

Programs that Reimburse More Than Local Food

This document is part of a resource series on Local Food Purchasing Incentives (LFPIs), produced through collaboration between the Michigan State University Center for Regional Food Systems (CRFS) and the National Farm to School Network. This project aims to contribute to the growing body of knowledge on LFPIs and provide more information for farm to school advocates and practitioners nationwide.

Local Food Purchasing Incentives (LFPIs) are programs that provide additional funding to child nutrition program (CNP) operators to directly offset or incentivize local food purchases.¹ Typically funded and operated at the state level, these programs intend to increase the purchasing of local foods in school and early care and education (ECE) settings.

A key distinguishing factor among LFPIs is their focus on incentivizing specific types of foods or nonfood products, a decision that significantly impacts various agricultural sectors and the overall accessibility of the program for CNPs. Notably, many states extend the scope of LFPIs to include nonfood items such as equipment, staff time, and transportation. We call these expanded LFPIs. This resource provides an overview of expanded LFPI designs and offers benefits of administering an expanded LFPI.



Photo Credit: Sarah Rypma

¹ CNPs include but are not limited to the National School Lunch Program (NSLP), National Breakfast Program, and the Child and Adult Care Food Program (CACFP).

WHAT ARE EXPANDED LOCAL FOOD PURCHASING INCENTIVES?

Considering state programs in place as of summer 2022,² LFPIs can generally be grouped into two different types: traditional incentives and expanded incentives.

1 Traditional Incentives

Traditional incentives provide a specific reimbursement rate for CNPs if they qualify for and/or are accepted into the incentive program.

- **Maine's Local Foods Fund** provides all schools with \$1 for every \$3 spent on local food up to a cap of \$5,500 per school per year.
- **New York's 30% New York State Initiative** provides any school food authority (SFA) an additional 19.1 cents per lunch meal to schools that spend at least 30% of their food costs for lunch on local ingredients.
- **Washington, DC's, Local5 program** provides an additional 5 cents per lunch meal served to any public and public charter school when at least one component of a reimbursable lunch or breakfast meal is comprised entirely of local ingredients.
- **The New Mexico Grown Grant program**, expanded through SB 4, offers all SFAs a grant equal to 10 cents multiplied by the number of reimbursable lunches that the SFA served in the previous year, with a minimum award of \$1,000. The SFA must spend the award on qualifying local products, with no more than 25% of their awards being spent on processed products.

2 Expanded Incentives

Expanded incentives often take the form of grant programs that fund supportive farm to school activities, such as staff training, equipment, storage, supply chain costs, or expenses for educational activities *in addition to* local food purchases. Examples of expanded LFPI programs are shared later in this resource.

IMPORTANT NOTES:

Several states such as New York and Vermont have farm to school grant programs that allow for nonfood purchases to bolster farm to school activities. As these are separate competitive programs that require separate application processes and do not include funding for local food purchases, we do not label these as expanded LFPIs, and they are not included in this resource.

Performance-based LFPIs provide additional reimbursement for SFAs if they purchase a specific percentage or threshold of local foods. Typically, this reimbursement is not earmarked for local food purchases and can be spent on nonfood costs described below. However, for this publication, we are not categorizing performance-based programs as expanded LFPIs because they award reimbursement based solely on local food costs.

² See Bull (2022a) for an analysis of LFPI designs. Bull (2022b) is a compendium that lists 2-4 page overviews of statewide programs. Detailed information on the state programs listed in this resource can be found in the compendium.

WHAT ARE THE BENEFITS OF EXPANDED LOCAL FOOD PURCHASING INCENTIVES?

Expanded LFPIs provide crucial support for food program operators, addressing the many challenges they face when trying to purchase, prepare, and serve local ingredients. Allowing expenses like equipment, staff time, transportation, and distribution to be covered under LFPIs empowers participants to build the capacity needed for successful LFPIs and well-rounded farm to school programs.

LABOR COSTS

Using local foods in child nutrition programs involves more than purchasing and the cost of ingredients. Recognizing and covering labor costs is essential to ensuring the sustained success of local food programs. Additional time and labor are associated with the following activities related to using local foods:

- **finding and sourcing** local foods;
- **training** to support preparing local foods and/or increased scratch cooking methods, which can also contribute to higher quality meals;
- **processing, preparing, and serving** high-quality meals which requires skilled labor—and more of it—and may also require higher wages. Expanded LFPIs can support paying staff higher wages and creating additional full-time positions to support scratch cooking; and
- **tracking and reporting** local food purchases for LFPI program requirements.

Additional time and labor are especially relevant for food service operators who are purchasing directly from agricultural producers, rather than from food distributors. It is also helpful for operators that forge relationships with values-aligned producers.³ As LFPIs are often seen as policy tools to create new market opportunities for producers and build equity in food systems, including labor costs within an LFPI is particularly important to this end.

TRANSPORTATION

Smaller institutions or CNPs in remote areas may not meet minimum order requirements for local food vendors and distributors. Additionally, food service directors who oversee food programs in multiple schools or districts may need to pay additional transportation costs to deliver ingredients among school buildings, as vendors will likely want to have a centralized drop-off point for deliveries. Including transportation as an allowable cost proves especially beneficial for increasing equitable access to local food.

EQUIPMENT

Many schools face a critical shortage of essential tools and equipment required for the preparation and service of whole, fresh, and/or local foods. A lack of equipment may compel staff to spend more time on food preparation or limit the types of local foods they can prepare. Including funding for these costs addresses this fundamental barrier. By providing access to new and updated kitchen equipment, expanded LFPIs may facilitate efficient use of local ingredients, promote safer food preparation practices, and ultimately create an environment where schools can do more scratch cooking and serve high-quality, nutrient-dense, and appealing meals.

³ For more information, see the companion resource on values-aligned purchases and how they can be incorporated into LFPIs: [Local Food Purchasing Incentives: Incorporating Additional Values.](#)

EDUCATIONAL EXPENSES

Including funding for supportive educational activities can further cultivate a well-rounded program and bridge the gap between the classroom and cafeteria, enabling children to connect their academic learning with real-world experiences in the lunchroom. This integration can enhance their understanding of nutrition and agriculture and transform the cafeteria into an interactive educational space, where taste tests and experiential learning foster a deeper appreciation for locally sourced foods.

EXAMPLES OF NONFOOD COSTS

The Washington State Department of Agriculture has shared the following examples of eligible nonfood costs outlined below as part of its Farm to School Purchasing Grant program (WSDA, n.d.). This table is slightly adapted by the authors.

Table 1. Examples of Nonfood Costs

Item Name	Example Farm to School Use
Equipment (Greater Than or Equal to \$5,000), Materials And Supplies (Less Than \$5,000)	
Refrigerator/freezer storage	To store additional local protein and frozen produce for year-round use
Salad bars and serving ware, salad spinners	To promote locally grown greens and produce in whole or minimally processed form
Cutting boards, chef knives, food processors, blenders, immersion blenders	To prepare local, whole produce into sliced and diced forms
Steamer, oven	To increase scratch cooking with local ingredients
Preservation equipment, vacuum sealer	To preserve local, seasonal food for year-round use
School/childcare garden inputs (seeds, soil, tools, greenhouse, hydroponic system)	To teach students how to grow their own food and incorporate food into the cafeteria
Promotional materials, printing costs of nutrition education kits and posters	To promote farm to school and teach students about food and agriculture
Tasting cups and utensils	To sample new local foods before adding to the menu or sample Harvest of the Month local foods
Books on food, agriculture, and nutrition education	To teach students about local foods that are incorporated on their plates
In classroom mushroom or microgreen grow kits	To teach students how to grow their own food and encourage trying new foods

Item Name	Example Farm to School Use
Staff Time Examples	
Administrative staff time	To complete grant reports, track local foods in software for scratch recipes, plan and communicate with farms, and communicate with families and community members about nutrition program's farm to school activities
Kitchen staff time	Staff time for additional processing of local whole foods, preparing meals from scratch, or preserving foods for season extension (e.g., pickling, canning, freezing, etc.)
Training	Training to use new equipment or incorporate new culinary skills and techniques
Farmer stipends	To compensate farmers coming to visit the school for taste testing or agriculture education
Transportation Examples	
Delivery fee	To cover the delivery fee of local food
Mileage – farm pick up	Travel to pick up food from a local farm
Mileage – staff training or education	Travel to a farm, food hub, or other school or early learning site to learn about other farm to school efforts in order to strengthen your own
Farm field trip	Strengthen farm to school connections by visiting a local farm to learn where and how local food is grown
Travel Costs to Farm to School Training Examples	
Travel costs may include: <ul style="list-style-type: none"> – Registration fees – Mileage – Lodging – Per diem (meals) 	May include farm to school network events, farm to school training, or networking events hosted by state departments and other farm to school-related training opportunities
Other Nonfood Cost Examples	
Farm to school support services	To use a third-party service to support farm to school efforts

HOW ARE EXPANDED LOCAL FOOD PURCHASING INCENTIVES ADMINISTERED?

Expanded LFPIs have been administered in a variety of ways, including: creating a minimum or maximum percentage of funds to be spent on nonfood items, allowing nonfood items as allowable expenses without a limit, and by providing an award for non-food costs up to a specific dollar amount. This section provides an overview of expanded LFPI programs and their strategies to incorporate nonfood costs.

Programs with grant awards that allow a maximum percentage of funds to be spent on nonfood items:

WASHINGTON: Farm to School Purchasing Grant

In 2021, Washington State established the competitive Farm to School Purchasing Grant program using federal coronavirus state fiscal recovery funds and now supports the program with state appropriations. This LFPI supports schools and ECE centers with funds to purchase foods grown, raised, caught, or foraged in Washington State (WSDA, n.d.). The grant has an emphasis on direct purchases from small farms and food businesses, including those owned by socially disadvantaged, beginning, limited resource, women, and veteran farmers and ranchers. Eligible applicants can apply for an award based on a previous per-meal count.



Visit the [Washington State Department of Agriculture Farm to School Toolkit website](#) to learn more.

Allowable nonfood costs: Grantees may use up to 25% of their total awarded grants on eligible nonfood costs. Nonfood costs must directly support the development and sustainability of farm to school efforts to purchase and promote foods grown and raised in Washington State. Examples of nonfood costs are listed in Table 1.

COLORADO: Local Food Program Grant

In 2022, residents voted to approve Proposition FF, which codified the Healthy School Meals for All Public School Students bill ([H.B. 22-1414](#)). This bill also included provisions that expanded the state's Local Food Program grant, which was initially established as a pilot program in 2019. The Local Food Program is now implemented as a noncompetitive grant that offers SFAs a reimbursement for the purchase of Colorado-grown, raised, or processed products. (Note that at the time of this writing in Spring 2024 this program was facing budget shortfalls.) To be eligible for the local food purchasing grant, a school must create an advisory committee consisting of students and parents who reflect the demographics of the student population. The committee must advise on food selection to ensure meals are culturally relevant, healthy, and appealing.



Visit the [Colorado Department of Education's Source Local Food website](#) for more information.

There are two options to determine the award amount that each participating SFA receives: either a flat rate of \$5,000 or an amount calculated by multiplying 25 cents by the number of lunches served by the school in the previous school year. The SFA receives whichever amount is greater.

Allowable nonfood costs: Up to 10% of grant awards can be spent on allowable nonfood costs such as administration of the grant program, and 12% of their grant award can be spent to support the implementation of the student-parent advisory councils.

OREGON: Farm to Child Nutrition Program Grant

The Oregon Farm to CNP Grant program has been operating since 2012 (Giombi et al., 2018). In addition to funding local food purchases, this program has evolved over the last decade and now has multiple tracks that support education, producers, technical assistance partners, and evaluation. There are now both competitive and noncompetitive grant tracks that reimburse food expenditures. The competitive grant program becomes available to CNPs after they exhaust their funding allocation from the noncompetitive award. A competitive Education Grant track is specifically aimed at funding projects geared toward educating students about the local food system. For the 21–23 Biennium, the entire Farm to CNP program received \$10.2 million in funding (ODEa, 2022).



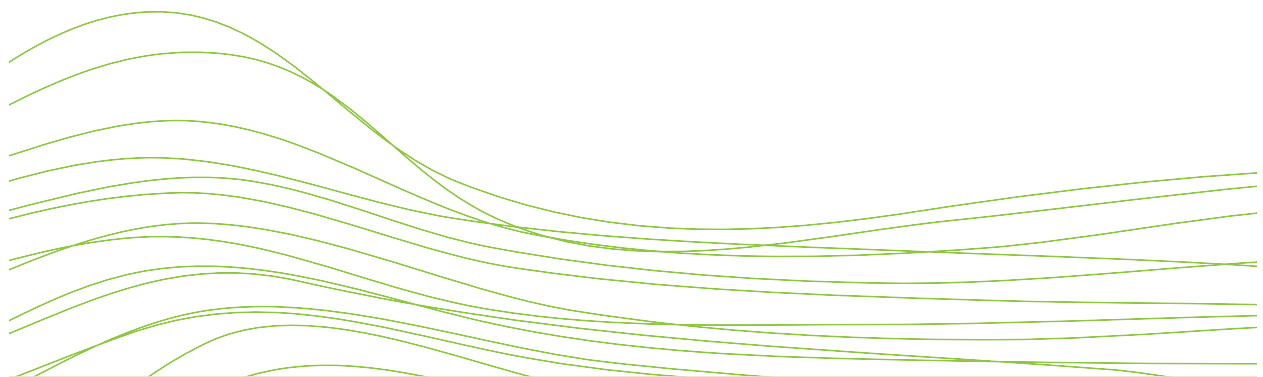
Visit the [Oregon Department of Education's Farm to School and School Gardens website](#) to learn more.

Allowable nonfood costs: In the current noncompetitive reimbursement grant, grantees may spend up to 25% of their awards on “other reasonable costs incurred for growing, harvesting, transporting, procuring or processing foods,” as well as for agriculture-based or food and nutrition-based education (ODE, 2021). This is the same for the competitive reimbursement grant, but those grantees cannot use more than 10% of their total award for any direct administrative costs (ODEb, 2022).

Programs that mandate minimum awards spent on nonfood costs:

OREGON: Farm to Child Nutrition Program Grant (previous iterations)

Oregon's Farm to CNP Grant program has evolved over time. In 2013, H.B. 2649 allocated \$1 million for its Farm to CNP Grant program. In this iteration, 80% of award funding must be used for local food purchases and 10% for expenses related to education, with 10% left to the grantee's discretion (Giombi et al., 2018). In 2015, S.B. 501 further enhanced funding, earmarking \$4.5 million for school years 2015–17. This bill also adjusted the allocation to 80% for local food purchases and a minimum of 20% for education. The current design does not include a minimum mandate for nonfood costs and instead institutes an award cap on nonfood costs.



Programs with no limit on nonfood costs:

ALASKA: Nutritional Alaskan Food in Schools Grant

Alaska established its short-lived noncompetitive reimbursement program in 2012, which incentivized purchases of local grains, milk, protein, and produce. All school districts were awarded noncompetitive, predetermined lump sum amounts at the beginning of the year that were earmarked for local food purchases. This grant operated from 2013–2015, when funding was no longer allocated for the program.



Visit the [Alaska Department of Commerce, Community, and Economic Development's Nutritional Alaskan Foods in Schools website](#) for more information.

Allowable nonfood costs: Awardees could use grants for transportation costs, with no listed maximum on the percentage of funds used for this purpose. A grant report for quarters one and two of FY 2014 from the Alaska Division of Community and Regional Affairs at the Department of Commerce, Community, and Economic Development showed that 8% of funding had been spent on transportation (Kruse, 2014).

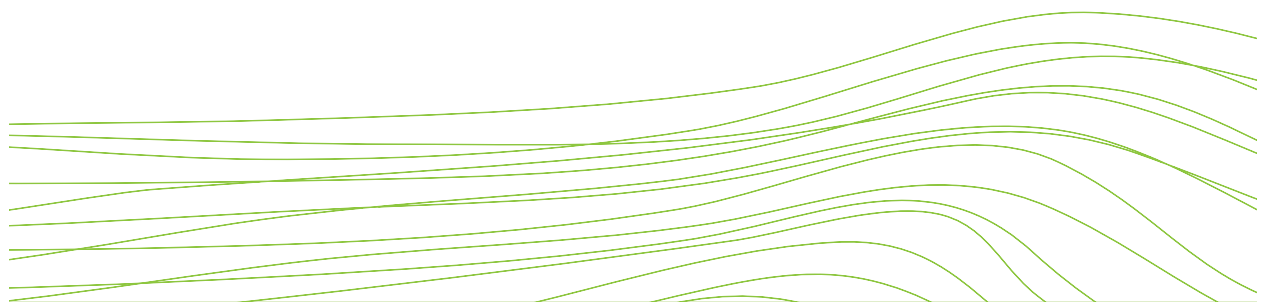
CALIFORNIA: Farm to School Incubator Grant Program

California established its Farm to School Incubator Grant program in the Budget Act of 2020. This competitive grant initiative aims to promote equity, support students' well-being, enhance climate resilience, and foster scalable and sustainable change (CDFA, 2022). To enable a statewide approach to advancing farm to school efforts, it covers four tracks for different stakeholders: K-12 Procurement and Education, Farm to School Partnerships, Farm to Early Care and Education, and Producers. This program received \$8.5 million for 2021, \$30 million for 2022, and \$60 million for 2023.



Visit the [CDFA Office of Farm to Fork California Farm to School Program website](#) for more information.

Allowable nonfood costs: Grantees in the K-12 Procurement and Education and Farm to School Partnerships tracks may use awards as they see fit and are not required to use any grant funds for local food purchasing or education costs. However, grantees must provide educational opportunities for students and purchase and serve local foods in the cafeteria, even if they do not use grant funds to reimburse food costs. Allowable nonfood costs include school kitchen infrastructure and equipment; staff time associated with sourcing and serving local foods; infrastructure, equipment, materials, and supplies for farm to school education; travel; contracting; and other costs, such as stipends for project participants and conference registrations.



Award up to a specific dollar amount:

The Minnesota Farm to School Grant Program

The Minnesota Farm to School Grant Program has been operating since 2013. The program originally provided funding specifically for farm to school-related equipment purchases. In 2021, the competitive grant program expanded to support local food purchases. There are two grant options: the First Bite Grant provides a maximum award of \$5,000 to purchase local foods with no match required, and the Full Tray Grant provides a 1:1 match for local food purchases. The funding range is \$2,500 to \$35,000, and awards are calculated using a formula that multiplies reimbursable breakfast and lunch meals served in a particular month by 10 cents by 12 months. For FY 2023, this program awarded \$3.5 million to grantees, an increase from \$570,000 in FY 2022 due to strategic alignment of funds from the United States Department of Agriculture's Local Food for Schools Cooperative Agreement program (MDA, n.d.).



Visit the [Minnesota Department of Agriculture's Full Tray Grant website](#) to learn more.

Allowable nonfood costs: As part of the grant application, CNPs that apply for the Full Tray Grant program may also apply for an additional award of up to \$25,000 for equipment purchases, which can also cover installation and associated costs. A 1:1 cash match is required for all equipment purchases (MDA, 2023). In previous years, grantees were allowed to use local food purchases as a match for an equipment grant (Bull, 2022b). Donated and in-kind contributions do not count toward this match requirement.

CONCLUSION

Expanded LFPIs offer crucial support for CNP operators seeking to incorporate local foods into their meal programs. The distinction between traditional and expanded incentives is pivotal because expanded LFPIs evolve beyond direct food costs to encompass equipment, staff time, and transportation. This holistic approach simultaneously addresses financial challenges of food costs while acknowledging the broader investments necessary for successful, well-rounded farm to school and school food programs. By covering nonfood costs, expanded LFPIs empower CNPs to source local foods but also to prepare, serve, and educate about them. Various states have implemented expanded LFPIs through different design approaches including allowing a percentage of funds to be spent on nonfood items, mandating minimum amounts spent on nonfood costs, setting no limit on nonfood costs, and providing an award up to a specific dollar amount. These examples highlight the current variations of expanded LFPIs, but they are by no means an exhaustive list of ways to incorporate nonfood costs into LFPIs. With careful and responsive administration of programs and thoughtful allocation of funds, expanded LFPIs have the potential to foster a more comprehensive and sustainable approach to integrating locally sourced ingredients into school environments, creating more appealing and engaging meal programs for students.

LEARN MORE



See [National Farm to School Network's Webpage on Local Food Purchasing Incentives](#) for an up-to-date list of state programs.

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To find more resources on LFPIs, go to foodsystems.msu.edu/local-food-purchasing-incentives and farmtoschool.org/resources. Contact Cassandra Bull at cassandra@farmtoschool.org or Colleen Matts at matts@msu.edu for more information.

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