



Email: communications@ulupono.com

SENATE COMMITTEE ON EDUCATION
Monday, April 3, 2023 — 3:30 p.m.

Ulupono Initiative supports SCR 190/ SR 174.

Dear Chair Kidani and Members of the Committee:

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

Ulupono supports SCR 190/ SR 174, which requests the Department of Education (DOE) to develop a strategic plan to meet the locally sourced food goals established in Acts 175 and 176, Session Laws of Hawai'i 2021.

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

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

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

Existing Processes and Systems of DOE School Meals

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

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

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

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

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

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

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

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

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

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

Better Understand the Investment and Timeline

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

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

Improved Tracking and Reporting

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

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

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs



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April 3, 2023

HEARING BEFORE THE
SENATE COMMITTEE ON EDUCATION

TESTIMONY ON SCR 190/SR 174

REQUESTING THE DEPARTMENT OF EDUCATION TO DEVELOP A STRATEGIC
PLAN TO MEET THE LOCALLY SOURCED FOOD GOALS ESTABLISHED IN ACTS
175 AND 176, SESSION LAWS OF HAWAII 2021

Conference Room 229 & Videoconference
3:30 PM

Aloha Chair Kidani, Vice-Chair Kim, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawaii Farm Bureau supports SCR 190/SR 174, which requests that the Department of Education develop a strategic plan to meet the locally sourced food goals established in Acts 175 and 176.

HFB strongly supports the increased use of locally grown agricultural products, fruits, vegetables, meats, dairy, and poultry products in our state institutions and appreciates the Legislature's support of Farm to State and Farm to School Acts 175 and 176 (SLH 2021).

By developing a Strategic Plan to meet the local food goals in Acts 175 and 176 (SLH 2021), the DOE will have a better road map to incrementally increase its procurement of local produce, proteins, and food products. This will also assist the local agricultural industry increase production for Farm to School by growing local demand at a known rate.

Thank you for the opportunity to comment on this measure.



STATE OF HAWAII
DEPARTMENT OF EDUCATION
KA 'OIHANA HO'ONA'AUAO
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 04/03/2023

Time: 03:30 PM

Location: CR 229 & Videoconference

Committee: Senate Education

Department: Education

Person Testifying: Keith T. Hayashi, Superintendent of Education

Title of Resolution: SCR 0190 REQUESTING THE DEPARTMENT OF EDUCATION TO DEVELOP A STRATEGIC PLAN TO MEET THE LOCALLY SOURCED FOOD GOALS ESTABLISHED IN ACTS 175 AND 176, SESSION LAWS OF HAWAII 2021.

Department's Position:

The Hawaii State Department of Education (Department) opposes SCR 190 as it creates redundancy in matters already in place.

The Department recognizes the need for a plan and roadmap to ensure a successful program to increase the purchase of safe, fresh, and nutritious foods for the students and staff. Given the passage of Act 175 and Act 176, Session Laws of Hawaii 2021 (Act 175 and Act 176), the Department is proceeding with establishing programs that will meet the ambitious goals of those acts.

The development of the plan needs to recognize the limitations of available quantities of products that the Department can source at a cost that meets the financial limits based on federal reimbursements and nutrient nutritional levels established by the United States Department of Agriculture (USDA) and the local farms. Further limitations are placed on local farms who must also meet the food safety standards, which currently need to be established.

The Department, the State of Hawaii Department of Agriculture, and the Hawaii Farm Bureau should establish source capacity to meet the goals of Act 175 and Act 176. While the Department is working on menus to match the current level of supply, farm level production at the current levels cannot meet the Department's future demands. Adjustments to supply will need to align with what the student demands are to minimize

waste and meet the meal pattern and federally-mandated nutrition requirements. School kitchens are obsolete and will be costly to repair and retrofit, given the wide range of locations and schools. Of the 258 schools, two have applied a scratch-cooking model for the majority of their menu items, but neither is providing a 100% scratch-cooking model.

Thank you for the opportunity to provide testimony on this resolution.