

Senate Agriculture Committee Field Hearing

Growing Jobs and Economic Opportunity: Perspectives on the 2023 Farm Bill from Michigan

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Chairwoman Stabenow and Ranking Member Boozman, thank you for the opportunity to provide testimony at today's hearing.

I was born and raised in Van Buren County, where grape vineyards, orchards, and vegetable farming painted the landscape. During my childhood, it was food cooperatives, farmers markets, and agriculture businesses that impressed into me the importance -and almost celebrity status- of the farmers in the region. As a teen, I didn't see a direct career path into the type of work that I now call a career, so I dove into every angle of the food system that I could. My background includes twenty years of a diverse range of job perspectives including food service and restaurant operations, retail grocery management, farmer's market management, and organic vegetable farming.

As a Produce Manager in a small cooperative grocery store, I developed a thriving and dynamic local produce purchasing program. Our customers were essential in creating that demand and I faced the challenge head on to increase the visibility of local farms while interpreting the impacts and importance of purchasing local to our customers. In response to customers demanding more transparency about the source of their food, I started a small farmers market alongside the grocery store that featured growers and producers within 100 miles of Kalamazoo. The 100-Mile Market supported the then-new cottage food industry, and a myriad of new food businesses in the region. The market accepted SNAP benefits and was one of the first sites for Double Up Food Bucks outside of Southeast Michigan. Later, I spent 3 seasons as the marketing manager for a third-generation organic vegetable farm in Ceresco, Michigan. I worked in the field, packing house and ran market stands at several weekly Michigan farmers markets.

These experiences reinforced my strong connections to Southwest Michigan (SWMI) farms and shaped my ability to serve the unique needs of small to medium SWMI farms and food producers, stewarding by offering support and resources. In 2018, I joined ValleyHUB as the Marketing & Outreach Coordinator, a job opportunity created by Local Food Promotion Program (LFPP) funding awarded to Kalamazoo Valley Community College (KVCC). I then became ValleyHUB Food Hub Manager in 2020. I'm also trained as an internal auditor for the USDA Michigan GroupGAP Network, an organization that provides farmers with the tools they need to ensure the safety of Michigan Farm products.

About ValleyHUB

ValleyHUB at Kalamazoo Valley Community College is an urban farm, food hub, and education center that supports local and regional food producers in Southwest Michigan through direct supply chain support and complementary education and training programs. We work toward the dual community goals of increasing financial viability for small and mid-size farms and food producers, and improving diets and health outcomes in our community by promoting seasonal, local, plant-forward menus in healthcare, educational, and corporate cafeterias. Our social enterprise operations align with an existing

degree program in Culinary Arts and a planned program in Sustainable Horticulture, and a broad portfolio of open enrollment, skills-based and general interest community classes.

ValleyHUB is part of a community of practice that supports local and regional food systems. We work to develop the unique assets in Southwest Michigan, to support the viability of small and mid-size farms that sell into local/regional supply chains. In 2018 and again in 2021, we received grant awards through the LFPP that have provided critical resources for our growth. LFPP, as a subset of the Local Agriculture Market Program (LAMP), exists because small and mid-size farms face barriers to getting their products into local and regional supply chains.

While LFPP has funded many innovative efforts in recent years, the trends in agriculture are still dismal:

Farm non-viability: Across the state of MI, the average farm had just under \$30,000 in net profit in 2012, and over half of farms reported net losses¹.

Farm closure: In Southwest Michigan, between 2012 and 2017, 2% of farmland and 12% of farms were lost. This is the same rate of loss as between 2007 and 2012.

Product mix favoring national/global supply chains: Despite our unique environment well suited for tree fruits, berries and tender vegetables, the top crops in the region are corn and soy, together accounting for \$448 million – over one-third of SW Mich. region’s total \$1.27 billion in total agricultural sales in 2012. Specialty crops including vegetables, fruit, and nuts – more likely to end up in local/regional supply chains – account for less than 12% of our region’s sales.

Supply Chain businesses struggle at the local-regional scale: When ValleyHUB opened, we filled a gap in connecting local and regional food producers with their customers – because it is not the norm for food hubs to be profitable as independent businesses. The Wallace Center’s 2017 Food Hub Benchmarking Report found that 36% of hubs are heavily reliant on grant dollars, and only 67% of food hubs are breaking even or better². (ValleyHUB is sustainable because grant funding fuels our growth, and our overhead and management expenses are supported as part of Kalamazoo Valley’s general fund, because of their use in educational programs.)

These trends are seen across the country, and they are not new; they persist despite decades of investment in local and regional food systems work. In Michigan, my team at ValleyHUB and I are part of a vibrant network of practitioners that has been addressing these challenges collectively, supported by national funding streams and communities of practice. I’d like to tell the story I’ve watched unfold here. It shows the impacts of our work, and remaining gaps, in the Southwest Michigan food system – specifically around helping farmers shift from direct markets into retail and institutional food service markets. We are, of course, building on work going back decades, but for the purposes of this testimony, I will start in the late 2000s, when the 2010 Michigan Good Food Charter set a goal for 20% local procurement in institutional meals³ in order to support local growers.

Promoting farm-to-institution supply chains.

Responding to the difficulties that farmers have with vagaries of consumer behavior, farm-to-institution supply chains were envisioned as a lever to shift the market and open up opportunities for local and regional farms. Programs like the Cultivate Michigan project sought to address some

initial barriers: information, recipes, branding, and assistance with procuring product through supportive broad-line distributors. Key institution partners – most often hospitals with self-operated food service departments – set new norms by declaring local purchasing targets, and the Michigan Farm to Institution Network (MFIN) emerged to share best practices. This work created increased awareness and intention around local purchasing, but we discovered additional barriers that needed to be addressed.

Supporting food hubs.

Soon, it became apparent that a major barrier was the ability to aggregate sufficient product to meet the demand of large food service customers like hospitals. In response, food hubs began to scale up as aggregators and distributors of product. (ValleyHUB enters the story here, launching based on the findings of a supply-and-demand analysis that identified a need for fresh-cut processing and distribution of local produce to institutional customers in SW Mich.⁴) The Michigan Food Hub Network formed to facilitate sharing of best practices, as well as practical collaboration to meet the needs of local and regional food producers across the state. Because of this work, a robust network of food hubs, including ValleyHUB in SW Mich., emerged, ready to scale to meet demand.

Financial support for local purchasing incentives.

Through all these efforts, school food purchasing, a huge market opportunity for local producers, remained largely unchanged due to the higher cost of local/regional/seasonal products. For K-12 schools in ValleyHUB's service area, this has been the primary barrier to local sourcing. The 10 Cents a Meal program grew to fill in budget gaps, allowing schools (and now Early Childhood Ed sites) to devote a larger chunk of their purchasing to local farms via matching grants. MFIN, Michigan Department of Education, and Groundwork Center for Resilient Communities lead the 10 Cents a Meal grant program, now funded through State budget allocation. 10 Cents grants have increased schools' purchase of local foods, but this has exposed gaps in skills and capacity within school food service departments.

Creating skills-based culinary training for institutional food service providers (IFSPs). While the financial lever of a 10 Cents grant has huge potential to shift purchasing, partners are also recognizing the need for additional support to schools who want to take advantage of this funding. A relationship with a food hub that can help manage procurement is a strong indicator of a district's success, but it is not a silver bullet.

ValleyHUB's first (2018) LFPP-funded project focused on the work of a Food Hub Outreach and Marketing Coordinator, which was my role when I joined the ValleyHUB team. The goal was to work closely with institution food service directors to identify needs for "easy swap" fresh-cut ingredient options, and then work with the Food Hub Manager and Operations Coordinator to develop those products. This basic approach has worked well with several customers, and our catalog now includes over 30 fresh-cut products available seasonally, fresh, and/or frozen. But we soon saw other needs, especially in schools that need processed items that come individually packaged for snack or cafeteria use, as well as products that can quickly pivot from use in a cafeteria to distribution in a food box in case of long-term school closure. For example, Kalamazoo Public Schools was beginning to purchase ValleyHUB processed products for salad bars and sampling stations using its 10 Cents a Meal grant funds in 2019, but during school closures pivoted to purchasing 2-lb frozen local vegetable packs from a higher-volume supplier. We are also learning that distribution logistics and fresh cut products are not universally needed

by IFSPs. Some school districts, for example, would find it easier to have a direct purchasing relationship with local growers and pay their own staff in-house to chop fresh fruits and vegetables, but still need help with identifying growers, ensuring safe growing practices at the farm level, and/or training staff on efficient processing tools and skills. Statewide, MFIN finds that IFSP managers cite lack of fresh food handling skills on the part of their staff as a major reason to not build up a local food purchasing program; or, even more simply, a lack of appropriate equipment⁵. The COVID-19 school closures in the 2020-21 school year exposed how truly capacity-strapped school food service managers are: schools that had been making progress toward local/regional purchasing pulled back entirely from any new initiatives as soon as uncertainty took hold, leaving potential local/regional farm suppliers without a key market outlet.

Based on this experience, MFIN and partners at Michigan State University (MSU) Extension and Michigan Department of Education (MDE) are now working to address these skills barriers, through a Specialty Crop Block Grant that will support training for 10 Cents school district food service staff. Now, with support from a 2021 LFPP grant, ValleyHUB is working to amplify the impact of this work in our service area by directly pairing this training with procurement and farm food safety assurance support. Our newest colleague, Crystal Van Pelt, is our Food Systems Educator, working to identify and fill these training gaps.

Facilitating education and certification networks for On-Farm Food Safety.

Meanwhile, on-farm food safety initiatives, including Michigan GroupGAP Network and the Michigan On-farm Food Safety Readiness Review program, rolled out to support small and mid-size farmers achieving certifications needed to sell to large customers. MFIN also began engaging in work to educate IFSPs about the various food safety certification frameworks. MSU Extension educators working with MFIN found in a 2020 survey that farmers are frustrated and confused by being asked for different certifications (e.g. USDA GAP or Primus) by different customers, or even by the same customers year by year. ValleyHUB partner farmers are required to have a written farm food safety plan and allow us to visit their operation. We have encouraged them (and had funding, through our 2018 LFPP award) to gain USDA GAP certification through the Michigan GroupGAP Network, but we, and our supplier partners, respond to what their end customers demand. We only had three of our partner farms complete their USDA GAP certification, and only then because major customers have required them to comply. Our partners still need active help navigating and using the many resources available.

To move this farm food safety work forward, we are working with our supplier partners to identify their food safety goals, based on their customers' demands. Meanwhile, our program partners at Michigan Food and Farming Systems are working with farms and farmers, focusing on socially disadvantaged farmers such as current/former migrant farm workers, to improve on-farm food safety, and also to access training opportunities and find new markets – like ValleyHUB. Working together and with the Michigan Produce Safety Working Group, we can help growers individually, according to their needs.

MFIN also found in a 2020 survey of IFSPs that the food safety assurance requirements vary widely (54% require certification; 33% don't; the rest aren't sure). Often the decision about whether to require farm food safety certifications and what to require is being made by risk managers (38%) or food service directors (24%) who are not familiar with the range of food safety assurance programs⁶. By now in Michigan, there are many resources available; but we still find that our partners need help navigating them.

Scale-appropriate food “hubbing”.

Scaling from direct-to-consumer sales into institutional markets is a big leap, and may not even be the right long term goal for some farms. A food hub like ValleyHUB can help growers access retail and restaurant markets, either as a stepping stone or a destination. This work exists well alongside efforts to facilitate sales to institutions, because all growers can benefit from on-farm food safety support. And a thriving retail/restaurant customer base is a beneficial balance for the viability of ValleyHUB and its continued ability to serve all of our partners.

Other initiatives in the ecosystem offer complementary supports. Food businesses in general (not just farms) need business support. The Center for Regional Food Systems at MSU is coordinating a USDA-funded Regional Food System Partnership project in SWMI. that aims to provide business and financial support to small businesses in the food system, particularly those owned by people of color. We plan to provide space for the local Navigator’s programming and mutually refer potential participants. As much as institutional food service providers need skills-based training for their staff, workers need pathways to see food service as a viable career. Corporation for a Skilled Workforce, partnering with MSU, is working under a USDA AFRI Education and Workforce Program grant to address training barriers in the local/regional food system, statewide. Locally, ValleyHUB is also partnering with two workforce training partners to develop a career pathway for IFSP workers who can themselves become change agents pushing for ongoing local/regional sourcing on healthy, scratch-cooked menus in institutions’ cafeterias.

Small and mid-size local and regional food producers need support accessing institutional and retail markets and instating scale-appropriate food safety practices. Institutional food service providers need training for staff in order to become a steady market for local and regional farms and producers. Michigan’s food system networks have developed programs and training materials to fill many of these gaps, but finding and navigating these resources takes more time than these busy partners have. ValleyHUB is a food hub that is running smoothly to link local producers with compatible customers; we are also in a position to link them with the training resources they need so we can all scale up together. Support from USDA LAMP grants has provided critical resources so that we can support growers in our region, and amplify our impact by training workers and leaders in the institutional food service arena with skills that they can use to further grow demand for local food.

Moving beyond one-size-fits-all.

After six years of planning and practice, we know our partners need different kinds of support: from simple logistics, to custom processed products, to tailored trainings. From our position within Kalamazoo Valley Community College, ValleyHUB can uniquely help them thrive. **With LAMP support paired with local investment, we are building out the responsive, demand-driven portfolio of tools, services, and programs that grow demand for locally and regionally produced food products through institutional and retail markets.** This is what we plan to do over the next three years:

We will continue to run a social enterprise food hub: connect small and mid-size local/regional food producers with scale-appropriate customers, host a web-based ordering platform, and actively aggregate/distribute products. For some partners, these logistical services are the only service needed; for others, they are the base of a strong relationship, opening doors for us to provide further support. We will continue to support farms achieving food safety milestones, and broaden our focus to highlight a spectrum of scale-appropriate food safety options. We will still offer help with USDA GAP certification through the Michigan Group GAP Network, and also

develop and offer a portfolio of training options: individual consulting with farm owners, group training for farm staff, and open workshops. We will use resources and curricula developed by program partners when possible, and publish ValleyHUB's Standard Operating Procedures and other documents as a tool for other practitioners.

We will develop a Food Safety Assurance Program for our hub, modeled after the New Mexico Grown approved supplier program⁷, which can serve as a pilot for other hubs or a Michigan-wide effort.

We will increase demand for local and regional purchasing by IFSPs through training that builds staff capacity for handling fresh, local and regional foods in their own kitchens – whether they procure product through ValleyHUB or directly from local farms. If needed, grant funds will also support their purchase of small food processing equipment to address their particular barriers. ValleyHUB will continue to produce the fresh-cut and/or frozen local produce items they demand and develop new products as needed. We will also continue to match smaller growers with right-size retail customers, building a pathway for sustainable growth for smaller growers.

Local and regional food systems, and the locally embedded businesses and organizations that support them, are a critical piece of our global food security, and need to be supported as such. The funding Kalamazoo Valley Community College has received through the LFPP grant is instrumental in allowing ValleyHUB to work towards our full potential. We currently support over 32 regional farmers and value added product producers, connecting consumers to fresh Michigan grown produce in settings as diverse as hospitals, schools, groceries, restaurants, and early child care facilities. Not only is ValleyHUB growing, but we are acting as an engine of regional economic prosperity for rural families in Southwest Michigan. Our programs build new skills, relationships, and market solutions for settings that have unique food preparation and serving requirements.

We thank Senator Stabenow for her leadership and strong advocacy for permanent LAMP funding in the 2018 Farm Bill. I appreciate the opportunity to share how the dollars dedicated to rural economic development have impacted ValleyHUB and our partners in Southwest Michigan.

¹ USDA-NASS. 2017 Census of Agriculture.

² Colasanti, K., Hardy, J., Farbman, J., Pirog, R., Fisk, J., & Hamm, M.W. (2018). Findings of the 2017 National Food Hub Survey. East Lansing, MI: Michigan State University Center for Regional Food Systems & The Wallace Center at Winrock International. Retrieved from foodsystems.msu.edu/2017foodhubsurvey

³ Colasanti, K., Cantrell, P., Cocciarelli, S., Collier, A., Edison, T., Doss, J., George, V., Hamm, M., Lewis, R., Matts, C., McClendon, B., Rabaut, C., Schmidt, S., Satchell, I., Scott, A., Smalley, S. (2010). Michigan Good Food Charter. East Lansing, MI: C.S. Mott Group for Sustainable Food Systems at Michigan State University, Food Bank Council of Michigan, Michigan Food Policy Council. Available from: www.michiganfood.org.

⁴ New Growth Associates. Farm to Institution: A supply & demand planning process. 2016. Available from: <http://newgrowthassociates.com/portfolioASupplyAndDemandPlanningProcess.html>

⁵ Mariel Borgman, MSU Extension, personal communication 23 May 2021.

⁶ Results of National Institutional Buyers and On-Farm Food Safety Survey. Presented to MFIN, 25 May 2021.

Rachel Chadderdon Bair, Director for Sustainable Food Systems at Kalamazoo Valley Community College, contributed to the writing of this testimony.