



FEEDING[®] KENTUCKY

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September 24th, 2019

Jay D. Hartz, Director
Legislative Research Commission
700 Capitol Avenue, Room 300
Frankfort, Kentucky 40601

MEMBERS

Brian Riendeau
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Dare to Care Food Bank

Cynthia Kirkhart
Executive Director
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Jamie Sizemore
Executive Director
**Feeding America,
Kentucky's Heartland**

Kurt Reiber
President/CEO
Freestore Foodbank

Michael Halligan
Chief Executive Officer
God's Pantry Food Bank

Stacey Courtney
Associate Director
**Purchase Area
Development District**


Glenn Roberts
Executive Director
Tri-State Food Bank

EXECUTIVE DIRECTOR
Tamara Sandberg

Dear Mr. Hartz:

Enclosed is a report from the Farms to Food Banks Advisory Committee pursuant to KRS 247.984. The report includes the impact of the \$500,000.00 appropriation and the \$18,932.08 in donations received through the tax check off program for the Farms to Food Banks Trust Fund in Fiscal Year 2019.

Sincerely,



Tamara Sandberg
Member, Farms to Food Banks Advisory Committee
Executive Director, Feeding Kentucky

Farms to Food Banks Advisory Committee
Kentucky Department of Agriculture

Report to Governor Matt Bevin and the Legislative Research Commission
September 2019

Introduction

The Farms to Food Banks program was established under KRS 247.980 to 247.986 in the Kentucky Department of Agriculture (KDA) to award grants to nonprofit organizations for the purpose of collecting and distributing Kentucky grown and raised surplus agricultural commodities to food banks and other charitable organizations that serve needy or low-income individuals. The Farms to Food Banks Trust Fund (Fund) was created in the State Treasury as a restricted account to be administered by the Department with advice from the Farms to Food Banks Advisory Committee (Committee). Refer to Appendix A for the current roster of advisory committee members. The Fund received for FY 19 a \$500,000 appropriation from the General Assembly and \$18,932.08 from donations by tax payers on their income tax return.

Written Plan for Expenditure of Funds

The Committee approved and submitted to KDA in September 2018 a written plan for the expenditure of funds that included a summary of existing food banks in Kentucky, an evaluation of the needs of the hungry in Kentucky, and a proposal for distributing funds to areas of recognized need. Refer to Appendix B for the Plan for Expenditure of Funds.

Amounts and Recipients of Funds Distributed

A nonprofit is eligible to receive a grant from the Fund if the organization:

- 1) Has at least 5 years of experience coordinating a statewide network of food banks and charitable organizations that serve counties in Kentucky; and
- 2) Operates a program that coordinates the collection and transportation of surplus agricultural commodities to a statewide network of food banks that provide food to needy or low-income individuals.

One eligible applicant, Kentucky Association of Food Banks (DBA Feeding Kentucky as of February 2019) submitted an application to the Department in April 2018 for \$550,000 for the Farms to Food Banks program. (The amount of funds donated by taxpayers was unknown at the time of submission and projected to be \$50,000; instead, \$18,932.08 was donated). Through the Farms to Food Banks program, Feeding Kentucky pays Kentucky farmers just below wholesale prices for surplus and Number 2- grade produce. Producers complete a Participant Agreement Form listing their Farm Service Agency number and certifying that all produce for which they submit invoices for payment is from their Kentucky farming operation (Appendix C). The produce is distributed free of charge to hungry Kentucky residents through the food bank network, which includes 7 regional food banks and 800 partner distribution agencies. The intent is to help farmers recoup losses while diverting what would have been wasted food to hungry Kentuckians. More information about Feeding Kentucky may be found at www.FeedingKy.org.

Feeding Kentucky's proposal included the following goals for the \$550,000 to be spent on the Farms to Food Banks program:

- 2,700,000 pounds of 28 types of Kentucky-grown produce distributed to hungry Kentuckians in all 120 counties.
- 400 Kentucky farmers from at least 65 counties benefitting from an average cash flow increase of \$1,300.
- Less than 1% of produce lost to spoilage before distribution to consumers.

Feeding Kentucky was awarded \$500,000.00 in July 2019 from the KDA under contract PON2 035 1900000384 (appropriation grant) and \$18,932.08 in October 2019 under contract PON2 035 1900002909 (tax checkoff donations grant) for a total of \$518,932.08. The grant period was 7/1/18 – 6/30/19 and 10/15/18 – 6/30/19, respectively.

Outcomes

Goal (if fully funded at \$550,000)	Actual (funded at \$518,932.08)
2,700,000 pounds of Kentucky-grown produce	2,974,532 pounds
28 types of Kentucky-grown produce	26 types
Less than 1% lost to spoilage	1%
Distributed to hungry Kentucky residents in all 120 counties	114 counties
400 Kentucky farmers	345 farmers
Farmers from 65 counties	63 counties
Average cash flow increase of \$1,300	\$1,517.13

Despite the grant award being less than anticipated at the time of the submission of the proposal, Feeding Kentucky was able to exceed the goal for pounds of produce distributed. Of the 28 types of produce included on the program crops list, only pears and turnips were not distributed.

The goals for number of producers benefitting and counties from which produce was sourced were not met. However, the goal for average increase in cash flow was met.

Producers from the following counties participated: Adair, Allen, Barren, Bath, Bourbon, Breckinridge, Butler, Calloway, Casey, Christian, Clark, Clay, Clinton, Crittenden, Daviess, Edmonson, Elliott, Fayette, Fleming, Franklin, Gallatin, Garrard, Graves, Grayson, Green, Hardin, Harrison, Hart, Henry, Jackson, Jefferson, Jessamine, Larue, Laurel, Lawrence, Lee, Letcher, Lewis, Lincoln, Logan, Marion, McCracken, Menifee, Monroe, Montgomery, Nelson, Oldham, Owen, Owsley, Pike, Pulaski, Rockcastle, Russell, Scott, Shelby, Spencer, Taylor, Todd, Trigg, Trimble, Warren, Wayne and Whitley.

Said Lee County producer Ted Johnson, "Fruits and vegetables can be lucrative but it's also hard to be sustainable. Profit margins are so low that it's hard to break even. I was ready to call it quits a few years ago. There's really no place to go with our seconds and fresh produce doesn't keep for long. That's why the Farms to Food Banks program is so important. It provides a new outlet for farmers."

Unfortunately, Feeding Kentucky underestimated how far it would be able to stretch the produce after a reduction in state funding of \$100,000 from the previous year. The produce was distributed to struggling residents in 114 Kentucky counties, all but Allen, Gallatin, Hancock, Mason, McLean and Owen counties. The amount of produce distributed was enough to fill half a plate full of fruits and vegetables for 4,957,600 million meals distributed across the Commonwealth. Said a client of Fern Creek/Highview United Ministries in Jefferson County, "It is hard to get fresh fruits and vegetables on a regular basis and the food bank helps with this. I'm able to get some from them weekly."

Grant Budget

Item	Amount spent
Kentucky-grown surplus and No 2 produce: appropriation grant	\$450,713.10
Kentucky-grown surplus and No 2 produce: tax checkoff donations grant	\$18,932.08
Total food (90%)	\$469,645.18
Salary and benefits	\$35,183.28
Office and administrative expenses	\$14,103.62
Total program administration (10%): appropriation grant	\$49,286.90
Total spent	\$518,932.08

Funds Leveraged

The grant funding from KDA was leveraged with grants from private sources such as Altria, Farm Credit Mid-America, the Gimbel Fund, Lift a Life Foundation and S. L. Gimbel Foundation Fund Holiday Food Program as well as donations from individuals. Feeding Kentucky members also covered the distribution costs for the produce provided to food pantries (average: \$0.10/pound) with other sources of funding; this in-kind contribution is estimated to be \$297,450.00 Farms to Food Banks is an example of an effective and impactful public-private partnership.

Conclusion

The Farms to Food Banks program continues to be a worthwhile investment for the Commonwealth of Kentucky. For farmers, the program increased cash flow and helped them recover losses for product they would not otherwise have been able to sell. For hungry families, the program increased access to fresh, nutritious produce. For communities, the program helped the economy by supporting local farming businesses and reducing the amount of wasted food.

Appendix A

Farms to Food Banks Advisory Committee

membership as of 9/12/16; recommendations for changes were submitted to KDA in 9/17

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Appendix B
Surplus Agricultural Commodities Advisory Committee
Plan for Expenditures from the Farms to Food Banks Trust Fund
Approved by Committee 9/2018

The Farms to Food Banks program was established under KRS 247.980 to 247.986 in the Kentucky Department of Agriculture (KDA) to award grants to nonprofit organizations for the purpose of collecting and distributing Kentucky grown and raised surplus agricultural commodities to food banks and other charitable organizations that serve needy or low-income individuals. The Farms to Food Banks Trust Fund (Fund) was created in the State Treasury as a restricted account to be administered by the Department with advice from the Surplus Agricultural Commodities Advisory Committee (Committee). The fund shall receive amounts collected from the income tax checkoff, described below, and any other proceeds from grants, contributions, appropriations, or other moneys made available for the purpose of the fund.

As specified in [KRS 247.985](#), effective for taxable years beginning January 1, 2013 any taxpayer who is entitled to an income tax refund may designate an amount to be paid to the Fund. The Secretary of the Revenue Cabinet shall transfer moneys to the Fund by July 1, 2014 and by July 1 of each year thereafter.

The Surplus Agricultural Commodities Advisory Committee recommends the following plan for expenditure of funds.

1. Overview of Food Banks in Kentucky.

“Food bank” means a surplus food collection and distribution system operated and established to reduce hunger and supply nutritional needs by assisting in bringing donated food to individuals and to nonprofit charitable organizations for redistribution.

Food banks serving Kentucky include the following:

- Dare to Care Food Bank – *based in Louisville; serves 9 counties with 270 partner food pantries and meal programs.*
- Facing Hunger Foodbank – *based in Huntington, WV; serves 4 counties in partnership with River Cities Harvest and 42 member food pantries and meal programs.*
- Feeding America, Kentucky’s Heartland – *based in Elizabethtown; serves 34 counties with 200 partner food pantries and meal programs.*
- Freestore Foodbank. – *based in Cincinnati; serves 9 counties with 135 partner food pantries and meal programs.*
- God’s Pantry Food Bank – *warehouse locations in Lexington, London, Morehead, Prestonsburg and Winchester; serves 50 counties with more than 400 food pantries and meal programs.*
- Purchase Area Development District Food Bank – *based in Mayfield; serves 8 counties with more than 30 food pantries and meal programs.*
- Tri-State Food Bank – *based in Evansville, IN; serves 8 counties with 37 partner food pantries and meal programs.*

2. Needs of the Hungry in Kentucky.

The food banks listed in section 1 serve hungry individuals who need access to emergency food assistance in all 120 counties in Kentucky.

685,000 individuals in Kentucky are food insecure, meaning they lack consistent access to enough food for a healthy, active lifestyle. Thirty percent of food-insecure individuals do not qualify for any federal nutrition programs including the Supplemental Nutrition Assistance Program, formerly known as food stamps (Feeding America *Map the Meal Gap 2018*).

18% of the population of Kentucky is below the federal poverty level (US Census Bureau *State and County QuickFacts*).

59% of school children in Kentucky are eligible to receive free or reduced-price meals through school feeding programs (*County Health Rankings and Roadmap*).

3. Proposal for Distributing Funds.

A. **Eligibility.** Pursuant to KRS 247.982, a nonprofit is eligible to receive a grant from the Fund if the organization:

- 3) Has at least 5 years of experience coordinating a statewide network of food banks and charitable organizations that serve counties in Kentucky; and
- 4) Operates a program that coordinates the collection and transportation of surplus agricultural commodities to a statewide network of food banks that provide food to needy or low-income individuals.

B. **Application Process.** Eligible grant recipients shall submit to the Department by May 1 of each year a proposal for the collection and distribution of agricultural commodities to food banks and other charitable organizations for use in providing food for needy or low-income individuals. The proposal shall include:

- 1) A description of the proposal;
- 2) A schedule of projected costs for the proposal;
- 3) Measurable goals for the proposal; and
- 4) A plan for evaluating the success of the proposal.

Grant applicants must affirm their intention to comply with the following requirements:

- 1) Purchases shall be made from Kentucky farmers, growers, and vendors;
- 2) Agricultural commodities collected and distributed shall be culls or those designated as surplus or unmarketable, and not primary agricultural commodities. Surplus or unmarketable agricultural commodities or culls shall be purchased at production cost or below market price from produce auctions, farmers, growers, and vendors; and
- 3) Donations of culls or surplus or unmarketable agricultural commodities from farmers' markets, cooperatives, farmers, and growers shall be encouraged. Persons making the

donations may be reimbursed for picking, packaging, processing, transportation, storage, distribution, or other costs.

- C. **Award Notification.** The Department shall notify successful applicants of their grant award by June 30 of each year.
- D. **Fund Disbursement.** The Department shall disburse grant funds to successful applicants by July 15 of each year.
- E. **Reporting.** Grant recipients shall report results to the Department within 12 months of receipt of grant funds.

Appendix C: Participant Agreement Form
 Farms to Food Banks Participant Agreement*
 2018 Growing Season

Name ("Seller")	
Mailing Address	
Phone Number	
Email (if applicable)	
Farm Service Agency number	
County (physical location of farm)	

**This agreement is NOT a contract guaranteeing a business transaction between KAFB and Seller.*

By signing this form, I verify the following:

1. All produce for which I submit to KAFB an invoice for payment is from my Kentucky farming operation in the county listed above. I understand that the intent of the program is to provide an outlet for otherwise unmarketable produce, **not for farmers to raise crops specifically for the program.**
2. I understand that the price paid per product must be below current market prices. The price paid per product will be determined as approximately 95% of the Kentucky produce auction market prices for US No. 2s as reported on the University of Kentucky's website: (<http://www.uky.edu/ccd/pricereports/KYPA>). Prices are to include cost of packaging and delivery unless other arrangements have been made. Current KAFB prices will be available at kafb.org/farmstofoodbanks and by calling 859-986-7422. If the price listed on an invoice exceeds the current KAFB price, KAFB will reduce the amount due on the invoice for the item in question.
3. I will be responsible for submitting with each delivery an invoice that includes my contact information, type of produce (i.e., tomatoes); grade of produce (i.e., Number 2); unit of produce (i.e., 20-pound box); number of units (i.e., 5); price per unit (i.e., \$5.00), total price (i.e., \$25.00). The invoice must also include the total amount due. Deliveries made without a written invoice will be considered a donation. Any item delivered that was not listed on the invoice will be considered a donation.
4. Deliveries must be scheduled in advance by calling the KAFB office (859-986-7422) or by emailing produce@kafb.org. I understand that any unscheduled deliveries may be refused.
5. All produce delivered will be fresh (not likely to spoil within 48 hours of delivery) and will be either Grade 1 or Grade 2, pursuant to the United States Department of Agriculture grade standards. It will be delivered to the food bank in compliance with applicable food safety requirements. At the sole discretion of the receiving food bank, any produce determined not to be fresh or of an unacceptable quality will be deducted from the invoice and I will be responsible for the disposal of the rejected produce.

Seller signature

Date