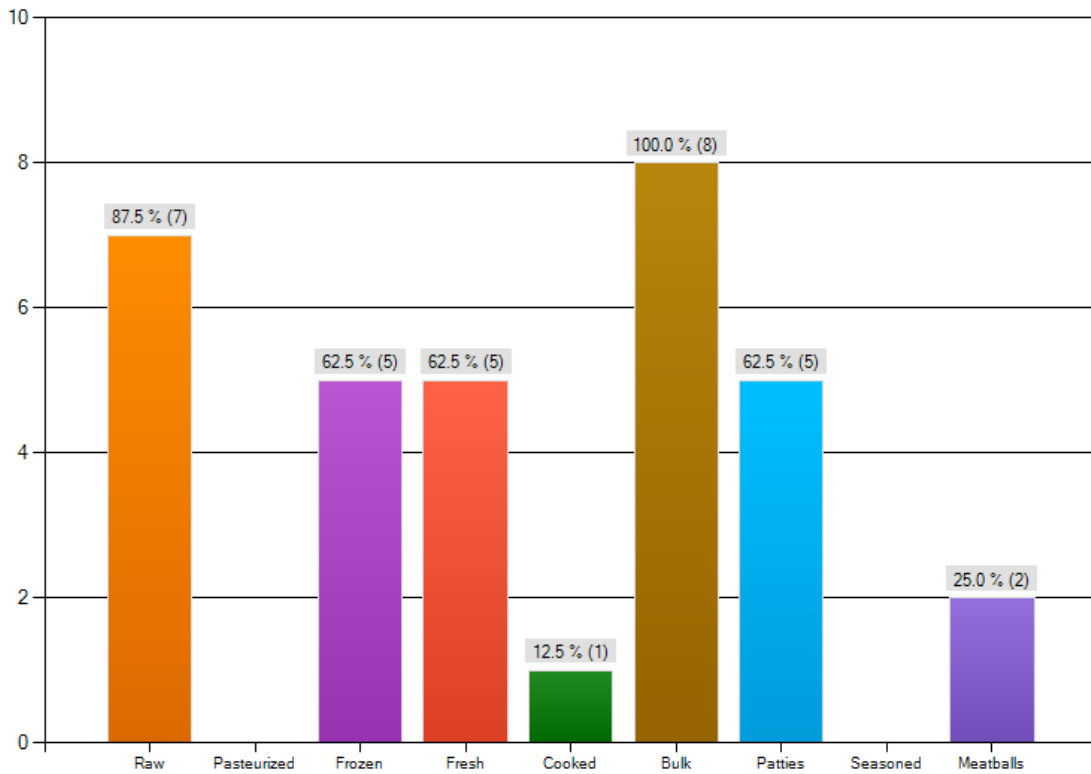
Fifteen distributors were contacted with eight responding resulting in a 53% response rate. One distributor, Sysco, services all six New England states and New York while Donabedian Brothers handles only New Hampshire, D&S Distributors only Vermont, and Dennis Paper only Maine. Of the eight respondents Sysco and Dole and Bailey delivered into Connecticut and Rhode Island.

Three distributors service all of the institutions that are the focus of this research while two service only K-12 institutions, two service only higher education and hospitals, and one services only K-12 and hospitals.

Ground Beef Product

The responders were asked what product type they handle with the institutions in New England. Six responders supply bulk and frozen, while five supply ground beef in raw form, four in fresh and patties and two in meatball form. Note that not a single distributor surveyed, not even the larger distributors including Sysco and Reinhart, carried a pasteurized ground beef product (see following table).

What type of ground beef products do institutions buy from you?



The table below shows the respondents service profile related to states, institution segments and the product forms:

Distributor	Institution	State	Product Form
Black River Produce	Higher Ed., Hospitals	MA, NH, VT	Raw, Frozen, Fresh, Bulk, Patties
Dennis Paper	All	ME	Raw, Fresh, Bulk, Patties
Donabedian Brothers	K-12	NH	Frozen, Bulk
Dole & Bailey	Higher Ed., Hospitals	New England	Raw, Fresh, Bulk
D&S Distributors	K-12	VT	Raw, Frozen, Bulk
Reinhart	All	MA, NH, VT	Raw, Frozen, Fresh, Bulk, Patties, Meatballs
Sysco	All	New England	Raw, Frozen, Fresh, Cooked, Bulk, Patties, Meatballs
Upper Valley Produce	All	NH, VT	Raw, Fresh, Bulk, Patties

Storage Capacity

Distributors were asked “*Do you have storage capacity to store a local ground beef product?*” Five responded indicating they do with one indicating they do not currently charge for storage but may do so in the future, another stating they do not lease space, and a third noting that their storage space is frozen and institutions prefer fresh ground beef. Regarding warehouse space in general, the larger distributors pointed out that their business models are focused on small margin, high turn-over. So while they may have space, that space is very valuable and will only be allocated to products that move.

Vendor Requirements

Another consideration for processors and producers who are interested in supplying distributors is liability insurance. While most all distributors said they require a minimum of \$1 million in liability insurance, the two largest distributors indicated they require four and five million dollar policies.

In addition to insurance some distributors, such as Sysco, indicated that they have their own HACCP guidelines their vendors must comply with, comparable to USDA.

Demand and Availability

From the research data seven out of eight distributors carry a local ground beef product, and 83% (five respondents) had had requests for a local product. Technically speaking therefore, a local product can already be accessed by institutions who want it, in all six New England States. From two distributors we were able to ascertain that at a minimum of 75,400 pounds of local beef is being sold annually within the local distribution chain in Vermont and Maine.

At present most of the locally sourced beef distributors carry is prime beef serving the retail and restaurant industries. All the distributors interviewed for this project stated difficulty in sourcing locally produced beef. Most distributors noted they routinely sell out of their locally sourced beef on a weekly basis.

Pricing & Price Fluctuations

According to the distributors, restaurants and grocery stores are willing to pay between \$4.00 and \$5.00 per pound for source verified ground beef, and the distributors can't keep the product in stock. While this price is beyond the limits of most institutions, it does not impede all of them. In Groton, Massachusetts and Bridgewater, Connecticut, two beef producers interviewed noted they are selling their ground beef to local private high schools, charter schools, and day care centers at \$4.99-5.00/lb, and in Maine, Sanford's Butcher Shop is selling

their local K-12 school system ground beef for \$3.99/lb. A beef producer in East Montpelier, Vermont is currently servicing the Barre School district with ground beef priced over \$5.00/lb.¹⁷

On average the current price for commodity ground beef through distributors \$2.50-\$2.95/lb. According to one distributor colleges, universities and some hospitals are willing to pay about \$0.20/lb more for locally produced ground beef. Several food service managers, however, indicated purchasing ground beef for \$1.25 per pound. None of the distributors interviewed were able to provide ground meat at such a low price and several stated they are also told of these low prices but don't understand how any business can provide ground beef at this price on a consistent basis. The assumption of distributors interviewed is that the ground beef being offered at \$1.25 pound is either of "short code" (about to exceed its "sell by" date) or is being sold at a loss in an attempt to gain an account.

Different institutional users have different abilities to absorb fluctuations in the price of ground beef, and different capacity for price sensitivity. It appears that colleges, universities and hospitals can accommodate some variations in price and on average pay more for the product, while public schools typically set a contracted price for six months to a year, and are the most price sensitive.

The point on pricing and opportunity is two-fold, 1) while there are opportunities for producers to find institutional buyers in the \$4 and up per pound range, these accounts represent a small proportion of the total make-up of the institutional market; and 2) producers and processors need to recognize that if a distributor is working with K-12 accounts, there will be less room for flexibility in pricing once a contract has been agreed upon between the school and the distributor, regardless of what happens in the marketplace. Differences in the regional cost of production will be irrelevant to distributors once an agreement has been signed and although they may empathize with the locals, if the local source can't continue to meet the distributor's price point, it will be replaced with a cheaper alternative.

Assistance in Sourcing/Facilitating the action of Buying Local

1. DOD Fresh

To increase the use of New England grown ground beef in local schools it may be beneficial for distributors to achieve purchasing clearance for the Department of Defense (DoD) Fresh Commodity Program. Currently only fruits and vegetables are handled by the DoD. USDA AMS manages the commodity ground beef that comes through Commodity Entitlement money credited to schools rather than out of meal program budgets.

¹⁷ Louise Calderwood conversation with Bruce Chapell, September, 2011.

For a few years Black River Produce of Ludlow, Vermont, gained vendor approval to participate in the DoD bidding program and sourced considerable amounts of New England grown food (but not ground beef) into New England schools. Black River Produce CEO Mark Curran stated that although gaining approval was cumbersome and time consuming, the system worked well for Black River Produce and the farmers who received standard market prices for their goods. Unfortunately, as staff changed both within the DoD and New England state government, it was necessary to re-start the approval process. Black River Produce would consider participating in the program again and feels it merits support.

2. In 2010 students at Sterling College, a small liberal arts school in Craftsbury, Vermont with a mission to support neighboring food producers, requested that their food service provider limit the number of servings of meat per week to assure local sourcing. The kitchen staff developed the ability to save on some meal preparation costs to allow sourcing of New England raised meat and vegetables. Having access to an AmeriCorps volunteer to assist with sourcing was critical in increasing the use of locally grown ground beef. The need for sourcing assistance is also evident in public schools; during 2003-2004 the four Vermont schools who worked directly with *VT-FEED* purchased more fresh produce than average, and were more likely to source that produce from local sources (ground beef was not included in the study).

Doug Davis, Food Service Director, Burlington School District, expressed his support of facilitation with this sentiment: “It is a good thing that has been a long time coming, that this year there is now a commodity council in VT. Now after 200 years. Now there will be some foresight, not “let’s just order what we’ve always ordered.”

Model of Facilitation At Work

A successful model for increasing the distribution of locally sourced ground beef into schools and institutions involves developing a network between the slaughterhouse/meat processor, the distributor and the end user. In northern Vermont Don Maynard of D&S Distribution works with Green Mountain Farm to School Network to streamline the distribution of locally produced meat. The Network provides a regular product list to schools and institutional buyers throughout northeastern Vermont. The customers place their orders for 5 lb bulk containers of fresh ground beef. The processor is sent the list, connects with his farms and secures the necessary volume. The finished product is picked up by D&S Distributors from the processor and distributed to the end users. D&S has limited freezer and cooler capacity but has been able to meet storage demands of the program to date. The distribution cost is built into the price of the product and ranges from approximately 15% for orders of less than 50 pounds of ground beef to 12% for orders greater than pounds lbs. The mission based work of the Green Mountain Farm to School Network is essential for the success of this example. At the time of the research conducted in support of this report the ground beef sourced D&S was being delivered for \$2.78 to \$2.89/lb compared to \$2.95/lb for commodity ground beef sourced through another distributor commonly used by these schools and institutions.

Hurdles

Price, access to suppliers/ease of access to product and the need to create demand were cited as the major impediments for distributors in sourcing local beef. Additionally, meeting HACCP guidelines for fresh ground, moving product from processor to distributor, insurance requirements (as mentioned earlier), dealing with private managed food service companies, and availability were other responses brought up in conversation.

Mission driven models

As more public awareness is paid to concerns such as local economy, personal health, environmental health, greenhouse gasses and carbon emissions, local agriculture, child nutrition, preserving open spaces, national meat recalls, etc., there are more individuals, organizations, and entities willing to become involved in the food supply chain. These bodies can bridge the communication gap between supply and demand for local food. Entities such as the Castanea Foundation who helped provide start up financing for the Vermont Meatball Pilot Project, the Green Mountain Farm to School Network that helps facilitate the ordering and coordinating of local meat purchasing by institutions in Vermont's northeast kingdom, and Rhode Island's Market Mobile that coordinates purchasing and order fulfillment of local product including meat to businesses and institutions across the state. These bridges have become moderately successful in moving New England produced ground beef into the market place. By making the connections between farmers, processors, distributors, and end users many of the challenges of utilization of locally sourced ground beef in institutions can be overcome.

Distributor Conclusions

While distributors maintain large, efficient warehouses, their business models require rapid movement of goods in and out of their buildings. Sales staff make frequent requests for the addition of new items into the product line offered, however, the products that receive attention and longevity in the line-up are those that can demonstrate demand and high turn-over. To date, locally sourced fresh ground beef for the institutional market has not been in high enough demand to warrant strong consideration and push by the distributors.

However, if the ground beef providers can meet the buyers' needs, there is opportunity, even in the face of vertical integration within the industry, and the product need not be pasteurized. A simple, fresh, bulk, ground beef will suffice. To provide an example of the degree to which there is opportunity: Sysco owns USDA inspected facilities for in-house fabrication of meat products, however, due to liability concerns it refuses to produce its own ground beef. Ground beef is one of the few products in which distributors want to maintain a clear demarcation between their company and ground beef processing, and given this, they are more than willing to work with outside vendors.

Institution Analysis

The institutional analysis highlights the findings from the survey conducted on Higher Education, Hospitals and K-12 institutions. This analysis reviews the combined answers of all institutions and then breaks into specific discussion on each segment (Higher Education, Hospitals, K-12). This will allow potential users of the report to clearly see each segment's individual needs. While all questions are not discussed in this section individually the results are listed in the appendices.

Segment Representation

Responses to the survey very closely reflected the number of institution's by segment. 74% (83) of the respondents were schools, 14% (16) were hospitals, and 12% (13) were higher education institutions, (9) respondents did not indicate which type of institution they represented. Overall, the 121 responses represent 8% of the institutional population at large.

The overwhelming majority of respondents were from Vermont, followed by Massachusetts, New Hampshire and Connecticut, Maine, and Rhode Island. There was not a single complete response submitted from the state of Rhode Island. The lack of response from Rhode Island may be reflective of the larger number of privately managed food services in the K-12 school system in the state. Maine and New Hampshire response rates were representative of their sampling numbers, while the Massachusetts ratio of responses to sampling numbers was lower, Vermont's was higher, and Connecticut's was just slightly under. These differences were likely due to the higher proportion of Higher Education Institutions in Massachusetts coupled with a lower response rate from Higher Education Institutions, a higher proportion of K-12 institutions in Vermont as a percentage of its overall population sample coupled with a higher than average response rate from K-12, and a slightly below average response rate from Connecticut's K-12 population.

Some respondents clearly demonstrated the concern voiced by distributors that there is a lack of demand for local meat from the institutional market. As one food service respondent wrote:

I am sorry to be so unenthusiastic about the local food scene. Not enough people are asking for local purchasing. This all feels like a marketing campaign for the local farmers -- the food service directors and workers are being guilted into putting our programs and our jobs on the line to spend money we don't have.

This respondent also captured that in addition to demand, a second issue limiting large scale adoption of local ground beef at the institutional level is the need for integration into existing purchase and ordering systems:

It sounds great and people are all too happy to have us do the work (... 10x the amount of work as it is to purchase... through our regular provider). The calling around to find out what is available. Orders that have to be in place for a menu that is published a month ahead that take too much time and effort. All that and the kids could care less. So the \$5/lb ground meat can get dumped into the compost.

Unfortunately the catch is that, without demand, distributors won't make the effort to carry the product or make it a regularly stocked item, compounding the issue of how to integrate it into existing purchasing and ordering mechanisms.

Product Type

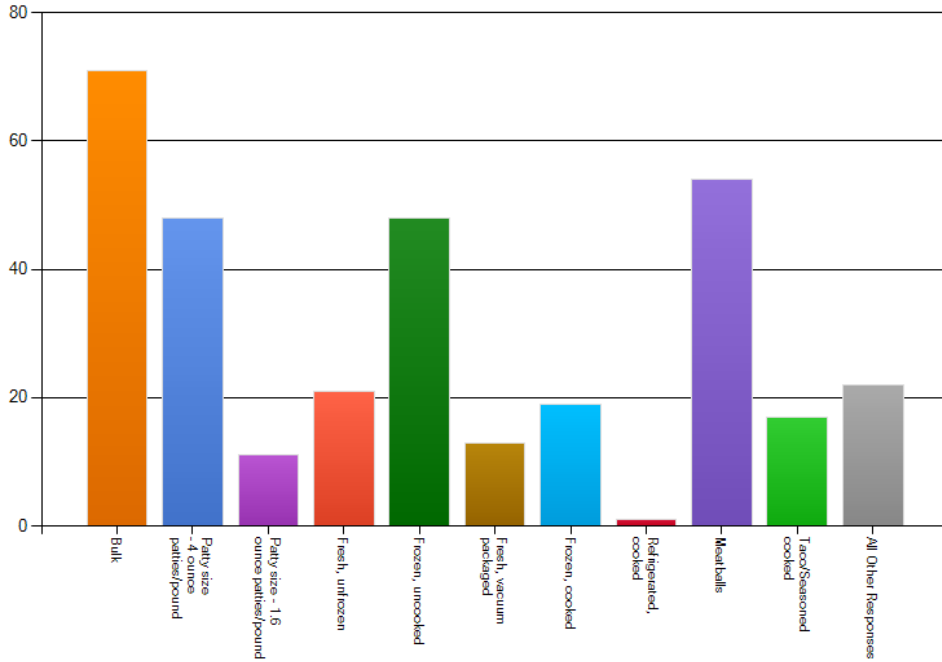
The majority of institutions are buying fresh bulk, meatballs, frozen uncooked bulk, and 4 oz patties. The current use for ground beef is approximately 495,294 pounds of meat from 121 responses representing 8% of the total population. 495,294 pounds represents 1,290 cull cows.¹⁸ Of this total, 86% of buyers want bulk product, 57% want it frozen, 40% want it fresh. 60% also want 4 oz patties, and 67% want meatballs. **Only 25% mentioned a need for a cooked product.**

Interestingly, with respect to pasteurization, 45% said they do not need pasteurized product, 35% said they don't know. **Only 11% indicated they definitively required a pasteurized product, and as already noted, none of the distributors contacted indicated they carry a pasteurized product.** Similarly, regarding patties, few respondents noted a need for anything more than a basic 4 oz patty, no scoring or equipment other than a basic patty making machine would be required to fulfill this need.

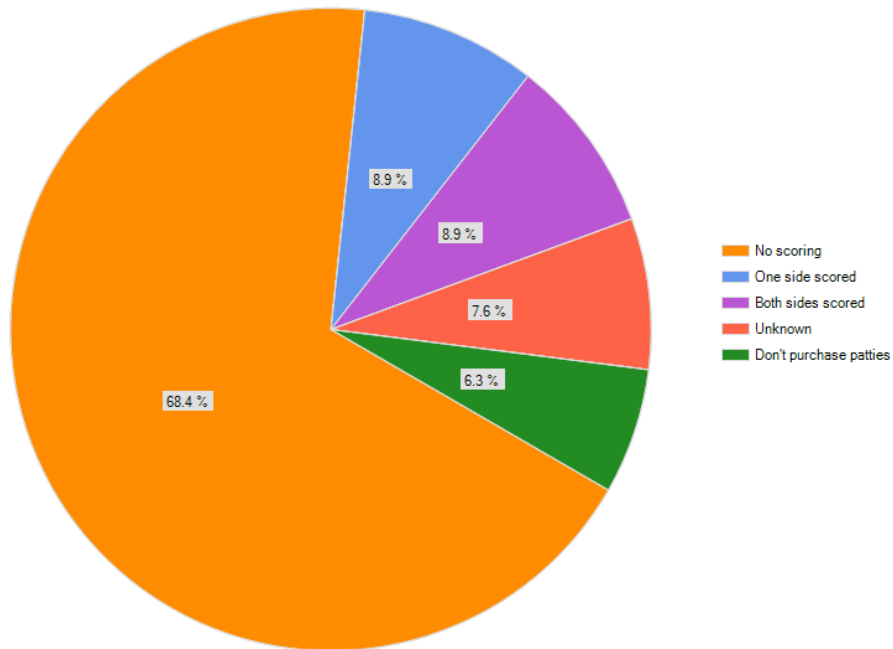
See charts on following page for details.

¹⁸ Using the average amount of ground beef per cull carcass from the processor survey.

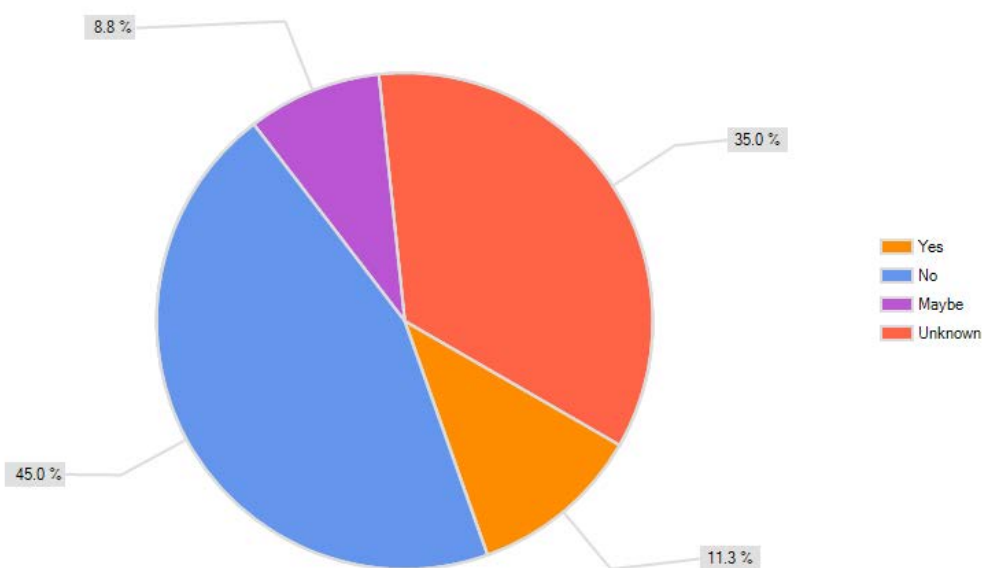
In what form(s) do you purchase ground beef? (Select all that apply)



If purchasing patties, do you have them scored for faster cooking?



Do you require pasteurized raw meat?



Demand

The food service providers (119 answered) do not foresee the demand/need for ground beef increasing. As previously stated, the current use of the 121 respondents is 495,294 pounds.

Source

59% stated they would prefer to buy local meat through a distributor while 29% stated direct from a farmer, farmer cooperative or Farmers' market. Many commented that they do not have the time to handle the logistics of working directly with a farmer.

Packaging

Packaging is specific to each institution and should be addressed and determined in the beginning stages of discussions between the processors and food service providers. Institutional segment packaging needs are listed for each segment later in this section.

Pricing

The survey asked what the maximum price point the food service providers would pay for each of the forms of ground beef they use and asked what percent of their purchases would be at that price point. From the responses a range was determined based on the number of

responses. **On average the institutions expressed the maximum price point they would pay for local ground beef in bulk form is \$2.00-3.00/lb.**

The table below shows each institutional segments maximum price point and percentage for their top purchases.

Form	College/Univ.	Percent College/Univ.	Hospital	Percent Hospital	School	Percent School
Bulk	\$2.50-3	<10-25%	\$3.85	61-75%	\$2-3	10-25%
Patty - 4ounce	\$3-3.85	<10%	\$3.50	26-75%	\$1.25-2	10-25%
Meatballs	\$2.50-3	<10-40%	N/A	N/A	\$2.50-3	10-25%
Frozen, uncooked	N/A	N/A	\$2-3	10-50%	\$1.25-2.50	<10-25%

The chart indicates that K-12 maximum price point for frozen uncooked ranges between \$1.25-2.50. Further analysis was done on those who answered \$1.25 as the maximum price point as this price was below the commodity price. All six responders did not give permission to contact them for further clarification, therefore, only the responders answers could be analyzed. Two of the six responders indicated the price they currently pay for frozen uncooked is \$1.10 and \$2.77, three responders put zero and one did not answer the question. All six also use bulk form and the average they pay for this is \$1.23/lb. Three of the six responders are outsourced/private management companies which may purchase at a discounted price and/or contract price negotiations. Two others use cooperative/collaborative bidding. Several distributors were questioned regarding this very low price point and they said while they are also told of product being purchased for \$1.25 per pound it is not a price they can offer on a regular basis. It appears this price might reflect attempts to sell “short code” product to to win accounts.

Additionally, this reinforces that the commodity program skews the reality of the beef market. For example as of 2011, the commodity program was paying a low of \$1.99/lb for ground beef. Based on how the schools are subsidized, the schools do not see the real cost of beef, and may be under the impression they are only paying \$1.25/lb for ground beef. This creates a perception gap and perception is everything.

The next series of tables look at a pricing analysis by state to determine if any differences in pricing are reflective based on the geographic and demographic variables. The individual responses are listed in the Appendix. The first table shows the current price the combined institutions are paying based on their responses. It shows each state and in parentheses () the

number of responses. The second table shows the average maximum price point in each state as answered by the buyer.

Current Price Paying

	CT (8)	MA (21)	ME (5)	NH (8)	RI (0)	VT (31)
Bulk	\$2.17	\$2.19	\$2.44	\$1.52	N/A	\$2.72
Patty (4 ounce)	\$3.21	\$2.22	\$1.89	\$2.44	N/A	\$2.88
Meatballs	\$1.32	\$1.94	\$1.84	\$2.08	N/A	\$2.43
Frozen, uncooked	\$2.23	\$0.76	\$2	\$1.69	N/A	\$1.58

Average Maximum Price Point

	CT (8)	MA (21)	ME (5)	NH (8)	RI (0)	VT (31)
Bulk	\$2.64	\$2.46	\$2.88	\$2.43	N/A	\$3.05
Patty (4 ounce)	\$3.04	\$2.55	\$2	\$2.78	N/A	\$3.08
Meatballs	\$1.88	\$2.14	\$1.83	\$2.53	N/A	\$2.83
Frozen, uncooked	\$2.55	\$1.88	N/A	\$2.13	N/A	\$2.95

The next two tables show the maximum price point range of the combined institutions in each state as the responders answered. This is followed by the chart shown previously of the maximum price point based on the institution segment.

Maximum Price Point Range – All Responses

	CT	MA	ME	NH	RI	VT
Bulk	\$2-3.50	\$1.25-4.50	\$2.50-4	\$1.25-3.85	N/A	\$2.50-5
Patty (4 ounce)	\$2-6	\$1.25-4	\$2	\$1.25-3.85	N/A	\$2-4.50
Meatballs	\$1.25-2.25	\$1.25-3	\$1.25-3	\$1.25-3.85	N/A	\$2-3.85
Frozen, uncooked	\$2-3.50	\$1.25-2.50	N/A	\$1.25-3	N/A	\$2-3

Maximum Per Pound Price Point & Percent Purchase at Price Point

Form	College/Uni v.	Percent College/Univ.	Hospital	Percent Hospital	School	Percent School
Bulk	\$2.50-3	<10-25%	\$3.85	61-75%	\$2-3	10-25%
Patty -4ounce	\$3-3.85	<10%	\$3.50	26-75%	\$1.25-2	10-25%
Meatballs	\$2.50-3	<10-40%	N/A	N/A	\$2.50-3	10-25%
Frozen, uncooked	N/A	N/A	\$2-3	10-50%	\$1.25-2.50	<10-25%

The table below lists each state’s average maximum price point per product and which market segments can support it. This table can be used to help a user of this data focus on either an institution segment, a state, and/or a product form.

Institution Segment Range that Fits State Average Maximum Price Point

	CT	MA	ME	NH	RI	VT
Bulk	\$2.64	\$2.46	\$2.88	\$2.43	N/A	\$3.05
	C H S	C H S	C H S	C H S	N/A	H
Patty (4 ounce)	\$3.04	\$2.55	\$2	\$2.78	N/A	\$3.08
	C H	C H	C H S	C H	N/A	C H
Meatballs	\$1.88	\$2.14	\$1.83	\$2.53	N/A	\$2.83
	C S	C S	C S	C S	N/A	C S
Frozen, uncooked	\$2.55	\$1.88	N/A	\$2.13	N/A	\$2.95
	H	H S	N/A	H S	N/A	H

C=College/University H=Hospital S=Schools K-12

Two other forms, Frozen-cooked and Taco/Seasoned were used more frequently in Massachusetts K-12 schools. Fifty-three percent (seven of thirteen responders) use Taco/Seasoned and forty-six percent (six of thirteen responders) use frozen, cooked. All other states have K-12 institutions that use the Taco/Seasoned and frozen-cooked form, but at a smaller percent.

Some take-aways from this analysis are that in Vermont there is a willingness to pay a higher maximum price point for ground beef. This may be reflective of the pilot projects (Ski burger, VT Meatball) efforts that have been underway and/or a change in consumers’ mindset.

The Institution Segment Range table helps any individual or organized effort focus on the best market segments to approach with the best product forms.

Price Fluctuation

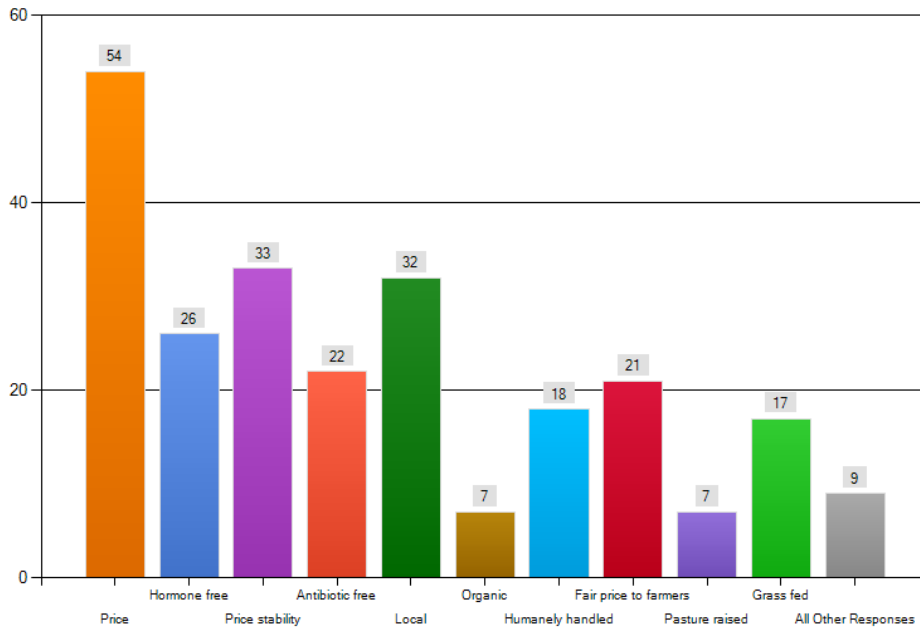
92% of food service providers indicated that price stability would be a benefit to buying local.

Decision Making

Three questions were asked relating to decision making when purchasing ground beef and purchasing locally raised beef. The responders where given a set list and the option to add choose “other” and add comments for each of the three questions.

The top three qualities most influential in purchasing decisions of ground beef, as shown in the chart on the following page, were price, price stability, and local.

Please choose the top three qualities that are most influential in your purchasing decision of ground beef.



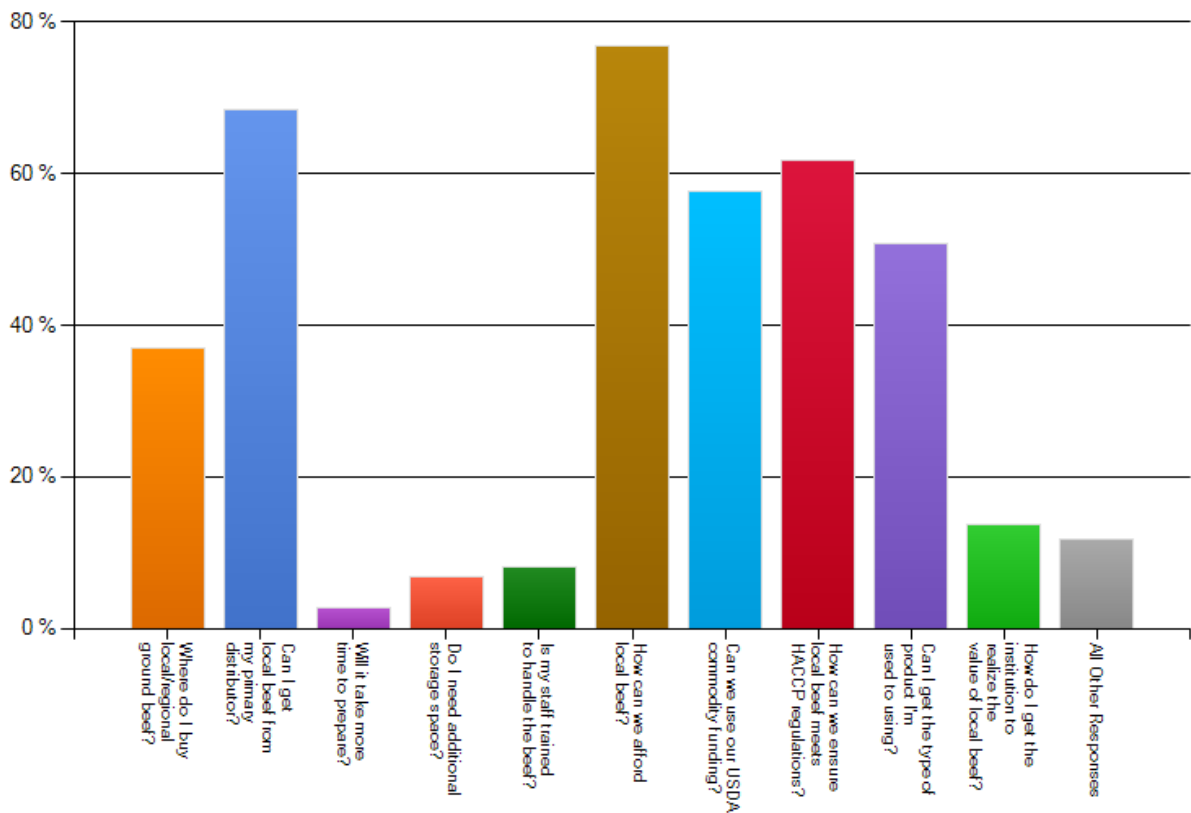
This question only allowed the responder to choose 3, one of which was other which they could add comments to that choice. Seventy four of the one hundred and twenty one responders answered this question.

Additionally, local fared well in another question, with 85% of seventy three respondents agreeing with the statement that “regionally sourced products are a priority in our institution.”

With respect to concerns, seventy-three people responded that top concerns with buying local beef, were:

- can they afford local beef
- can they buy it through their existing distributor
- can they ensure local beef meets HACCP regulations
- can they get it in the forms they are used to using
- can they use their USDA commodity funding
- where/how to access local beef

What are some of the specific concerns when sourcing regional ground beef? (Select all that apply)

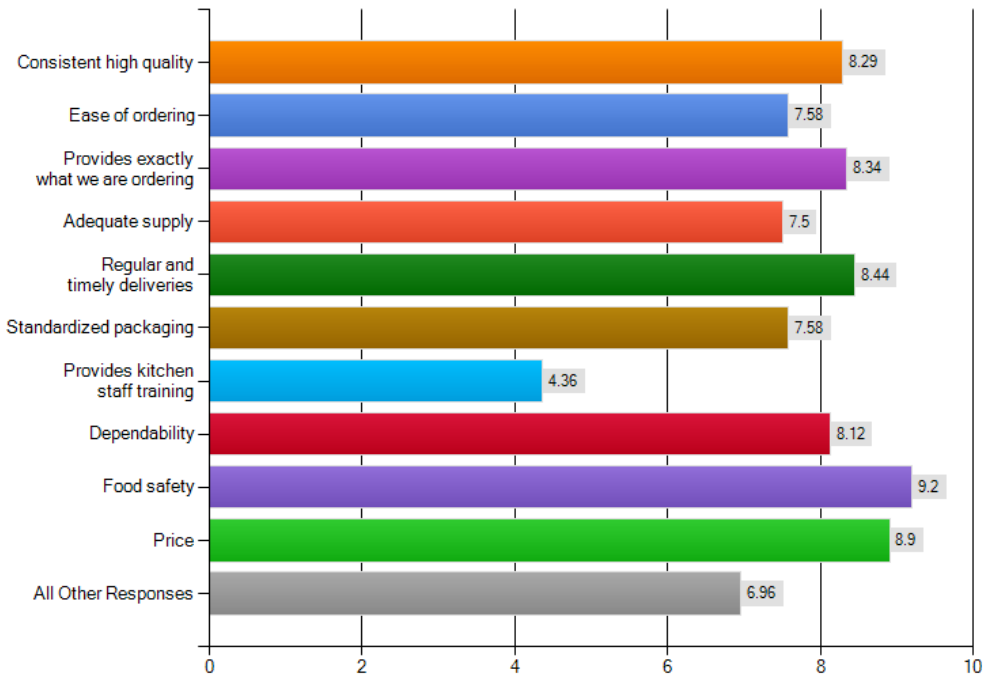


Lastly institutions were asked what would be the key decision making factors when purchasing local ground beef. Seventy-three people answered this question.

The key decision making factors influencing purchasing decisions were:

- Food Safety
- Price
- Regular and timely deliveries

How important are the following if/when purchasing regionally sourced ground beef from a farmer/processor/distributor?



These three questions indicate that if access to the product is simple or uses buyer’s existing mechanisms for purchase and delivery, their price points are met, and they were assured food safety (HACCP regulations), buying local would be a logical and everyday decision.

Operational Considerations

If the institution is privately managed then how they select their suppliers is often based on individual corporate policies. Supplier selection criteria for each institutional segment can be found beginning on page 79.

Insurance Liability

A question was asked regarding liability insurance requirements. Forty-two people responded to this question. Hospitals typically required higher insurance levels. The majority of respondents, 48%, require a \$1 million liability insurance premium, 28% require \$2 million, 12% required \$5 million, 10% required \$3 million, and 2% required \$4 million.

Ordering Cycles

One hundred and eighteen answered the question: “What is your typical ordering cycle for ground beef? 49% said weekly, 25% said monthly, 16% said bi-weekly, 4% said quarterly, 3% said daily and 2% said bi-monthly.

Eighty-one responded to the question “How long is your ground beef typically stored?” The majority, 43% said up to 90 days, 33% said up to 14 days, and 24% said 2-3 days. Even though the majority sate they typically store their ground beef for fairly long periods, Jeanne Pierce, Exeter NH Food Service Director, stated that some K-12 school districts do not have the capacity and equipment to do so and this should be kept in consideration when approaching institutions about delivery cycles.¹⁹

Sixty-eight institutions responded to the question “What are your vendor payment term requirements?” Only one respondent said the paid upon delivery. 53% stated terms of 30 days, 25% stated 60 days, 18% noted 45 days, and 6% said 90 days.

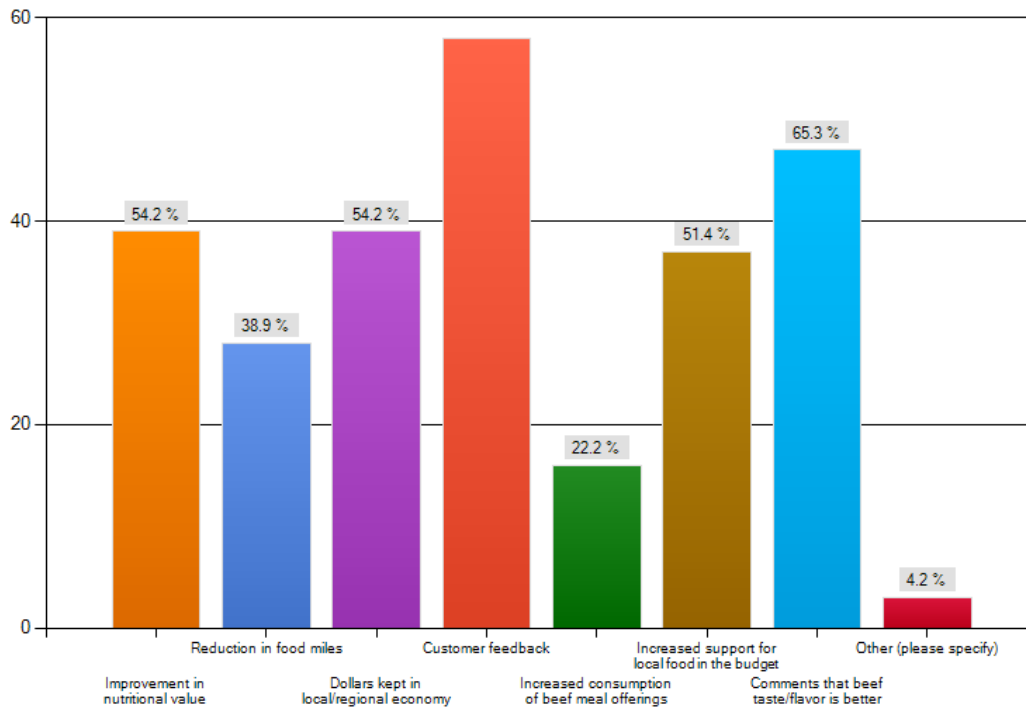
These operational considerations should be discussed prior to any effort to either purchase or supply beef to institutions as they are independent to individual institutions and may pose financial or logistical issues for suppliers.

Measurement

As noted previously, local is important to buyers, but long-term vendor relations did not rank of high importance to buyers. Price ranked high, but it is not the only consideration when using local ground beef. A question was asked regarding measuring the effectiveness and benefits of purchasing local beef. The responders were given a set list of choices with one choice being “other” with space allowed to specify. Seventy-two people responded, with the key indicator being “customer feedback,” followed by “comments that the beef flavor/taste is better,” that financial measurement of dollars kept in the local economy and documentation of improved nutritional value would serve as indicators, and that increased support for local food in the budget would demonstrate success. Respondents also cited documented reduction in food miles and increased consumption of beef meals would be good indicators that buying local is working. See table on following page for details.

¹⁹ Telephone interview by Charlene Andersen with Jeanne Pierce, Exeter NH Food Service Director, August 16, 2011.

How do/will you measure the effectiveness and benefits of purchasing local ground beef?



Institution Segmentation Analysis

Next, each segment (Higher Education, Hospitals, K-12) is discussed identifying the results specific to each institution segment responses. This will allow potential users of the report to clearly see each segment’s individual needs. While all questions are not discussed in this section individually the results are listed in the Appendix section.

Findings Colleges & Universities

Seventy Dining Services Directors/Managers or Executive Chefs were requested to participate in the survey. This represented 431,987 students or 47.6% of the student population. Thirteen people responded with twelve completing the survey resulting in a 17% response rate representing 51,155 students or 11.8% of the sample size and 5.6% of the total population. This allows for greater insight to the needs and requirements of higher education institutions and the customers they serve.

This segment’s ordering cycles are more frequent in comparison to the combined institutions. One hundred percent answered the ordering cycles are either daily or weekly. The total number of pounds of beef currently purchased by higher education institutions who responded came to approximately 148,932 at a total annual estimated cost of \$606,250 of

which 82% stated an 80/20 lean/fat ratio is preferred. Local beef accounts for \$35,500 of the total dollars spent with 46% stating the total annual ground beef budget is unknown and 31% stating it is zero.

The following table depicts the higher education institutions' price elasticity. It shows the top three forms of beef purchases at the current price per pound, at the maximum price point per pound, and the percent they would purchase at the maximum price point.

Form	Average Current Price (per pound)	Maximum Per Pound Price Point	Percent College/Univ. would purchase at Price Point	Combined Institutions Maximum Price Point	Percent Combined Institutions would purchase at Max Price Point
Bulk	\$2.46	\$2.50-3	<10-25%	\$2-3	10-25%
Patty -4ounce	\$2.79	\$3.00-3.85	<10%	\$2.50-3	10-25%
Meatballs	\$2.36	\$2.50-3	<10-40%	\$2	10-25%

Packaging requirements to this segment are specific to each institution. The respondents to this questioned answered as follows:

- Portioned - patties or bulk
- Frozen
- Vacuum packaged for fresh
- Bulk pack - 1, 4 and 5 pounds
- Not individually Cryovac®

The top three qualities most influential in purchasing decisions of ground beef are price (91%), followed by price stability (58.3%), and local source (50.5%). In comparison to the purchasing decision question, a question regarding criteria importance with purchasing regionally sourced beef was asked. When evaluating options for a local source, the top criteria are:

1. Food Safety
2. Consistent high quality
3. Dependability
4. Adequate Supply

The table on the following page shows the results of this ranking question.

How important are the following if/when purchasing regionally sourced ground beef from a farmer/processor/distributor?

	Not at all Important			Important			Extremely Important			N/A	Rating Average	
	1	2	3	4	5	6	7	8	9			10
Consistent high quality								9	9%	82%		9.73
Ease of ordering					27%	9%	18%	9%	9%	27%		7.45
Provides exactly what we are ordering					9		18%	9%	9%	45%	9%	8.60
Adequate supply				9%				9%		73%		9.00
Regular & timely deliveries					9%	9%		9%	9%	55%	9%	8.80
Standardized packaging					18%	18%	9%	9%		46%		7.91
Provides kitchen staff training	18%	18%	18%	18%	18%						9%	3.00
Dependability								18%	9%	73%		9.55
Food Safety									9	73%	18%	9.89
Price					9%			36%		46%	9%	8.70
Price Stability					9%	9%		18%	18%	45%		8.64
Long term vendor relation			18%		18%	18%	9%	27%		9%		6.27
Know Your Farmer			9%		27%	18%	9%	27%		9%		6.45

Thus, price makes the biggest impact in decision-making while the top four influencing factors are important for local suppliers to be aware of. This could mean that either there are either perceptions or prior negative experiences amongst the buyers that will need to be overcome.

Three questions were asked to help understand the degree of flexibility and authority regarding beef purchasing within the institution. The first question asked whether the food service operation was privately managed. 58.3% answering in the affirmative with 89% using Sodexo and 11% using Aramark. The second question asked the level of autonomy the buyers had to select suppliers. Only 33% answered Neutral to Complete Autonomy. The third question was an open-ended question and asked: How do you identify and approve food suppliers?

The majority answered they must adhere to corporate specifications/approved vendors/the purchasing department. One responded that they hold meetings with prospective suppliers and conduct a site visit, and another noted they were willing to work with suppliers if they fulfilled a need and could demonstrate an ability to work with their systems.

The number of local vendors ranged between 1 and 15. Some referenced working with farmers/producers and approximately two vendors were noted as supplying local beef. One respondent has a prime vendor for beef with a contract until 2013. In order for the higher

education institutions to consider changing or adding distributors in order to enable the purchase of local beef products the respondents answered vendors must:

- Receive approval from purchasing or supply management
- Match product and provide viable pricing
- Meet availability, delivery capability and food service pack
- Offer price (and/or volume discount), local, organic products that are tested.
- Meet company standards for safety and liability

In addition, local purchasing would not progress unless there was “client demand.”

91% of higher education institutions indicated that if given the choice their preferred source for local ground beef is from a distributor.

The top three concerns when sourcing regional ground beef are:

1. Can I get local beef from my primary distributor? – 81.8%
2. How can we afford local beef? – 63.6%
3. Can I get the type of product I’m used to? – 54.5%

The open-ended question “What are the most difficult challenges to overcome in purchasing regionally raised ground beef?” received a 63.6% response with the following challenges:

- Vendor/Product compliance
- Price/Cost effectiveness
- Insuring safety
- Sourcing/Availability

These challenges are consistent with the influential purchasing decision qualities cited with regards to purchasing regionally source beef.

Findings Hospitals

Sixty-one Food Nutrition Directors/Managers or Executive Chefs were requested to participate in the survey. This represented 11,305 beds or 26% of the total bed population of 43,566. Fifteen people responded resulting in a 25% response rate representing 2649 beds or 23% of the sample size and 6% of the total population. The responders fit hospitals with bed sizes between 25 and 659. Most hospital respondents were small-scale (25-130 beds), the majority of larger hospitals did not respond. Although we are not sure why the larger institutions were unresponsive to the survey, we are aware that they have been surveyed significantly on local purchasing topics recently and this could have contributed to their lack of response. We do know at least two, Fletcher Allen in Vermont and Maine General are buying local, and that

Fletcher Allen in particular is sourcing local ground beef. Additionally, in the Newstimes.com issue of August 10, 2011 in the article “Danbury Hospital to Outsource Food Services”²⁰ we learned two hospitals we had contacted in Connecticut were part of the hiring of Morrison Management Specialists to run their food-services operation. We reached out to Morrison Management for an interview, but received no response.

Hospitals’ ordering cycles are more frequent in comparison to the combined institutions. Ninety-one percent answered the ordering cycles are either daily or weekly.

The total number of pounds of beef currently purchased by hospitals who responded came to approximately 43,831 at a total annual cost of \$134,335. 33% state local beef makes up more than 10% of their annual volume, resulting in an annual expense of \$40,335. 50% stated an 80/20 lean/fat ratio is preferred, while the remaining respondents were evenly split between an 85/15 and a 90/10 lean/fat ratio preference.

The following table depicts the hospitals’ price elasticity. It shows the top three forms of beef purchases at the current price per pound, at the maximum price point per pound, and the percent they would purchase at the maximum price point as compared to the combined institutions average.

Form	Average Current Price (per pound)	Maximum Per Pound Price Point	Percent Hospital would purchase at Price Point	Combined Institutions Maximum Price Point	Percent Combined Institutions would purchase at Max Price Point
Bulk	\$3.06	\$3.85	61-75%	\$2-3	10-25%
Patty -4ounce	\$2.62	\$3.50	26-75%	\$2.50-3	10-25%
Frozen, uncooked	\$2.17	\$2-3	10-50%	\$1.25-3	10-25%

²⁰ Newstimes.com - <http://www.newstimes.com/local/article/Danbury-Hospital-to-outsource-food-services-1840674.php>

Packaging requirements for hospitals are specific to each institution. In general buyers are looking for:

- Five pound tubes
- Vacuum packaged
- Bulk pack
- Cryovac®

The top four qualities most influential in purchasing decisions of ground beef are local (100%), grass fed (66.7%), antibiotic free (50%), and price (50%). In comparison to the purchasing decision question, a question regarding criteria importance with purchasing regionally sourced beef was asked. When evaluating options for a local source (see table on following page), the top criteria for hospitals are:

- Price
- Price Stability
- Food Safety
- Regular & Timely Deliveries

How important are the following if/when purchasing regionally sourced ground beef from a farmer/processor/distributor?

	Not at all Important			Important			Extremely Important				Rating Average	
	1	2	3	4	5	6	7	8	9	10		
Consistent high quality					33%						67%	8.33
Ease of ordering					33%				17%		50%	8.17
Provides exactly what we are ordering			20%		20%						60%	7.60
Adequate supply					33%						67%	8.33
Regular & timely deliveries					17%		17%				67%	8.67
Standardized packaging				17%	17%				17%		50%	8.00
Provides kitchen staff training	17%	17%			33%	17%					17%	4.83
Dependability					33%						67%	8.33
Food Safety					17%						83%	9.17
Price					17%						83%	9.83
Price Stability							17%				83%	9.50
Long term vendor relation			17%	17%	17%						50%	7.00
Know Your Farmer			17%		50%						33%	6.33

Three questions were asked to help understand the amount of flexibility and authority hospitals have in their beef purchasing decision-making. The first question asked whether the food service operation was privately managed. 33% answered in the affirmative and one respondent identified Tamarlane as the management company. The second question asked the level of autonomy to select suppliers. 83% answered Complete Autonomy. The third question was an open-ended question and asked: How do you identify and approve food suppliers?

The answers were quite different from those provided by the higher education institutions and were as follows:

- Safe Handling, fair price, availability, USDA inspected & certified, HACCP
- Premier contract
- Cost Analysis and quality of company
- Sales Representative comes to our facility

- Need to have an inspection process in place and pricing needs to be comparable.

The number of local vendors ranged between one and five. Some were noted as farmers/producers with three responses stating they sourced local beef. One respondent listed both PT Farms and Boyden as suppliers of local beef.

Given the choice, hospitals were evenly divided on their preferred source for regional ground beef between purchasing from a distributor or buying direct from the farm.

The top four concerns when sourcing regional ground beef are:

1. How can we afford local beef? – 100%
2. Can I get local beef from my primary distributor? – 83%
3. How can we ensure local beef meets HACCP regulations? – 67%
4. How can we get the institution to commit food budget to local beef? – 67%

The open-ended question “What are the most difficult challenges to overcome in purchasing regionally raised ground beef?” received a 38% response with the following challenges:

- Availability
- Sourcing
- Price

Findings K-12

Two hundred and eighty-four Food Services Directors/Managers and/or Executive Chefs were requested to participate in the survey. This represented 878,560 students or 41% of the student population. Eighty-three people responded resulting in a 29% response rate with 51 completing the whole survey representing 195,863 students or 22% of the sample size and 9% of the total population.

The total number of pounds of beef currently purchased by K-12 institutions responding came to approximately 302,531 at a total annual cost of \$684,429. Unlike the other two institutional market segments, 48% of K-12 state they prefer an 85/15 lean/fat ratio, while only 37% stated an 80/20 preference. Seventy-two percent foresee their annual demand remaining the same. Local beef accounts for \$65,295 of their total beef expense with 26% stating the total annual ground beef budget is unknown and 41% stating it is zero.

The table on the following page depicts K-12 institutions’ price elasticity. It shows the top three forms of beef purchases at the current price per pound, at the maximum price point per pound, and the percent they would purchase at the maximum price point.

Form	Average Current Price (per pound)	Maximum Per Pound Price Point	Percent School would purchase at Price Point	Combined Institutions Maximum Price Point	Percent Combined Institutions would purchase at Max Price Point
Bulk	\$2.26	\$2-3	10-25%	\$2.50-3	10-25%
Meatballs	\$1.95	\$1.25-2	10-25%	\$2	10-25%
Patty -4ounce	\$3.08	\$2.50-3	10-25%	\$2.50-3	10-25%
Frozen, uncooked	\$1.48	\$1.25-2.50	<10-25%	\$1.25-3	10-25%

Packaging requirements are specific to each school or school district. The respondents to this questioned answered as follows:

- Individual Pounds – 4, 5, 10, 20, 30 in fresh, frozen, bricks, boxed, tubes, cases
- Frozen
- Bulk pack
- Crumbles
- Wrapped in Paper
- Cryovac®

The top three qualities most influential in purchasing decisions of ground beef are price (71.4%), price stability (44.6%), Hormone free (41.1%). In comparison to the purchasing decision question, a question regarding criteria importance with purchasing regionally sourced beef was asked. When evaluating options for a local source, (see table on following page), the top criteria for K-12 institutions are:

1. Food Safety
2. Price
3. Provides exactly what we are ordering
4. Regular & timely deliveries

How important are the following if/when purchasing regionally sourced ground beef from a farmer/processor/distributor?

	Not at all Important			Important			Extremely Important			N/A	Rating Average	
	1	2	3	4	5	6	7	8	9			10
Consistent high quality		1.8%			30.4%	3.6%	1.8%	3.6%	7.1%	51.8%		8.00
Ease of ordering		1.8%	1.8%		30.4%	3.6%	8.9%	10.7%	5.4%	37.5%		7.54
Provides exactly what we are ordering		1.8%	1.8%		18.2%	3.6%	5.5%	1.8%	10.8%	56.4%		8.39
Adequate supply		3.6%	3.6%	31.8%	35.4%	3.6%	3.6%	7.3%	1.8%	38.2%		7.11
Regular & timely deliveries	1.8%	1.8%		3.6%	14.5%		3.6%	9.1%	7.3%	56.4%	1.8%	8.35
Standardized packaging	1.9%	5.5%	1.9%	7.4%	16.7%	3.7%	1.9%	9.3%	13.0%	38.9%		7.46
Provides kitchen staff training	16.7%	5.6%	14.8%	5.6%	24.51%	3.7%	5.6%	7.4%	3.7%	5.6%	7.4%	4.58
Dependability		3.6%			32.7%	1.8%	3.6%		7.3%	50.9%		7.82
Food Safety		1.8%			14.5%			1.8%		81.8%		9.09
Price		1.8%			10.9%	1.8%	3.6%	9.1%	10.9%	61.8%		8.84
Price Stability		1.9%		1.9%	14.8%	5.6%	3.7%	13%	5.6%	53.7%		8.35
Long term vendor relation	3.7%	1.9%	35.6%	3.7%	37%	7.4%	9.3%	9.3%	5.6%	16.7%		6.24
Know Your Farmer	5.5%	3.6%	9.1%	3.6%	38.2%	1.8%	3.6%	12.7%	3.6%	18.2%		5.98

Three questions were asked to help understand the amount of flexibility and authority K-12 institutions have regarding beef purchasing decision-making. The first question asked whether the food service operation was privately managed. 76% said No. The second question asked the level of autonomy to select suppliers. 46% answered Complete Autonomy. The third question was an open-ended question and asked: How do you identify and approve food suppliers?

The most prominent response was through using USDA/FDA-USDA certified/Purchasing-Bidding Cooperative/State Child Nutrition guidance. Second to that came corporate specifications, guidance from distributors, then came answers such as price & product testing, interviews/meetings, word of mouth, “non-USDA local food supplier form that covers insurance and how the food is raised/grown,” and “quality, performance, and cost analysis.”

The number of local vendors ranged between 1 and 10 with one respondent having 30 local vendors. Approximately two to three different vendors were noted to be supplying local beef. In order for schools to consider changing or adding distributors in order to enable the purchase of local beef products again the respondents referenced USDA as a core hurdle that would need to be overcome:

- USDA School foodservice purchase
- Recommendation from USDA to the FSM
- Farmers would have to work through Donated Food Section of Dept. of Education to make sure all schools get equal quality beef with fair pricing.

In addition they were concerned about price, quality, supply and distribution, minimum purchase restrictions, and limitations on how much they can buy outside of their “prime vendor” contracts. For example, one institution stated they can only purchase up to 20% of their total needs outside of their prime vendor.

54% percent indicated if given the choice their preferred source for regionally sourced ground beef would be from a distributor while 32% indicated they would purchase direct from a farmer, farmer cooperative or Farmers’ market.

The top four concerns K-12 institutions have when sourcing regional ground beef are:

- How can we afford local beef? – 77%
- Can we use our USDA commodity funding? – 75%
- How can we ensure local beef meets USDA regulations? – 64%
- Can I get local beef from my primary distributor? – 64%

The open-ended question “What are the most difficult challenges to overcome in purchasing regionally raised ground beef?” received a 60% response with the following challenges:

- Price/Comparative price
- Corporate policies
- USDA approval
- Delivery
- Ease or Ordering
- Safety
- Sourcing/Availability/Logistics
- Students acceptability

In order to be successful in K-12 schools the Food Nutrition Directors may need additional assistance from volunteer parents who are willing to work with farmers and processors, and who are willing to help educate the student body, other parents, and the kitchen staff. As an example, Exeter New Hampshire High School holds “food assemblies” to discuss food nutrition and preparation. The assemblies conclude with a cooking class. Upfront planning, building scratch equipment over time, waste reduction efforts, and school lunch pricing analysis will lead to more sustainable efforts for schools to purchase local meat. These efforts will take time but support from school and government administration will help.²¹

Institutions Conclusion

Of the three institutional market segments, the healthcare industry represents the easiest point of entry for both producers and processors. There are several reasons:

- Hospitals appear to be early adopters
 - They have the highest price point and elasticity
 - From large scale to small scale (less than 100 beds to greater than 250 beds) they are interested in local beef.
 - They are aware of the potential health benefits of certain types of meat and are willing to pay a premium for these attributes.
 - They are evenly split between those who want to buy direct and those who want to buy through a distributor.
 - They tend to have more autonomy and are independently managed.
-
- While hospitals represent the easiest point of entry for both the producer and processor-driven models, they represent the smallest volume needs of the institutional market and therefore higher education and K-12 should not necessarily be overlooked.

²¹Interview with Doris Demers, June 28, 2011 and Jeanne Pierce and Tracey Miller, August 16, 2011.

The bottom line is, if we extrapolate out the survey results to the entire New England Institutional Market:

1. 29% of the institutional population is seeking a direct relationship with a producer and has a sensitivity threshold that can reach as high as \$4-5/lb for ground beef, if the product has certain attributes such as single source, grass fed, certified organic, etc.
2. 53% of the institutional population is interested in purchasing local product with local being the key attribute, if it came from their existing distributor.
3. The total New England institutional market uses approximately 6.2 million pounds annually.
4. Institutional buyers are willing to replace up to 25% of their total volume, representing an opportunity to source up to 1.55 million pounds, with a locally sourced product if suppliers can hit a \$2-3/lb price point.
5. 86% of this volume, 1.33 million pounds is purchased as bulk, ground beef, requiring no further processing (no pasteurizing, shaped and formed, cooked, flavored, etc).

Appendices

Appendix A: Literature & Internet Resources

Growing Interest In Local Foods

2007-2010 Burlington Food Hub Research and Implementation

<http://mysare.sare.org/mySARE/ProjectReport.aspx?do=viewRept&pn=LNE07-260&y=2010&t=1>

2007 "Agriculture's Hold on the Commonwealth"

http://bct.eco.umass.edu/wp-content/uploads/2007/10/agricultures_hold_on_the_commonwealth.pdf

2006 "A Food Policy for the State of Maine"

<http://www.maine.gov/agriculture/mpd/information/foodpolicydraft.pdf>

2008 "The Agricultural Creative Economy"

<http://www.maine.gov/agriculture/mpd/information/agcreative.pdf>

2004 "New Hampshire Department of Agriculture Marketing Research and Recommendations"

http://www.nh.gov/agric/divisions/agricultural_development/documents/strategy.pdf

Local Beef Industry Feasibility Studies

2000 Market Research and Building for local beef

<http://mysare.sare.org/mySARE/ProjectReport.aspx?do=viewRept&pn=FNE00-339&y=2000&t=1>

2008-2010 CT, MA, RI Tri-State Project – Producing Natural Local Meats for Consumers

<http://nesare.org/state-programs/connecticut/connecticut.html>

http://nesare.org/state-programs/massachusetts/2009_ct_ma_ri_report_summary.pdf

<http://nesare.org/state-programs/connecticut/CT-2008-Year-End-Report.pdf>

CT Meat and Poultry Producers' Association: CMPPA

2008 "Demand and Options for Local Meat Processing: Finding the way from pasture to market in the CT River Valley"

Food & Water Watch. <http://www.foodandwaterwatch.org/food/foodsafety/meat-inspection-1/usda-vacancies-mean-u-s-food-supply-notinspected>. April 18, 2007.

<http://www.extension.org/pages/54937/connecticut-river-valley-2008>

http://www.extension.org/mediawiki/files/6/64/CISA_feasibility_study_2008.pdf

2000 Shepstone Meat Processing Facility Feasibility Study

<http://www.shepstone.net/HVreport.pdf>

2007 Farm to Chef SARE in PA

<http://mysare.sare.org/mySARE/ProjectReport.aspx?do=viewRept&pn=LNE05-219&y=2007&t=0>

2008 “Vermont Food Basket Project”

<http://mysare.sare.org/mySARE/ProjectReport.aspx?do=viewRept&pn=CNE08-049&y=2008&t=1>

2008 “Producers/Buyers Cooperative: Linking Family Farms and Institutions”

<http://mysare.sare.org/mySARE/ProjectReport.aspx?do=viewRept&pn=CS09-074&y=2010&t=0>

2004-2007 “Developing Sustainable Local Food Sales to a College Institutional Market”

<http://mysare.sare.org/mySARE/ProjectReport.aspx?do=viewProj&pn=LNE04-205>

2009 “Economic and Fiscal Impacts of the Dairy Industry in Connecticut”

http://www.ct.gov/doag/lib/doag/pdf/dairy_impact_report_-_1-12-2009_v6.pdf

2010 “The Economics of Producing Grass-Finished and Natural Beef in Maine”

<http://umaine.edu/maineagcenter/files/2010/12/MAC121-proposal-2010.pdf>

2011 “Economics of Regional Meat” Webinar from National Good Food Network

<http://ngfn.org/resources/ngfn-cluster-calls/ngfn-cluster-calls/the-economics-of-regional-meat>

2002 “Market Cows: A Potential Profit Center”

<http://www.livestocktrail.uiuc.edu/dairynet/paperdisplay.cfm?contentid=354>

2010 “Dairy Beef”

<http://www.attra.org/attra-pub/PDF/dairybeef.pdf>

2011 “Beef Cattle Producers Want Out-How High for Prices?”

<http://www.aces.uiuc.edu/news/stories/news5569.html>

2011 “CoopMetrics Benchmarking Analysis Pilot Project Report”

Print. (from Chelsea)

2005 "Slaughterhouse Feasibility Study"

<http://www.uvm.edu/~susagctr/Documents/SlaughterhouseSummaryRecommendations.pdf>

2003 "New Hampshire Livestock Inventory and Slaughter Facility Feasibility Study"

<http://www.uvm.edu/livestock/meat/LivestockReportWriteup.pdf>

2006 "Vermont Ground Beef Marketing Study"

<http://www.vhcb.org/pdfs/viabilitygroundbeefmarketingstudy.pdf>

Revallo, Angela. Solutions to Encourage Local Meat Production and Processing. Sam Comstock UVM Extension. 2010. Print.

<http://www.sustainweb.org/goodfoodpublicplate/about/>

National Farm to School Network, Community Food Security Coalition, Real Food Challenge

RI Market Mobile

<http://www.farmfresh.org/hub/>

CT Farm to School Program farms

<http://www.ct.gov/doag/cwp/view.asp?a=2225&q=308750>

CT Farm to School Program schools

<http://www.ct.gov/doag/cwp/view.asp?a=2225&q=306582>

2010 VT Local Banquet article "Older Dairy Cows Could Become Steady Source of Local Beef"

http://www.localbanquet.com/issues/years/2010/winter10/cullcows_w10.html

Salt of the Earth marketing cull cattle as processed meat grassfed

<http://www.sotellc.com/>

2009 "Feasibility of a Local Processing Facility in Carroll County, Georgia"

<http://www.caes.uga.edu/topics/sustainag/documents/MeatProcessingFeasibilityStudy.pdf>

Healthy Food in Healthcare pledge

http://www.noharm.org/lib/downloads/food/Healthy_Food_in_Health_Care.pdf

Organizations

Institutional Food Market Coalition, IFM

<http://www.ifmwi.org/about.aspx>

Local Sourcing 101 for new institutional buyers

http://danedocs.countyofdane.com/webdocs/pdf/plandev/ifm/Local_Sourcing_101_0.pdf

Good Food on the Public Plate

<http://www.sustainweb.org/goodfoodpublicplate/>

State Bills

NH:

No bills passed since 1989 concerning local food were found.

ME:

Resolve, To Establish a Study Group To Promote the Use of Locally Grown Food in Schools

http://www.mainelegislature.org/legis/bills/bills_125th/billtexts/HP094801.asp

VT:

An act relating to state purchasing from local and socially responsible businesses

<http://www.leg.state.vt.us/docs/2012/bills/Intro/S-063.pdf>

An act relating to job creation and economic development

<http://www.leg.state.vt.us/database/status/summary.cfm?Bill=H%2E0287&Session=2012>

VT labeling fact sheets

http://www.uvm.edu/extension/food/pdfs/meat_inspection_factsheet_april2011.pdf

http://www.uvm.edu/extension/food/pdfs/meat_labeling_factsheet_april2011.pdf

CT:

An Act Concerning Connecticut-Grown Food in Schools

<http://www.cga.ct.gov/2006/TOB/S/2006SB-00375-R03-SB.htm>

2005 "School Meals from Connecticut Farms"

http://www.ct.gov/doag/lib/doag/farm_to_school_images_/F2S_BACKGROUND_RPT.pdf

Other:

2001 Grants

<http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5089219>

Federal Legislation

Farm to Institution

http://articles.boston.com/2011-02-18/news/29339212_1_local-food-federal-grant-schools

Federal State Marketing Improvement Service 2010 Grants

<http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5089228>

Federal State Marketing Improvement Service 2009 Grants

<http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5089227>

Federal State Marketing Improvement Service 2008 Grants

Federal State Marketing Improvement Service 2004 Grants

<http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5089222>

Federal State Marketing Improvement Service 2003 Grants

<http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5089222>

Federal State Marketing Improvement Service 2002 Grants

<http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5089220>

department of defense

<http://www.fas.org/sgp/crs/natsec/RS22190.pdf>

department of defense

<http://www.farmtoschool.org/state-programs.php?action=detail&id=31&pid=52>

USDA/Commodity/Farm to School

<http://www.schoolfoodfocus.org/site/wp-content/uploads/2010/06/School-Food-101-Cost-of-School-Lunch-BW.pdf>

<http://www.gao.gov/new.items/d11376.pdf>

http://waangi.com/jon/farm_to_school.pdf

<http://www.farmtoschool.org/publications.php>

http://www.foodsecurity.org/dod_f2s.pdf

http://www.fns.usda.gov/fdd/programs/dod/DOD_FreshFruitandVegetableProgram2011.pdf

<http://frac.org/wp-content/uploads/2009/09/commodities08.pdf>

Other

<http://www.tradertech.com/information/LiveCattleTrading.asp>

<http://www.mrci.com/sample/dairyspl.pdf>

<http://www.ers.usda.gov/Data/MeatPriceSpreads/>

<http://jas.fass.org/content/85/10/2631.full>

<http://beefmagazine.com/cowcalfweekly/1030-know-usda-cull-cow-grades-market/>

<http://www.livestocktrail.uiuc.edu/dairy/paperDisplay.cfm?ContentID=10059>

http://www.uaex.edu/Other_Areas/publications/PDF/FSA-4008.pdf

http://www.simmental.org/userimages/Elanco_Book_Final_pgs.pdf

<http://extension.psu.edu/scregion/Agriculture/Lessons/marketmeatanimals.htm>

[http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/agdex10321](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/agdex10321)

<http://mainebeefproducersassociation.org/>

www.uky.edu/Ag/AnimalSciences/agents/training/BodyConditionScoringinFarmAnimals.ppt

Dr. Gary Parker, Dr. Richard Coffey. *Body Condition Scoring in Farm Animals. Introduction to Animal and Food Sciences In-Service.* University of Kentucky, College of Agriculture.

<http://www.ct.gov/doag/cwp/view.asp?a=3260&q=412836>

<http://www.caes.uga.edu/topics/sustainag/documents/MeatProcessingFeasibilityStudy.pdf>

<http://www.keeplocalfarms.org/meet-local-farmers/participating-farms/>

<http://e-commons.org/mdh2e/sustainable-foods/may5conference-localsustainablemeatpoultry/>

<http://e-commons.org/mdh2e/files/2011/04/Conference-Schedule-May-5-Local-Sustainable-Meat-and-Poultry-Purchasing-by-Institutions.pdf>

<http://e-commons.org/mdh2e/>

<http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5080896>

<http://www.cga.ct.gov/2006/TOB/S/2006SB-00375-R03-SB.htm>

<http://www.leg.state.vt.us/database/status/summary.cfm?Bill=H%2E0287&Session=2012>

<http://www.leg.state.vt.us/docs/2012/bills/Intro/S-063.pdf>

http://www.mainelegislature.org/legis/bills/bills_125th/billtexts/HP094801.asp

<http://www.ct.gov/doag/cwp/view.asp?a=2225&q=308750>

<http://www.ct.gov/doag/cwp/view.asp?a=2225&q=306582>

<http://www.farmfresh.org/hub/>

<http://www.sustainweb.org/goodfoodpublicplate/about/>

http://danedocs.countyofdane.com/webdocs/pdf/plandev/ifm/Local_Sourcing_101_0.pdf

<http://www.ifmwi.org/about.aspx>

http://www.localbanquet.com/issues/years/2010/winter10/cullcows_w10.html

<http://www.vhcb.org/pdfs/viabilitygroundbeefmarketingstudy.pdf>

Revallo, Angela. Solutions to Encourage Local Meat Production and Processing. Sam Comstock UVM Extension. 2010. Print.

<http://www.uvm.edu/~susagctr/Documents/SlaughterhouseSummaryRecommendations.pdf>

<http://www.aces.uiuc.edu/news/stories/news5569.html>
<http://www.attra.org/attra-pub/PDF/dairybeef.pdf>
<http://www.livestocktrail.uiuc.edu/dairynet/paperdisplay.cfm?contentid=354>
<http://ngfn.org/resources/ngfn-cluster-calls/ngfn-cluster-calls/the-economics-of-regional-meat>
<http://umaine.edu/maineagcenter/files/2010/12/MAC121-proposal-2010.pdf>
http://www.ct.gov/doag/lib/doag/pdf/dairy_impact_report_-_1-12-2009_v6.pdf
http://www.nh.gov/agric/divisions/agricultural_development/documents/strategy.pdf
<http://www.maine.gov/agriculture/mpd/information/agcreative.pdf>
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March 1999. AER-785

Appendix B: List of Persons Consulted

Kenneth Ayars, Chief
State of Rhode Island Department of Environmental Management
Division of Agriculture
235 Promenade Street, Providence, RI 02908-5767
(401) 222-2781

Judy Ballard
Maine Department of Agriculture
28 State House Station Deering Bldg. - AMHI Complex
Augusta, ME 04333-0028

Becky Bessette
Becky.Bessette@ride.ri.gov
(401) 222-4253

Julie Marie Bickford
Executive Director
Maine Dairy Industry Association
879 Weeks Mills Road, New Sharon, Maine 04955

Joseph Bonelli
Associate Extension Educator
(860) 875-3331
joseph.bonelli@uconn.edu

Koi Boynton
Development Coordinator
Vermont Agency of Agriculture
116 State Street, Montpelier, VT 05602
802-828-2084

Dorothy Brayley, Executive Director
Kids First/Real Food First
Hope Artiste Village
1005 Main Street, Suite #1225, Pawtucket, RI 02860
401-475-9696
dbrayley@kidsfirstri.org

Jennifer Colby
Pasture Program Coordinator, VT Grass Farmers' Association
UVM Center for Sustainable Agriculture
106 Highpoint Center, Suite 300, Colchester, VT 05446
(802) 728-2045
jcolby@uvm.edu

Laurie Colgan
VT Dept. of Education
Laurie.colgan@state.vt.us
802-828-5153

Amanda Costello
Cheshire County Conservation District
Walpole NH
(603) 756-2988 x 116
amanda.costello@cheshireconservation.org

Elisabeth Farrell
Program Coordinator
Culture & Sustainability, Food & Society Initiatives
UNH Sustainability Academy
107 Nesmith Hall, Durham, NH 03824
(603) 862-5040
el.farrell@unh.edu

Sam Fuller
NOFA VT
PO Box 697, Richmond, VT 05477
(802) 434-4122

Pam Harnden
Executive Director
Maine Beef Producers Association
info@mainebeefproducersassociation.org

Douglas R. Hoffer
161 Austin Dr. #71, Burlington, VT 05401
(802) 864-5711
drhoffer@comcast.net

Linda Hubeny
Linda.Hubeny@CT.Gov

Michael T. Keilty
Sustainable Agriculture and Foods Educator
College of Agriculture & Natural Resources
University of Connecticut
Maple Spring Farms, 107 Kenyon Rd, Morris CT 06763
(860) 567-8324
michael.keilty@uconn.edu

Jean C. King
126 North Street, Watertown, CT 06795
(860) 916-7367
jeancking@gmail.com

Chelsea Bardot Lewis
Development Coordinator
Vermont Agency of Agriculture
116 State Street, Montpelier, VT 05602
(802) 828-3360

Gail Lombardi
Maine Department of Education
Child Nutrition Services
(207) 624-6876

Gail McWilliam-Jellie
Director
Division of Agricultural Development
New Hampshire Department of Agriculture
(603) 271-3788
gail.mcwilliam.jellie@agr.nh.gov

Kathleen Millett
Mass. Dept. of Elementary and Secondary Education
75 Pleasant St., Malden, MA 02148
KMillett@doe.mass.edu

Chip Morgan, President
VT Beef Producers Association
Wood Creek Farm
560 Lake Street, Bridport, VT 05734
(802) 758-2909
Chip@WoodCreekFarmBeef.com

Ken Morse
Maine Lead - Northeast Region
National Farm to School Network
(207) 393-0134
ken@healthyoxfordhills.org

Alyssa Nathanson, MS, RD
Vermont Coordinator, Healthy Food in Health Care
(802) 371-8741

Abbie Nelson
Vermont FEED
PO Box 697, Richmond, VT 05477
(802) 434-4122

Bonita Oehlke
Massachusetts Department of Agricultural Resources
251 Causeway Street, Suite 500, Boston, MA 02114
(617) 626-1753

Stacey Purslow
NH Farm to School Coordinator
University of New Hampshire
(603) 862-2542
stacey.purslow@unh.edu

Jacomijn Schraevesande-Gardei
Associate Director of Crops
MOFGA Certification Services, LLC
POB 170 Unity, ME 04988
(207) 568-4142

Jane M. Slupecki
Agricultural Marketing & Inspection Rep II
Connecticut Department of Agriculture
165 Capitol Avenue, Room 129, Hartford, CT 06106
(860) 713-2588

Theresa Snow
Director of Agricultural Resources
Vermont Foodbank
(802) 477-4114

Jon Walker
Good Food on the Public Plate
jon@sustainweb.org

Amy Winston
CEI Farm to Institution
National Farm to School Network - Northeast Regional Lead
arw@ceimaine.org
(207) 882-7552 x 172

Laura Witzling
IFM Coordinator
Dane County Planning and Development Dept.
City County Building, Room 116, 210 Martin Luther King, Jr. Blvd., Madison, WI 53703-3342
(608) 266-6389

Cheryl Wixson
Maine Organic Farmers and Gardeners Association
PO Box 170
294 Crosby Brook Road, Unity, ME 04988
(207) 237-2636

Appendix C: Detailed Institutional Price Responses

Price Analysis By State

Institution	Bulk - Maximum Price Point	Bulk - Percent of Total Pounds	Patty size - 4 ounce/ pound - Maximum Price Point	Patty size - 4ounce/ pound - Percent of Total Pounds	Frozen, uncooked - Maximum Price Point	Frozen, uncooked - Percent of Total Pounds	Frozen, cooked - Maximum Price Point	Frozen, cooked - Percent of Total Pounds	Meatballs - Maximum Price Point	Meatballs - Percent of Total Pounds	Taco/ Seasoned cooked - Maximum Price Point	Taco/ Seasoned cooked - Percent of Total Pounds	State
College/University	\$3.00	<10%	\$6.00	<10%									CT
College/University	\$3.00	<10%	\$2.25	<10%									CT
School	\$3.50	10-25%	\$3.50	10-25%	\$3.50	<10%							CT
School	\$2.50	41-50%	\$3.00	10-25%	\$2.50	10-25%			\$1.25	10-25%			CT
School									\$2.00	<10%	\$2.00	<10%	CT
School	\$2.00	10-25%	\$2.00	10-25%	\$2.00	10-25%	\$2.00	10-25%	\$2.00	10-25%			CT
School	\$2.25	10-25%	\$2.00	10-25%	\$2.25	10-25%			\$2.25	10-25%	\$2.25	10-25%	CT
School	\$2.25	41-50%	\$2.50	26-40%	\$2.50	<10%							CT
Average Price	\$2.64		\$3.04		\$2.55		\$2.00		\$1.88		\$2.13		
College/University	\$3.00	10-25%	\$3.00	41-50%									MA
College/University	\$3.00	26-40%							\$3.00	10-25%			MA
College/University	\$2.50	100%	\$2.50	<10%					\$3.00	100%			MA
College/University	\$2.50	10-25%	\$3.85	61-75%					\$2.50	10-25%			MA
College/University	\$3.00	100%	\$3.00	100%									MA
Hospital/Healthcare	\$2.25	61-75%	\$2.25	61-75%	\$2.25	61-75%	\$3.85	61-75%	\$2.00	61-75%	\$2.25	61-75%	MA
Hospital/Healthcare	\$4.00	100%											MA
Hospital/Healthcare	\$4.50	100%											MA
School	\$2.25	<10%			\$2.00	10-25%			\$2.00	<10%			MA
School	\$2.00	51-60%	\$2.25	26-40%					\$1.25	100%			MA
School							\$2.50	26-40%	\$2.25	<10%	\$2.00	10-25%	MA
School	\$1.25	<10%							\$1.25	10-25%	\$2.00	10-25%	MA
School	\$1.25	<10%	\$1.25	<10%	\$1.25	<10%			\$2.00	<10%			MA
School	\$2.00	10-25%					\$2.00	10-25%	\$2.00	10-25%	\$2.00	10-25%	MA
School	\$3.00	26-40%	\$4.00	41-50%									MA
School	\$2.50	10-25%	\$3.00	10-25%	\$2.25	<10%			\$2.50	10-25%	\$3.00	<10%	MA
School	\$2.25	26-40%	\$2.50	26-40%	\$2.25	10-25%	\$2.25	<10%	\$2.00	<10%			MA
School	\$2.00	100%	\$2.00	100%	\$1.25	<10%	\$1.25	<10%	\$2.00	61-75%	\$1.25	<10%	MA
School	\$2.50	41-50%							\$3.00	10-25%			MA
School	\$2.25	51-60%	\$2.25	41-50%	\$2.50	<10%	\$2.50	<10%	\$2.25	10-25%	\$2.50	<10%	MA
School	\$1.25	<10%	\$1.25	<10%	\$1.25	<10%	\$1.25	<10%	\$1.25	<10%	\$1.25	<10%	MA
Average Price	\$2.46		\$2.55		\$1.88		\$2.23		\$2.14		\$2.03		
School	\$4.00	100%											ME
School	\$2.00	10-25%	\$2.00	26-40%	\$2.00	10-25%	\$2.00	10-25%	\$1.25	26-40%			ME
School			\$2.00	10-25%			\$2.00	51-60%	\$1.25	10-25%	\$1.25	<10%	ME
School	\$3.00	10-25%							\$3.00	10-25%			ME
School	\$2.50	51-60%											ME
Average Price	\$2.88		\$2.00		\$2.00		\$2.00		\$1.83				
College/University	\$1.25	<10%	\$1.25	61-75%	\$1.25	<10%			\$1.25	<10%			NH
College/University	\$3.00	<10%	\$3.00	<10%									NH
College/University			\$3.85	41-50%					\$3.85	26-40%	\$3.00	51-60%	NH
Hospital/Healthcare					\$3.00	41-50%							NH
School	\$2.00	100%											NH
School	\$2.00	<10%							\$3.00	100%			NH
School	\$2.50	100%	\$3.00	100%					\$2.00	100%			NH
School	\$3.85	10-25%		<10%									NH
Average Price	2.43		2.78		2.13				2.53				
College/University													VT
Hospital/Healthcare	\$3.85	61-75%	\$3.50	61-75%									VT
Hospital/Healthcare	\$3.85	61-75%	\$4.50	61-75%	\$3.00	10-25%			\$2.50	61-75%			VT
School	\$2.25	<10%	\$2.50	10-25%	\$3.50	10-25%			\$2.00	10-25%			VT
School	\$2.50	26-40%	\$2.50	26-40%					\$2.50	10-25%			VT
School	\$3.00	10-25%	\$3.50	<10%									VT
School	\$3.00	26-40%			\$3.00	41-50%			\$2.50	10-25%			VT
School	\$2.50	26-40%											VT
School	\$2.50	100%	\$3.00	100%									VT
School	\$3.50	100%							\$3.50	100%			VT
School	\$3.00	10-25%	\$3.00	10-25%									VT
School	\$3.85	26-40%											VT
School	\$4.00	100%											VT
School	\$3.50	26-40%	\$3.85	10-25%									VT
School	\$3.00	41-50%	\$3.00	41-50%	\$3.00	41-50%							VT
School	\$3.00	51-60%	\$3.00	51-60%	\$3.50	51-60%			\$3.00	51-60%			VT
School	\$4.50	26-40%	\$3.50	10-25%					\$3.85	10-25%	\$3.00	10-25%	VT
School	\$2.50	26-40%											VT
School	\$2.50	10-25%	\$3.50	10-25%	\$2.50	10-25%			\$2.25	10-25%			VT
School	\$2.50	100%	\$2.50	100%									VT
School	\$2.50	51-60%	\$2.00										VT
School	\$3.50	61-75%	\$2.50	41-50%	\$2.50	41-50%	\$2.50	<10%	\$3.00	10-25%	\$2.50	10-25%	VT
School													VT
School	\$2.25	41-50%							\$2.50	10-25%			VT
School	\$3.00	100%	\$3.85	100%	\$3.00	100%			\$3.50	100%			VT
School	\$5.00	10-25%	\$3.50	10-25%	\$3.50	<10%	\$1.25	<10%	\$3.50	26-40%	\$1.25	<10%	VT
School	\$2.00	100%	\$3.00	61-75%	\$2.00	61-75%			\$2.50	100%			VT
School	\$2.00	51-60%	\$2.50	51-60%							\$2.00	51-60%	VT
School	\$2.50	61-75%	\$2.50	10-25%									VT
School	\$3.85	61-75%											VT
School	\$2.50	26-40%	\$3.00	26-40%					\$2.50	<10%	\$2.50	10-25%	VT
Average Price	3.05		3.08		2.95		1.88		2.83		2.25		

Appendix D: Sampling of USDA Commodity Bid Contract Awards 2008

FROZEN BEEF PURCHASED BY VENDOR FISCAL YEAR 2008																			
VENDOR	PROCESSING POINT	Fine 1/ Quantity			COARSE 2/ Quantity			ALL PATTIES Quantity			ROUND ROASTS Quantity			SPECIAL TRIM Quantity			TOTAL FROZEN BEEF Quantity		
		Pounds (mil.)	%	Value Dollars (mil.)	Pounds (mil.)	%	Value Dollars (mil.)	Pounds (mil.)	%	Value Dollars (mil.)	Pounds (mil.)	%	Value Dollars (mil.)	Pounds (mil.)	%	Value Dollars (mil.)	Pounds (mil.)	%	Value Dollars (mil.)
Barrios Distributing ***	Hansford, CA																		
	Amarillo, TX				1.76	2.41	2.89										1.76	1.41	2.89
Beef Product, Inc.	South Sioux City, NE							0.08	1.06	0.17						0.08	0.06	0.17	
Cargill-Beef Packers Inc.	Fresno, CA				4.78	6.52	7.17									4.78	3.82	7.17	
Cargill Taylor Beef	Milwaukee, WI				0.50	0.69	0.77									0.50	0.40	0.77	
Central Valley Meat Company *	Hansford, CA	6.08	13.76	9.80	13.36	18.22	22.24						0.17	100.00	0.42	19.61	15.65	32.46	
Cherry Meat Packers, Inc *	Chicago, IL	14.36	32.49	24.31	10.54	14.38	17.22	7.07	98.94	11.85						31.97	25.51	53.38	
Criss Cross Express *	Rantoul, IL	2.08	4.71	3.94	10.79	14.72	17.09									12.87	10.27	21.03	
Delgado Meat Company, Inc. **	Chicago, IL				1.55	2.12	2.54									1.55	1.24	2.54	
Fins & Feathers Seafood & Poultry **	Chicago, IL				1.30	1.78	2.06									1.30	1.04	2.06	
Guidry Liason Group, Inc.**	Chicago, IL				1.18	1.60	2.00									1.18	0.94	2.00	
Mactree, LLC ***	Chicago, IL				0.17	0.23	0.33									0.17	0.13	0.33	
Martin's Abattoir & Wholesale Meat*	Godwin, NC				0.08	0.11	0.11									0.08	0.06	0.11	
McGreevy's Mid West Meat Co. *(*)	Wichita, KS										0.48	52.17	1.80			0.48	0.38	1.80	
	Chicago, IL				1.30	1.78	2.06									1.30	1.04	2.06	
Palo Duro Meat Processing *	Amarillo, TX	14.84	33.58	24.38	16.52	22.52	26.89									31.36	25.02	51.26	
Skylark Meats Inc	Omaha, NE	3.76	8.50	6.55							0.44	47.83	1.62			3.76	3.00	6.55	
Taylor Packing Company, Inc.	Wyalusing, PA				1.26	1.72	1.78									1.26	1.01	1.78	
Tyson Meat	Holcomb, KS				0.04	0.05	0.05									0.04	0.03	0.05	
Veterans For Kids ***	Chino, CA				0.25	0.34	0.34									0.25	0.20	0.34	
Westland Meat Co *	Chino, CA	3.08	6.97	4.25	7.85	10.71	10.72									10.93	8.72	14.97	
GRAND TOTAL ALL VENDORS		44.20	100.00	73.22	73.33	100.00	116.44	7.14	100.00	12.02	0.92	100.00	3.43	0.17	100.00	0.42	125.32	100.00	203.91
SMALL BUSINESS (Excludes 8(a))		40.44	91.50	66.67	59.15	80.66	94.27	7.07	98.94	11.85	0.48	52.17	1.80	0.17	100.00	0.42	106.83	85.24	173.21
SMALL BUSINESS 8(a) Firms					5.41	7.38	8.84									5.89	4.70	10.64	
SMALL BUSINESS (Service Disabled Veterans)					2.18	2.98	3.55									2.18	1.74	3.55	
TOTAL SMALL BUSINESS		40.44	91.50	66.67	66.74	91.02	106.66	7.07	98.94	11.85	0.48	52.17	1.80	0.17	100.00	0.42	114.90	91.68	187.41
LARGE BUSINESS		3.76	8.50	6.55	6.59	8.98	9.78	0.08	1.06	0.17	0.44	47.83	1.62			10.42	8.32	16.51	
TOTAL		44.20	100.00	73.22	73.33	100.00	116.44	7.14	100.00	12.02	0.92	100.00	3.43	0.17	100.00	0.42	125.32	100.00	203.91
Represent Small Business * Represent Small Business 8(a) Firms ** Represent Small Business Service Disabled Veterans *** Totals may not add due to rounding. 1/ Includes 1 Lb Chubs 2/ Includes Fresh Boneless Combos		Livestock and Seed Program Purchases through September 30, 2008																	

FOOD PURCHASE REPORT

United States
Department
Of Agriculture
Agricultural
Marketing
Service

April 12, 2011

USDA BUYS FROZEN BEEF:

The Agricultural Marketing Service of the U.S. Department of Agriculture today purchased 924,000 pounds of frozen beef at a cost of approximately \$1,818,000. These products are for use in Federal food and nutrition assistance programs. Details of today's purchase follows:

Beef Product	Pounds	Awarded Prices Inv.No.140	No. Of Bids Accepted
Reprocessing Beef	924,000	\$1.9492-\$2.0318	1 of 6

Purchases of frozen beef products for School Year 2010-11 since the program began on May 5, 2010, follow:

Commodity	Cumulative Pounds	Cumulative Dollars
Reprocessing Beef	67,494,000	140,463,000
Fine Ground	25,280,000	55,460,000
SPP Patties	1,786,000	3,877,000
100% Patties	2,242,000	5,356,000
Lean Patties	1,102,000	2,816,000
95% Lean Patties	76,000	193,000
Fine Ground (1-lb)	6,520,000	14,628,000
Total Purchases	104,500,000	218,363,000

Inquiries should be addressed to the Contracting Officer; Livestock and Seed Program; USDA, AMS, Room 2610-South; 1400 Independence Avenue, Washington, D.C. 20250. Telephone: 202/720-4517; FAX: 202/720-2782

- MORE -

04/12/11

Awards made today for LS-200, Invitations 140 to be delivered between May 16 and May 31, 2011, follow:

ANNOUNCEMENT : LS200
 COMM GROUP : BEEF, FROZEN
 INVITATION : 140
COMMODITY TYPE : BEEF, COARSE GROUND, REPROCESS
PACK SIZE : 60 LB CTN

CONTRACTOR NAME: AMERICAN BEEF PACKERS
 PLANT ADDRESS : CHINO CA

ITEM NUM	-----DESTINATION----- CITY ST	QUANTITY (LBS)	PRICE PER (LB)
001	CINCINNATI OH	126,000	\$ 2.0318
002	ENID OK	126,000	\$ 1.9992
003	GARDENA CA	84,000	\$ 1.9492
004	VERNON CA	588,000	\$ 1.9498

TOTAL AWARDED: 924,000

An electronic version of this food purchase report can be obtained via the World Wide Web at: <http://www.ams.usda.gov/LSCP>

FOOD PURCHASE REPORT

United States
Department
Of Agriculture

Agricultural
Marketing
Service

February 9, 2011

USDA BUYS FROZEN BEEF:

The Agricultural Marketing Service of the U.S. Department of Agriculture today purchased 1,200,000 pounds of frozen beef at a cost of approximately \$2,831,000. No offers were made on the lean patties. These products are for use in Federal food and nutrition assistance programs. Details of today's purchase follows:

Beef Product	Pounds	Awarded Prices Inv.No.231	No. Of Bids Accepted
Fine Ground	440,000	\$1.9966-\$2.1124	2 of 5
SPP Patties	342,000	\$2.3646-\$2.4262	1 of 1
100% Patties	418,000	\$2.5989-\$2.6597	1 of 1

Purchases of frozen beef products for School Year 2010-11 since the program began on May 5, 2010, follow:

Commodity	Cumulative Pounds	Cumulative Dollars
Reprocessing Beef	61,194,000	131,636,000
Fine Ground	22,200,000	49,172,000
SPP Patties	1,558,000	3,315,000
100% Patties	2,166,000	5,158,000
Lean Patties	836,000	2,080,000
95% Lean Patties	38,000	81,000
Fine Ground (1-lb)	4,360,000	9,648,000
Total Purchases	92,352,000	201,090,000

Inquiries should be addressed to the Contracting Officer; Livestock and Seed Program; USDA, AMS, Room 2610-South; 1400 Independence Avenue, Washington, D.C. 20250. Telephone: 202/720-2650; FAX: 202/720-9538

- MORE -

Awards made today for LS-200, Invitations 231 to be delivered between March 16 and March 31, 2011, follow:

ANNOUNCEMENT : LS200
 COMM GROUP : BEEF, FROZEN
 INVITATION : 231
COMMODITY TYPE : BEEF-FROZEN FINE GROUND
PACK SIZE : 40 LB CTN

CONTRACTOR NAME: CENTRAL VALLEY MEAT COMPANY
 PLANT ADDRESS : HANFORD CA

ITEM NUM	-----DESTINATION----- CITY ST	QUANTITY (LBS)	PRICE PER (LB)
005	BRIGHTON MI	40,000	\$ 2.0974
006	LITTLE ROCK AR	40,000	\$ 2.0677
007	GRAND PRAIRIE TX	80,000	\$ 2.0566
008	SAN ANTONIO TX	40,000	\$ 2.0566
009	BELLEVUE NE	10,000	\$ 2.0655
	LINCOLN NE	10,000	\$ 2.0655
	OMAHA NE	20,000	\$ 2.0655
010	LOS ANGELES CA	11,640	\$ 1.9966
	VERNON CA	28,360	\$ 1.9966

TOTAL AWARDED: 280,000

CONTRACTOR NAME: CHERRY MEAT PACKERS, INC.
 PLANT ADDRESS : CHICAGO IL

ITEM NUM	-----DESTINATION----- CITY ST	QUANTITY (LBS)	PRICE PER (LB)
001	COAL TOWNSHIP PA	20,000	\$ 2.1124
	WILKES-BARRE PA	20,000	\$ 2.1124
002	LOUISVILLE KY	40,000	\$ 2.0962
003	SHEPHERDSVILLE KY	40,000	\$ 2.0847
004	LEXINGTON KY	16,280	\$ 2.1062
	SHEPHERDSVILLE KY	23,720	\$ 2.1062

TOTAL AWARDED: 160,000

COMMODITY TYPE : FROZEN BEEF PATTIES, W/SPP
PACK SIZE : 40 LB CTN

CONTRACTOR NAME: CHERRY MEAT PACKERS, INC.
 PLANT ADDRESS : CHICAGO IL

ITEM NUM	-----DESTINATION----- CITY ST	QUANTITY (LBS)	PRICE PER (LB)
011	ROCKY HILL CT	114,000	\$ 2.4262

- MORE -

FOOD PURCHASE REPORT

ANNOUNCEMENT : LS200
 COMM GROUP : BEEF, FROZEN
 INVITATION : 231
COMMODITY TYPE : FROZEN BEEF PATTIES, W/SPP
PACK SIZE : 40 LB CTN

CONTRACTOR NAME: CHERRY MEAT PACKERS, INC.
 PLANT ADDRESS : CHICAGO IL

ITEM NUM	-----DESTINATION----- CITY ST	QUANTITY (LBS)	PRICE PER (LB)
012	MADISON HEIGHTS VA	14,120	\$ 2.4047
	RICHMOND VA	9,200	\$ 2.4047
	SUFFOLK VA	14,680	\$ 2.4047
013	BATESVILLE MS	38,000	\$ 2.3942
014	CREEDMOOR NC	27,280	\$ 2.3863
	SALISBURY NC	10,720	\$ 2.3863

COMMODITY TYPE : FROZEN BEEF PATTIES, W/SPP
PACK SIZE : 40 LB CTN

CONTRACTOR NAME: CHERRY MEAT PACKERS, INC.
 PLANT ADDRESS : CHICAGO IL

ITEM NUM	-----DESTINATION----- CITY ST	QUANTITY (LBS)	PRICE PER (LB)
015	SALISBURY NC	38,000	\$ 2.3727
016	LEXINGTON SC	38,000	\$ 2.3646
017	JOHNSON CITY TN	12,480	\$ 2.4171
	MADISON HEIGHTS VA	25,520	\$ 2.4171

TOTAL AWARDED: 342,000

COMMODITY TYPE : FROZEN BEEF PATTIES, 100% BEEF
PACK SIZE : 40 LB CTN

CONTRACTOR NAME: CHERRY MEAT PACKERS, INC.
 PLANT ADDRESS : CHICAGO IL

ITEM NUM	-----DESTINATION----- CITY ST	QUANTITY (LBS)	PRICE PER (LB)
018	TAUNTON MA	19,000	\$ 2.6461
	WILMINGTON MA	19,000	\$ 2.6461
019	TAUNTON MA	76,000	\$ 2.6247
020	WILMINGTON MA	76,000	\$ 2.6325
021	CHICOPEE MA	19,000	\$ 2.6597
	WORCESTER MA	19,000	\$ 2.6597

- MORE -

FOOD PURCHASE REPORT

PAGE 4 OF 4
02/09/11

ANNOUNCEMENT : LS200
 COMM GROUP : BEEF, FROZEN
 INVITATION : 231
COMMODITY TYPE : FROZEN BEEF PATTIES, 100% BEEF
PACK SIZE : 40 LB CTN

CONTRACTOR NAME: CHERRY MEAT PACKERS, INC.
 PLANT ADDRESS : CHICAGO IL

ITEM NUM	-----DESTINATION----- CITY ST	QUANTITY (LBS)	PRICE PER (LB)
022	PHILADELPHIA PA	14,000	\$ 2.6063
	WILKES-BARRE PA	24,000	\$ 2.6063
023	BIRMINGHAM AL	114,000	\$ 2.6161
024	CLANTON AL	38,000	\$ 2.5989

TOTAL AWARDED: 418,000

An electronic version of this food purchase report can be obtained via the World Wide Web at: <http://www.ams.usda.gov/LSCP>

Appendix F: Institutional Food Market Coalition Model

<http://ifmwi.org/about.aspx>

Dane County's Institutional Food Market Coalition (IFM) was established in 2006 in an effort to:

- Expand market opportunities for Dane County and regional growers
- Increase the sales of local Wisconsin food into institutional markets
- Connect large volume institutional buyers, such as hospitals, universities, nursing homes, prisons, office parks and large businesses with local Wisconsin product
- Identify and resolve obstacles to local sourcing

Challenges identified by IFM staff to bring local food to institutions:

1. Institutions find it hard to receive extra deliveries from multiple suppliers
2. Some institutions do not cook food on site
3. Institutional price points are low
4. Institutions are concerned with reliability of supply
5. Staff time at institutions is tight
6. Institutional buyers are unsure of how to begin sourcing local food
7. Buyers are concerned with the safety of small producers

Challenges identified by IFM staff for producers looking to service the institutional market

- Small producers sometimes find it hard to transition from a direct market to a wholesale price
- Finding a balance between the demand predicted from an institution with the insecurity that a buyer might not follow through, while feeling reticent to signing a contract
- Achieving Good Agricultural Practice (GAP) certification
- Hesitancy to work through a distributor

Significant IFM successes

- Effectively forging connections between producers of produce, meat, and dairy with institutional buyers at annual meetings
- In 2010, facilitating 1.5 million dollars of food sales
- Educational meeting for food buyers across the county
- Winter meetings between producers and buyers allowing growers to know what to grow in the coming season
- Using “e-news” effectively to share information about supply, price, demand, and success stories

Recommendations from IFM staff

1. It is important to bring all parties together to tell their stories. Producers, distributors, and buyers need to understand each other's concerns and needs. The distributors' stories are especially important as the rest of the parties need to understand the key role they play in

creating a stable arena for sales relationships; they are not insignificant “middlemen” taking profit away from producers.

2. The advisory committee, with members from the University of Wisconsin, private businesses, and extension agents, lend legitimacy to the project. They provide key in-roads to individuals crucial to making this process work.

IFM Program Details

- IFM staff time is slightly less than one FTE, with additional support from typically one unpaid intern. Funding for the program comes from public and private sources, including a new program called “Friends of the IFM”. This is a membership program through which individuals who support the work of the IFM contribute to the organization.
- The IFM works to support farm to institution relationships in Dane County, total 2010 population 488,073 according to the US Census. Some producers come from nearby areas.
- The Advisory Committee meets four times per year to make recommendations on policy and topics for annual meetings.

Dairy/Beef Producers Survey

1. What is the physical location of the farm?

2. Is this a beef or dairy farm?

Beef

Dairy

3. What is the size of your herd? I am interested in mature animals so for dairy it is milking cows and for beef it is the breeding animals or animals to be marketed in the next 12 months.

4. Do you foresee the size of your herd growing, shrinking or staying the same over the next ten years?

Growing

Shrinking

Staying the same

If growing or shrinking, by how much? And Why?

5. How many culls do you have per year?

(Beef) How many non-freezer trade beef do you have/cull per year?

(Dairy) Of those culls how many would you consider are fairly good, sized “fleshy” culls that are pretty much culls just because they are older and less productive than they used to be? (ie that would yield some tender higher end cuts as well as be good for ground beef?. If you are used to body condition scoring I am talking about cows that score a three or better on a scale of 1 to 5.

6. What breeds do you have?

Dairy/Beef Producers Survey

7. What would you consider an average size for a healthy dairy cull (body condition 3-5) or non-freezer trade (but not distressed) beef cull (live weight and hanging weight)?

Breed	<input type="text"/>
Live Weight	<input type="text"/>
Hanging Weight	<input type="text"/>
Breed	<input type="text"/>
Live Weight	<input type="text"/>
Hanging Weight	<input type="text"/>
Breed	<input type="text"/>
Live Weight	<input type="text"/>
Hanging Weight	<input type="text"/>

8. What is the highest price per pound you've received for your animals (note if it is live or hanging weight, and if any fees have been deducted)?

9. What is the lowest price per pound you've received for your animals (note if it is live or hanging weight, and if any fees have been deducted)?

10. What is the average price you receive?

Please list the gross (before) any fees have been deducted from the pay price. Or note that it is net and explain what fees were deducted and how much they were so we can recalculate gross.

11. What would you feel is a "good, fair price" to receive for these culls or non-freezer trade beef cows?

Please list this as gross (before) any fees have been deducted from the pay price.

Dairy/Beef Producers Survey

12. How do you currently sell your good cull dairy cows or non-freezer trade beef?

- Auction
- Dealer
- Local Processor
- Direct Sales Retail Cuts USDA Certified
- Custom Whole/Halves

Who are the buyers?

13. If you sell animals at auction, what do you pay for commission fees? And to whom (is it just the auctioneer, or do you have dealer fees?)

14. If you sell at auction, what do you pay for transportation fees? Both getting the animal to auction, and then once it is sold?

15. If you sell at auction, are there any other fees you are charged?

16. If you sell animals to a dealer, what fees are deducted from your pay price? (and how much are they?)

17. How do you normally get your culls to market or auction? (what or who do you use for transport?)

18. If not answered before, what does it (transport) cost you?

19. If you had the ability to choose between selling your culls to auction or through a dealer, or selling them locally to a processor or direct institutional sale, what would your preference be? Why?

Dairy/Beef Producers Survey

20. Have you worked with local processors before where they initiate the transaction-calling you and asking if you have culls or animals that would meet their needs, and then coming out and selecting the ones they want to buy from you?

Yes

No

Details?

21. If a local processor were to initiate the interaction, calling you and buying animals from you when he had demand, would you be interested in this type of transaction? (where you don't have to do anything?)

Yes

No

Why/Why Not please explain

22. If you wanted to/or currently do sell your animals direct to the institution, do you have product liability insurance?

Yes

No

23. If you sell to institutions what do you charge for your ground beef?

24. Are they buying other cuts? If so, which and how much do you charge for those?

25. What institutions are you already selling to, and how much are they buying of each product?

Dairy/Beef Producers Survey

26. If you sell beef how do you distribute it to your customers and institutional accounts- do they pick it up, do you have a delivery vehicle and is it refrigerated? And if you deliver, do you charge for this service?

27. If you wanted to/or do sell your beef to service the local institutional market, either through direct sales or by selling culls to a local processor, what are the most important decision making factors for you?

- stable, year round cash flow
- price
- long term relationship potential
- desire to support the local economy
- desire to support the local health of the community
- desire to educate the community about local agriculture
- ease of transaction

Other (please specify)

28. If you did want to/or do service the institutional market, how would you prefer to be involved?

- More responsibility and managing the process: Sell direct to the school
- Less responsibility and no management: Have a processor buy animals from me on an as needed basis.

29. If there was an organized effort to source, supply and serve locally raised beef to local institutions would you consider being part of this effort?

- yes
- no
- maybe

Please explain

30. If a program were created to help initiate this effort of getting local beef into local institutions, what role(s) would you consider participating in?

- Leader of the effort
- Active participant, not a leader
- Join, no active participation

Dairy/Beef Producers Survey

31. What are the most difficult challenges to overcome in selling regionally raised (dairy cull and non-freezer trade) ground beef?

32. Please add any comments.

33. May we contact you for more details or clarification?

Yes

No

If no, please explain

34. Would you like to receive a link to the Final Study Report once published, and be included on future communications about this effort?

Yes, both

Yes, link to finished report only

No

What is your email address?

Processor Regional Beef Survey

1. What is the name and location of your facility

2. What State are you located in

- MA
- VT
- CT
- RI
- ME
- NH
- NY

3. What are your hours of operation?

4. How many days per week do you slaughter animals?

5. Are you a USDA inspected facility

- Yes
- No

6. How many animals are you capable of killing per day?

7. How many animals are you capable of processing per day?

Processor Regional Beef Survey

8. Is your facility operating at its full capacity?

- Yes
- No

9. If not what capacity are you currently operating at?

10. when is there opportunity to expand operations?

- daily year round
- weekly year round
- seasonally

11. Please specify # of animals per week and months of the year that you could increase your production if there was need

12. What factors prevent you from operating at full capacity?

- insufficient demand for your services
- insufficient staff
- insufficient infrastructure

Other (please specify)

13. What percent of your business is custom work and what percent is for animals you purchase, process and resell?

14. Are there times when you cannot meet your customers' demand for slaughter/cutting?

- Yes
- No

If so, when, and why?

Processor Regional Beef Survey

15. Can you print labels for retail packages at your facility?

- Yes
- No

16. What size packages do you offer for ground beef?

17. How do you package your beef

- fresh
- frozen
- both

18. Do you offer pre-formed patties as an option?

- Yes
- No

If yes, what sizes?

19. Do you offer additional processing services?

- seasoned ground beef
- beef meatballs
- cooking the ground beef - crumbles, patties, meatballs
- pasteurized raw beef

Other (please specify)

20. How do you package your ground beef?

- vaccum seal/cryovac
- tube feeder packages
- styrofoam tray
- white paper wrap

Other (please specify)

Processor Regional Beef Survey

21. How are your patties packaged?

22. With respect to the size of your operation do you wish to maintain, expand, or decrease your current capacity?

- maintain
 expand
 decrease

23. Do you work with regional institutions (schools, hospitals, prisons, etc) and food service providers (Sodexo, Aramark, Chartwell, etc.) to bring local meat into their kitchens?

- Yes
 No

If yes, which ones?

24. If so, how is the business model structured? Please explain the logistics and financials.

25. Do you work with food service distributors (Black River Produce, Reinhart, etc)?

- Yes
 No

If yes, which ones?

26. If so, how is the business model structured? Please explain the logistics and financials.

27. If you buy animals for processing and resale, how do you acquire them?

Processor Regional Beef Survey

28. If not answered, from the other questions. How would you consider charging for the product- would any of the meat be reserved for the higher end cuts or all of it go to ground beef? Would reserving some of the higher end cuts help make the transaction more financially viable for both parties?

29. Do you have a delivery vehicle?

- Yes
 No

30. Would you be interested in delivering the product to the institution (or the distributor or a secondary processor), if you were paid for this service?

- Yes
 No

Additional Details

31. Overall, how important is it to you that the food you process goes to feed your local area/region? Rank on a scale of 1 to 10 with 1 as Not at all important and 10 as extremely important.

- Not Important
 Fairly Important
 Very Important
 Extremely Important

32. Do you have any thoughts or concerns about working with regional institutions (schools, hospitals, prisons, etc) and food service providers (Sodexo, Aramark, Chartwell, etc.) to bring local meat into their kitchens?

Please explain the benefits and concerns you see in serving the institutional market.

Processor Regional Beef Survey

33. Would incentives such as special grants or loans increase your interest in expanding if needed to service institution demand?

- Yes
- No

Please explain what would be helpful to you.

34. For custom processing, what do you charge for:

transportation	<input type="text"/>
kill fee	<input type="text"/>
processing (bone/chill/box/freeze)	<input type="text"/>
grinding	<input type="text"/>
rendering/disposal	<input type="text"/>
boxes	<input type="text"/>
vacuum seal	<input type="text"/>
patties	<input type="text"/>
seasonings	<input type="text"/>
filler & meatballs	<input type="text"/>
cooked crumbles	<input type="text"/>
cooked patties	<input type="text"/>
cooked meatballs	<input type="text"/>
pasteurizing	<input type="text"/>
delivery	<input type="text"/>

35. What do you currently pay for beef cows?

36. What do you currently pay for dairy culls?

Processor Regional Beef Survey

37. Does the price you pay fluctuate?

- Yes
 No

If so why and how often?

38. Do you have any suggestions/recommendations for an institutional ground beef product? (ie what it should be made up of-dairy vs beef, how much/any of the higher end cuts that may be able to be salvaged, etc.)

39. What is an average sized non-freezer trade beef cull/bull

live weight

hanging weight

40. What is an average sized healthy, good fleshy, dairy cull?

Answer a #, we'll assume this is pounds.

live weight

hanging weight

41. How much finished product would you expect off of the animal

ground beef

tenderloins

rib eye

loins

bones

hide

other

Processor Regional Beef Survey

42. What is/would be the most important factors in making a decision to service the institutional ground beef market?

- stable, year round work
- stable, year round cash flow
- price
- long term relationship potential
- desire to support local economy
- desire to support the environment
- desire to improve local health of the community
- desire to educate the community about local agriculture and where our food comes from

43. Other/Notes/Comments

Distributor Survey

1. Name of Distributor

2. Warehouse location/address

3. Do you currently distribute ground beef to institutions such as hospitals, k-12 schools or colleges universities?

- k-12
- Colleges/Universities
- Hospitals
- Other
- None

4. What states do you service?

- ME
- MA
- RI
- CT
- VT
- NH
- NY

Other (please specify)

Distributor Survey

5. What type of ground beef products do institutions buy from you?

- Raw
- Pasteurized
- Frozen
- Fresh
- Cooked
- Bulk
- Patties
- Seasoned
- Meatballs

Other (please specify)

6. What is your markup for ground beef?

7. What is your demand for ground beef products, does it fluctuate seasonally?

8. What is your annual sales volume of the following?

Raw Bulk	<input type="text"/>
Cooked Bulk	<input type="text"/>
Pasteurized Bulk	<input type="text"/>
Seasoned	<input type="text"/>
Patties	<input type="text"/>
Meatballs	<input type="text"/>
Other	<input type="text"/>

9. Have you had requests for locally grown beef?

- Yes
- No
- Maybe

Comments

Distributor Survey

10. If there was a source for locally grown ground beef, would you be willing to carry it?

- Yes
 No
 Maybe

Comments

11. If you did/or do offer local ground beef, what percentage of your total volume do you think a local offering might represent?

Raw	<input type="text"/>
Cooked	<input type="text"/>
Pasteurized	<input type="text"/>
Patties	<input type="text"/>
Seasoned	<input type="text"/>
Meatballs	<input type="text"/>
Other	<input type="text"/>

12. If the local product was more expensive, do you think your customers would still be willing to consider it? Do you have any thoughts on what their price sensitivity might be at what point would the value equation reach a tipping point?

- Yes
 No
 Maybe

Explain

13. If you have or begin to carry local ground beef products, do you think this could/or has increased the total annual volume of ground beef you sell?

- Yes
 No
 Maybe

Comments

Distributor Survey

14. What would be key hurdles that could help you increase your current sales of or help you start offering local ground beef products?

- Price
- Storage
- User requirements (pasteurization, package type/size)
- Processor capabilities (raw/cooked/seasoned/etc)
- Access to suppliers/Ease of access to product
- Create demand from buyers

Other (please specify)

15. Do you have storage capacity to store a local ground beef product? If so how much and for fresh or frozen.

16. Do you have a mechanism for tracking and selling the products you carry as "local"?

- Yes
- No

Comments

17. Do you have a definition of "local"? What is it?

18. How do you choose your suppliers and what requirements do you have for suppliers?

19. Do you have plans to extend to any NE states that you don't currently serve?

- Yes
- No
- Maybe

Comments

Distributor Survey

20. Do you have plans to distribute or serve additional market segments that you don't currently serve?

21. Would you participate in a regional ground beef effort to sell local ground beef to local institutions?

- Yes
- No
- Maybe

Comments

22. If a program were created to help initiate this effort of getting local beef into local institutions, what role(s) would you consider participating in?

- Leader of the effort
- Active participant, not leader
- Join, no active participation

If leader, who would be the contact person for this?

23. Who currently supplies your ground beef needs? How does it get to you- do you pick it up or is it delivered?

24. Are you in a contractual relationship with your beef supplier or could you buy beef from a local source if you wanted to?

25. If you were interested in buying beef from a local processor, how would you prefer they contact you and deliver the product? What would your suggestions be to start the relationship off right?

Distributor Survey

26. Would we be able to contact you for additional information/clarifications?

Yes

No

Contact Info

27. Would you like to receive a link to the finished copy of the report and be kept in the communication loop for additional progress and movement on the project?

Yes to both

Yes to link only

No

Please list your e-mail address

28. More Info

Institutions' Survey

1. Page 1

Welcome. All six State Agricultural Departments in New England, Healthcare Without Harm, Northeast Farm-to-School & Harvest New England appreciate your time. Your confidential input will help with proposing a framework for a regional network for ground beef throughout New England.

This survey should only take about 8 minutes. Your information is confidential. If you have any questions, please contact charlene@kamigomarketing.com or call 603-942-7160.

Please note, at the bottom of each page please hit the "next" button to continue the survey until complete. Thank you for your participation.

1. What type of institution do you represent?

- School
- College/University
- Hospital/Healthcare

2. What is your typical ordering cycle for ground beef?

- daily
- weekly
- every 2 weeks
- monthly
- bi-monthly
- quarterly

3. What percent of your institution's total annual food service budget is spent on ground beef products?

- less than 2%
- 3 to 5%
- 6 to 9%
- 10 to 15%
- 16 to 20%
- greater than 20%

4. What are the total annual pounds of ground beef being purchased at your location? Are there general trends (ie. seasonality, dips, surges) in demand?

5. How much do you spend on ground beef products per year? (Ex. \$10,000)

6. Do you foresee your current total demand for ground beef:

- Decreasing greater than 5 percent
- Decreasing less than 5 percent
- Remaining the same
- Increasing less than 5 percent
- Increasing greater than 5 percent

Institutions' Survey

7. What percent of your total annual ground beef budget is from locally raised meat?

- unknown 3 to 5% 16 to 20%
- zero 6 to 9% greater than 20%
- less than 2% 10 to 15%

8. Please estimate your total annual dollars spent purchasing locally raised ground beef. (Ex. 10,000)

Institutions' Survey

2.

The next series of questions relate to pricing, quality, suppliers and use(s) of ground beef.

1. In what form(s) do you purchase ground beef? (Select all that apply)

- Bulk
- Patty size - 4 ounce patties/pound
- Patty size - 1.6 ounce patties/pound
- Fresh, unfrozen
- Frozen, uncooked
- Fresh, vacuum packaged
- Frozen, cooked
- Refrigerated, cooked
- Meatballs
- Taco/Seasoned cooked
- Other (please specify)

2. If purchasing patties, do you have them scored for faster cooking?

- No scoring
- One side scored
- Both sides scored
- Unknown
- Don't purchase patties

3. What type of lean/fat ratio do you prefer to purchase?

- 80/20
- 85/15
- 90/10

Other (please specify)

Institutions' Survey

4. What do you pay per pound for each of the following? (Select all that apply)

Bulk	<input type="text"/>
Patty size - 4 ounce/pound	<input type="text"/>
Patty size - 1.6 ounce/pound	<input type="text"/>
Fresh, unfrozen	<input type="text"/>
Frozen, uncooked	<input type="text"/>
Fresh, vacuum packaged	<input type="text"/>
Frozen, cooked	<input type="text"/>
Refrigerated, cooked	<input type="text"/>
Meatballs	<input type="text"/>
Taco/Seasoned cooked	<input type="text"/>
Other	<input type="text"/>

5. Does the pricing fluctuate? If so, are there general trends?

6. Would price stability be a benefit to buying locally raised beef?

- Yes
 No

7. Please list the maximum price point you would be willing to pay for locally raised beef and the percent of total annual pounds you would be willing to buy at that price. (Select all that apply)

	Maximum Price Point	Percent of Total Pounds
Bulk	<input type="text"/>	<input type="text"/>
Patty size - 4 ounce/pound	<input type="text"/>	<input type="text"/>
Patty size - 1.6 ounce/pound	<input type="text"/>	<input type="text"/>
Fresh, unfrozen	<input type="text"/>	<input type="text"/>
Frozen, uncooked	<input type="text"/>	<input type="text"/>
Fresh, vacuum packaged	<input type="text"/>	<input type="text"/>
Frozen, cooked	<input type="text"/>	<input type="text"/>
Refrigerated, cooked	<input type="text"/>	<input type="text"/>
Meatballs	<input type="text"/>	<input type="text"/>
Taco/Seasoned cooked	<input type="text"/>	<input type="text"/>
Other	<input type="text"/>	<input type="text"/>

3.

1. How do you prefer the beef be packaged for your use(s)?

2. How long is your ground beef typically stored?

- 1 day 2 to 3 days Up to 14 days Up to 90 days

3. Do you require pasteurized raw meat?

- Yes No Maybe Unknown

4. Do you purchase meat using the Institutional Meat Product Specifications (IMPS)?

- Yes No Unknown

4.

1. Which IMPS requirement(s)? (Select all that apply)

- IMPS 136 - Ground Beef
- IMPS 136A - Ground beef and vegetable protein product
- IMPS 136C - Beef patty mix, NTE 10% fat
- IMPS 136D - Pure beef
- IMPS 137 - Ground beef, special
- IMPS 137A - Ground beef & vegetable protein product, special

2. If "no" or "unknown", what, if any, specifications do you require?

3. Please choose the top three qualities that are most influential in your purchasing decision of ground beef.

- Antibiotic free
- Fair price to farmers
- Grass fed
- Hormone free
- Humanely handled
- Local
- Organic
- Pasture raised
- Price
- Price stability
- Other (please specify)

4. Is your food service operation privately managed? If yes, please list the company.

- Yes No

Company (please specify)

Institutions' Survey

5. How much autonomy do you have to select suppliers?

No Autonomy Neutral Complete Autonomy

Autonomy

6. How do you identify and approve food suppliers?

7. How many vendors supply local food to you and do they supply locally raised beef? Are any single sourced/prime vendors? Are any farmers/producers?

8. What, if any, contracts are you under related to ground beef? When does it expire & what is the bidding process?

9. What would it take for the institution to consider changing/adding distributors, if needed, to purchase regional (local) beef products?

10. What is your minimum requirement a vendor must have of General Liability Insurance?

- \$1 million \$2 million \$3 million \$4 million \$5 million

Other (please specify)

11. What are your vendor payment term requirements?

- 30 days 45 days 60 days 90 days

Other (please specify)

Institutions' Survey

5.

The next series of questions relate to possible opportunities.

1. Select which closely defines the following statement:

	Strongly Disagree	Somewhat Disagree	Agree	Somewhat Agree	Strongly Agree
Regionally sourced products are a priority in our operation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. What are some of the specific concerns when sourcing regional ground beef? (Select all that apply)

- Can I get local beef from my primary distributor?
- Can I get the type of product I'm used to using?
- Can we use our USDA commodity funding?
- Do I need additional storage space?
- How can we afford local beef?
- How can we ensure local beef meets HACCP regulations?
- How can we get the institution to commit food budget to local beef?
- How do I get the institution to realize the value of local beef?
- Is my staff trained to handle the beef?
- No concerns
- Where do I buy local/regional ground beef?
- Will it take more time to prepare?
- Other (please specify)

3. If given the choice, what is your preferred source for regionally sourced ground beef?

- Direct from a farmer, farmer cooperative or Farmers' market
- From a broker
- From a distributor
- From a local manufacturer or processor
- Other (please specify)

Institutions' Survey

4. How important are the following if/when purchasing regionally sourced ground beef from a farmer/processor/distributor?

	Not at all Important			Important			Extremely Important		N/A
Adequate supply	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consistent high quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dependability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ease of ordering	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Food safety	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Know your Farmer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Long term vendor relations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Price stability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Provides exactly what we are ordering	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Provides kitchen staff training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regular and timely deliveries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Standardized packaging	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. How do/will you measure the effectiveness and benefits of purchasing local ground beef?

- Comments that beef taste/texture is better
- Customer feedback
- Dollars kept in local/regional economy
- Improvement in nutritional value
- Increased consumption of beef meal offerings
- Increased support for local food in the budget
- Reduction in food miles
- Other (please specify)

6. Purchasing local food has had a positive impact on my institution's reputation.

	Strongly Disagree	Somewhat Disagree	Agree	Somewhat Agree	Strongly Agree	N/A
Positive impact on reputation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Institutions' Survey

7. If there was an organized effort to source, supply and serve locally raised beef would you consider being part of this effort?

- Yes
- No
- Maybe

Please explain

6.

1. What role(s) would you consider participating as in an organized effort?

	Yes	No	Maybe
Leader	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Active participant, not a leader	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Join, no active participation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. What are the most difficult challenges to overcome in purchasing regionally raised ground beef?

7.

1. Please add any comments.

2. Please indicate below whether you would like to be:

- Contacted if clarification or more information is required.
- Receive a link to the Final Study Report once published.
- Entered into a drawing for a chance to win a \$25.00 gift certificate.
- None of the above

8.

1. Please fill out the information so we may contact you.

Name	<input type="text"/>
Job Title	<input type="text"/>
Company	<input type="text"/>
Address	<input type="text"/>
City/Town	<input type="text"/>
State	<input type="text"/>
Zip Code	<input type="text"/>
Phone	<input type="text"/>
Email	<input type="text"/>

9.

1. Your institution is located in what state?

CT

MA

ME

NH

RI

VT

Appendix K: Follow Up Report on the Regional Ground Beef to Institution Marketing Study Webinar Presentation & Panel Discussion

The event was held on September 10, 2011 in Westminster, VT as part of the 2011 Meat Producer-Processor Workshop Series. The session was entitled:
Scaling Up: Producing & Processing for the Larger Regional Market Workshop

More than thirty people attended the workshop. There were members in the audience from all New England states except Rhode Island. The attendees consisted of producers, processors, distributors, institutional buyers, government agencies, extension specialists, and general public.

The day started with a webinar presentation of the preliminary findings from the marketing study presented by Rosalie Wilson and Charlene Andersen. The webinar was followed by a panel discussion to engage in a personal conversation with producers, processors, and institutional buyers on the hurdles, opportunities, demand, and limitations of serving the institutional market. Jean Hamilton of NOFA-VT facilitated the panel. Panelists included Rosalie Wilson, researcher; Bob Kinch, Maynard MA Food Director; Carl Cushing, Vermont Livestock, Slaughter and Processing; Dan Mandich, Westminster Meats; and Nelson Lamson, beef producer.

Bob Kinch started the panel by describing his efforts in Massachusetts. The Maynard Schools System was one of five districts in the state to start a farm-to-school program over ten years ago. They started with one farm. That one farm now services fifty six school districts. The effort has grown to such an extent that Bob is a member of a buying group for fifty two districts. Bob discussed how farmers have joined together to creatively overcome hurdles, for example having one farmer as the location/drop-off for all the participating farms' produce to ease the logistics for both the buyers and the suppliers. By working together the farms are bringing a larger variety and amount of locally grown fruits and vegetables to the Maynard school district with one trip. To date there is no beef or protein in the farm-to-school program, it is limited to fruits and vegetables. Bob would like to buy local beef. He feels it can be done if food service directors and farmers communicate. But, he cautioned, producers will need to "lower your standards to serve the K-12 market. If you do you could serve two million students. Kids don't need a grade A apple, a number two will do, and the smaller apples are easier for them to eat anyway." He went on to explain that food service directors are tasked with a budget of \$2.50 per plate and that budget needs to include dairy, vegetables, protein and pasta. He noted that if schools could buy local ground beef for \$1.50-2/lb this would fit within his budgetary needs. He also noted that schools offer suppliers nine months of solid business. Bob continued to focus on the economics, stating that Sodexo allows a maximum of 38% of a per plate budget to be allocated to labor costs, while Bob's costs are 52% labor per plate. Protein is the second most expensive cost to labor on the plate. Lastly, he noted that he places his annual order for beef twelve months in advance to help him with budgeting.

A comment was brought up about USDA, and the note was that USDA will pay the supplier \$4/box of beef to cover storage and delivery expense, this is above and beyond the cost of the beef on the supplier invoice.

Following Bob, Carl Cushing continued the discussion on economics noting that the meat business is run on high volume, low margins. He supported Bob's comments on working together and said in his experience bringing local beef from the farm to the institution requires attention with training, facility expansion and working with distributors. Everyone needs a slice of the pie and everyone must be willing to have a realistic view of what this means. He stated there isn't a lot of money to go around, but that the institutional market does increase the volume of work and with the current price of beef it can have a small profit.

Dan Mandich stressed that there is demand for additional capacity at his plant. Both Westminster Meats and Vermont Livestock, Slaughter and Processing are running at near to maximum capacity with their current infrastructure and both are willing to expand or improve efficiencies via remodeling.

Nelson Lamson, representing both his farm and the Vermont Beef Producers' Association, said the association is trying to get a constant supply and demand of beef to local processors. Creating more year round flow would alleviate some of the processing constraints and open doors for new opportunities.

The audience corroborated the study's findings that assistance with market development is needed, and that neither the producers nor the processors have time to do it on their own. The audience believes that increased public awareness will lead to increased demand. Also, they emphasized the aspect of working together as the researchers suggested- that it's a matter of communicating, linking buyers to suppliers. Along these lines, it was mentioned that in Connecticut there is a pilot program afoot in which three regions- Region 4, Deep River, and Essex, are working with the Department of Agriculture to have the state source local beef for them. A challenge that has come up during the pilot is how to deal with coordinating a bulk purchase order when product definitions become varied for example one school district may want grass fed while another wants certified organic and a third just wanted it to be from a local animal, so creating a product definition before approaching the state as to what the group is seeking would facilitate the bulk order and coordinated sourcing.