



April 2022

INSTITUTIONAL PROCUREMENT

EXECUTIVE SUMMARY

THE ISSUE

Colorado institutions (schools, universities, health systems, corrections, defense, childcare, senior care, and public facilities) allocate many millions of taxpayer dollars each year to purchase food. In many cases, these institutions' food purchasing practices are significantly impacted by state rules, regulations, and reporting requirements administered by state agencies.

Several state-level programs exist that allow for local preference in the competitive bid process and provide additional incentives for local procurement. However, examples and impact findings from other state's local procurement policies, incentives, and data collection initiatives indicate more can be done to expand and improve positive impact of public procurement from local food producers.

CURRENT PROCUREMENT POLICY AND PRACTICES

Currently, Colorado law includes five key procurement policies and several state-supported local food incentives. Existing procurement policies allow for procurement preference to Colorado grown, raised or processed products where the "price reasonably exceeds" equivalent lowest price products from out of state.

The Local School Food Purchasing program provides a 5 cent per meal incentive for purchase of agricultural products "grown, raised or processed" in Colorado by public pre-K-12 institutions who are selected for participation in the program. With a total of \$500,000 allocated for these incentives, 16 of the state's 178 school districts currently participate (2021-22 school year).

The Food Pantry Assistance Grant of 2018 leverages state and federal funds to increase the purchasing power of food pantries to buy Colorado products, including produce, proteins, grains and dairy. The Healthy Food Incentive Fund was also enacted in 2018 and provides general fund dollars as incentives

to increase access to fresh Colorado grown fruits and vegetables for lower-income Coloradans.

Finally, the existing Environmentally Preferable Purchasing (e.g., Green Purchasing) law may apply to local and/or sustainable agricultural products, though there is not clear guidance or precedent. Institutions typically have thresholds (e.g. \$10,000, \$25,000) below which a purchase may be exempted from requirements of competitive process.

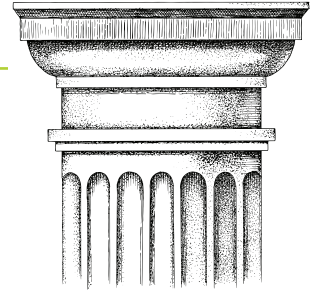
COLORADO'S CURRENT PROCUREMENT DATA

In Colorado, as in most other states, data are not comprehensively available for public agency and institutional purchases. From the 2017 US Agriculture Census: an estimated 492 farms sold \$91,315,000 in local or regionally branded products directly to retail markets, institutions, and food hubs (an average of \$185,600 per participating farm). The 2019 USDA Farm to School Census: Colorado Snapshot highlights that school districts spent an estimated 4% of their total food budgets on locally sourced foods, and 33% of school districts aimed to further increase their local purchasing.

Federal and state procurement policies

Under current rules, schools participating in Federal Child Nutrition Programs must comply with Federal procurement rules which allow a geographic preference option, but schools often struggle to purchase locally produced foods using this option. Under the proposed federal Kids Eat Local Act introduced in 2021, however, schools would be allowed to specify locally grown, raised or caught in their product specification procurement language, and then make the award to the lowest bidder who can meet that specification.

Examples at the state level policy initiatives include the Maryland Food System Resiliency Council,





which is tasked with developing a plan to increase the production and procurement of Maryland certified food. Other states have also established governmental positions or initiatives focused on facilitating institutional procurement of local food.

There is also precedent for public procurement set-asides and scoring preference for small businesses, minority or socially disadvantaged firms, and locally owned enterprises in a number of states and the District of Columbia. Like Colorado, several states also require consideration of environmental impact of agricultural products in bid scoring. More research is needed however, to identify crossover opportunities between food procurement and these environmental procurement policies.

State-based local reimbursement and procurement incentives focus primarily on providing additional reimbursement for local food purchases for K-12 schools, though reimbursement rates and funding levels vary significantly.

IMPACT POTENTIAL OF PROCUREMENT POLICIES

While proponents provide anecdotal reports of a few potential positive impacts on agricultural markets, meal quality, and community health outcomes, data-driven analysis of these programs' impacts remains scarce. For states that have engaged in data tracking and analysis, the initial results are promising. Incentives, clear benchmarks, technical assistance to both local food producers and school staff, dedicated state staff support, and adaptation of procurement procedures to address unnecessary barriers can all support local food producers selling to schools.

RECOMMENDED NEXT STEPS FOR COLORADO

RECOMMENDATION 1: Develop baseline local procurement data and metrics for Colorado

Given the unclear impacts of past procurement policies and the limited available data on current local food procurement practices (or a lack thereof), Colorado state agencies involved in food procurement should first seek options to establish a local food procurement

benchmark enabled by developing shared data definitions and common data collection standards.

RECOMMENDATION 2: Conduct comprehensive review of the impacts of value-based procurement

Overall, evidence is not yet conclusive on the past or potential impacts of local food procurement programs and policy interventions. Additional research and discussion is needed to identify, assess, and prioritize the different values that inform values-based procurement (e.g. environmental impact, nutrition, local economic investment). Through comprehensive and systematic assessment of the true costs and benefits of different food procurement strategies, policy makers and advocates can develop more effective strategies and policies to achieve values-based goals.

RECOMMENDATION 3: Support and fund state pilots with robust measurement and evaluation

Deeper experimentation and applied research on the impacts of local food procurement is warranted. As the state experiments with increasing purchases from Colorado producers, pilots should attempt to explicitly identify the costs and diverse benefits of price percentage preference, incentives, and/or quotas policy changes for Colorado. (See full report for discussion of each procurement evaluation type)

RECOMMENDATION 4: Implement standardized, streamlined, and transparent procurement systems

Colorado's current dominant procurement paradigm of "price reasonably exceeds" is complicated for vendors and leaves significant discretion up to each government purchaser. A key goal should be the overall standardization, simplification, and transparency of local food procurement standards and processes across levels of governments and institutions. Increasing the transparency of opportunities and reducing complexity will lower the barriers to entry and better support the full range of local food producers. Additionally, technical assistance and training for procurement staff, as well as prospective local food vendors, will be imperative for supporting effective policy implementation that yields real and persistent benefits for Colorado.

