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# Advancing Food Systems Issues in Colorado



COLORADO FOOD SYSTEMS  
ADVISORY COUNCIL

## Barriers & Opportunities for Healthy Food Recovery From Grocery Retail to Hunger Relief Organizations

*This issue brief focuses on healthy food recovery in Colorado. It provides an overview of food waste issues within the state, the current and potential role for grocery retailers in decreasing waste and increasing healthy food distribution, and the role of food assistance programs today such as food banks and pantries as well as direct redistribution models, to facilitate the movement of healthy food from retail to food redistribution.*

<b>I. INTRODUCTION</b>	<b>3</b>
INCREASING ATTENTION ON HEALTHY FOOD AVAILABILITY	3
FOOD WASTE TODAY	3
FOCUS ON FRESH FOOD RECOVERY	4
<b>II. ROLE OF HUNGER RELIEF ORGANIZATIONS</b>	<b>5</b>
FOOD INSECURITY IN COLORADO	5
FOOD DISTRIBUTION IN COLORADO: FOOD BANKS & PANTRIES	6
FRESH FOOD DIRECT REDISTRIBUTION	6
<b>III. ROLE OF GROCERY RETAIL</b>	<b>7</b>
CURRENT FOOD DONATION MODELS	7
CORPORATE POLICY & STORE PRACTICE	9
RETAILERS RETHINKING PRODUCE	9
RETAIL TAX INCENTIVES FOR FOOD DONATIONS	10
<b>IV. FOOD DONATIONS &amp; FOOD SAFETY</b>	<b>11</b>
STATE PARTNERS	14
FEDERAL GOVERNMENT	14
<b>V. RECOMMENDATIONS</b>	<b>13</b>
ADDITIONAL RESEARCH AND ASSESSMENT	13
COMMUNITY PARTNERSHIPS	13
PRIVATE SECTOR PARTNERSHIPS	14
STATE PARTNERS	14
FEDERAL GOVERNMENT	14



# I. INTRODUCTION

## INCREASING ATTENTION ON HEALTHY FOOD AVAILABILITY

Across Colorado, food banks and pantries are increasingly working with diverse partners to increase the availability of fresh, healthy foods – from gardeners to farmers to food rescue organizations that redistribute foods directly from grocery retailers to the retailers themselves. Such partnerships are supported by recent policy actions such as Colorado’s Charitable Crop Donation Act (COLO. REV. STAT. § 39-22-536 (2014))<sup>1</sup>, which allows producers to receive a 25% tax credit for the wholesale value of the food that they produce and donate to Colorado food banks and pantries. Grocery retailers have long been primary partners in these efforts and supported by public policy to do so. For over 40 years, by donating “fit and wholesome food” to food banks or food rescue organizations, businesses can claim tax benefits – an IRS provision discussed in more detail below

Such public policies are in support of public will that is being shaped by increasing focus on how our food affects our health. Demand for healthy food items has increased in recent years, across all income levels. While consumption of homegrown and processed fruits and vegetables has decreased in the past 5 years, overall consumption of store-bought *fresh* fruits among all ages and fresh vegetables among children and youth has actually increased across the US continuing a general upward trend in consumption of fresh produce since 1970<sup>2</sup>.

There are still, of course, many barriers to increasing the distribution of healthy foods from retailers specifically to hunger relief organizations. According to a 2014 study commissioned by the Food Waste Alliance (a collaborative of the Grocery Manufacturers Association, the Food Marketing Institute, and the National Restaurant Association), the top barriers for retailers/wholesalers to donating food were, in order from the biggest to the smallest barrier: transportation constraints, liability concerns, regulatory concerns, insufficient storage and refrigeration at food banks, and insufficient storage and refrigeration on site<sup>3</sup>. This issue brief aims to explore a variety of private and public partnership and policy options that might help remove some of these barriers.

## FOOD WASTE TODAY

Likewise, studies have indicated that through consumer campaigns as well as private and public policy shifts, a 20-50% reduction in consumer food waste by 2030 could save an estimated US\$120-300 billion per year<sup>4</sup>.

In the United States, the USDA Economic Research Service (ERS) has found that 31%—or 133 billion pounds—of the 430 billion pounds of the available U.S. food supply at the retail and consumer levels in 2010 went uneaten by humans. The top three food groups for food loss (as measured by share of total value of food loss) are meat, poultry, and fish (30%); vegetables (19%); and dairy products (17%)<sup>5</sup>. The estimated value of this food loss was \$161.6 billion using retail prices. In 2014, ERS estimated the calories associated with food loss were 141 trillion in 2010, or 1,249 calories per capita per day.

As with our food supply, food waste is truly a global issue. Internationally, the cost of food waste exceeds US\$400 billion per year. As the global middle class expands, the cost could rise to US\$600 billion within 15 years.

<sup>1</sup>Charitable Crop Donation Act brochure, available at: <http://www.hungerfreecolorado.org/wp-content/uploads/2014/02/Crop-Donation-Act-Brochure-Feeding-CO-1-15.pdf>

<sup>2</sup>Produce for Better Health Foundation. *State of the Plate: 8671 Study on America’s Consumption of Fruits & Vegetables*, available at: [http://pbhfoundation.org/pdfs/about/res/pbh\\_res/State\\_of\\_the\\_Plate\\_2015\\_WEB\\_Bookmarked.pdf](http://pbhfoundation.org/pdfs/about/res/pbh_res/State_of_the_Plate_2015_WEB_Bookmarked.pdf)

<sup>3</sup>Food Waste Reduction Alliance. *Analysis of U.S. Food Waste Among Food Manufacturers, Retailers, and Wholesalers*, available at: [http://www.foodwastealliance.org/wp-content/uploads/2014/11/FWRA\\_BSR\\_Tier3\\_FINAL.pdf](http://www.foodwastealliance.org/wp-content/uploads/2014/11/FWRA_BSR_Tier3_FINAL.pdf)

<sup>4</sup>WRAP UK. *Strategies to achieve economic and environmental gains by reducing food waste*, available here: [http://newclimateeconomy.report/wp-content/uploads/2015/02/WRAP-NCE\\_Economic-environmental-gains-food-waste.pdf](http://newclimateeconomy.report/wp-content/uploads/2015/02/WRAP-NCE_Economic-environmental-gains-food-waste.pdf)

<sup>5</sup>Coleman-Jensen, A., Gregory, C., Singh, A. (2014). *Household Food Security in the United States in 2013*. Retrieved from <http://www.ers.usda.gov/publications/err-economic-research-report/err173.aspx>

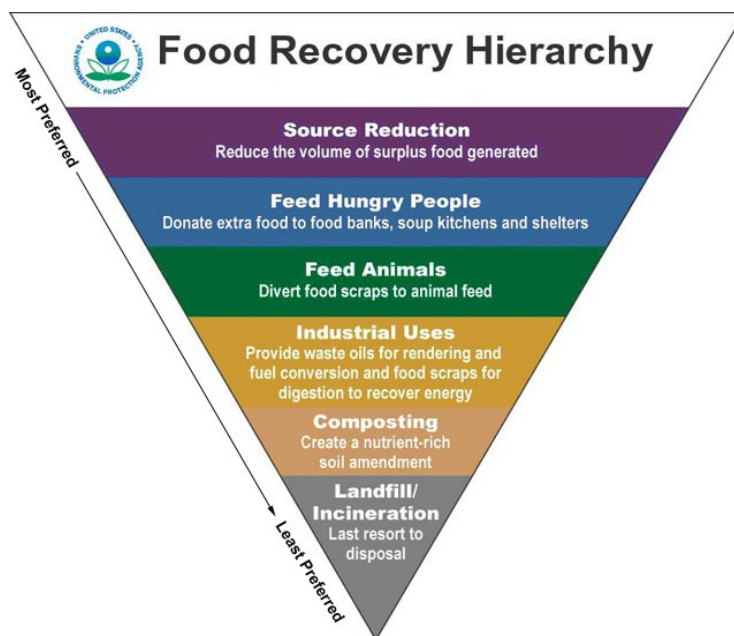
<sup>6</sup>Northern Colorado Regional Food System Assessment (2015). Retrieved from <http://www.larimer.org/foodassessment/>



As Figure 1 demonstrates, critical and early intervention must focus on waste reduction to truly address this global issue. Many organizations are working closely with industry partners to lower food waste within all stages of the food system – on the field, during processing, and at the retail level. As a sign of action at the federal level, the USDA and the U.S. Environmental Protection Agency (EPA) launched the U.S. Food Waste Challenge in 2012, with the goal of reducing food waste by engaging 400 businesses, schools, and/or organizations to join the challenge. The USDA also committed to urging their 33 agencies and offices to help reduce food waste through policy, partnerships, and research.

The European Union declared 2014 to be the “Year Against Food Waste” and this has spurred much private and public action. For an extensive review of public and private strategies to reduce food waste, see the 2015 publication from WRAP, a British organization focused on sustainable resource use, “Strategies to Achieve Economic and Environmental Gains by reducing Food Waste”<sup>6</sup>. Also see guidance from the US Environmental Protection Agency, “Don’t Throw Away That Food: Strategies for Record-Setting Waste Reduction”<sup>7</sup>. The Food Waste Reduction Alliance also recently published a “Best Practices & Emerging Solutions Toolkit” developed for food retailers<sup>8</sup>.

Figure 1: Food Recovery Hierarchy



## FOCUS ON FRESH FOOD RECOVERY

Given the charge of the COFSAC to identify and advance untapped opportunities to increase access to healthy foods, the focus of these issue briefs is on the how to redistribute potentially wasted foods to feed hungry people (see Figure 1). Specifically, this issue brief focuses narrowly on the opportunities for the recovery of *fresh fruits and vegetables* – not just any food that might be wasted.

Although there has been great – and increasing – consumer support for Colorado’s fruit and vegetable producers, sometimes supply and demand are not perfectly aligned, and at some point from the field to fork nearly one-third of all fruits and vegetables are lost in this country. Therefore, as one means to increase access to fresh foods for all Coloradans, the COFSAC suggests focusing on ways to redistribute fresh produce that would otherwise be lost at the retail level.

Fresh produce redistribution is one of many efforts to decrease food waste, enhance access to healthy food options for those who lack it, and increase overall consumer consumption of healthy foods. Other efforts worth noting include increasing the participation of “Eligible But Not Enrolled” consumers in the Supplemental Nutrition Assistance Program (SNAP), registering more retailers to accept SNAP and Women, Infant and Children (WIC) vouchers, shopping and cooking nutrition education, and incentivizing food banks and food pantries to provide and promote more fresh, healthy food items.

<sup>5</sup>USDA Economic Research Service. *The Estimated Amount, Value, and Calories of Postharvest Food Losses at the Retail and Consumer Levels in the United States*, available at: <http://www.ers.usda.gov/publications/eib-economic-information-bulletin/eib121/report-summary.aspx>

<sup>6</sup>WRAP UK. *Strategies to achieve economic and environmental gains by reducing food waste*, available at: [http://newclimateeconomy.report/wp-content/uploads/2015/02/WRAP-NCE\\_Economic-environmental-gains-food-waste.pdf](http://newclimateeconomy.report/wp-content/uploads/2015/02/WRAP-NCE_Economic-environmental-gains-food-waste.pdf)

<sup>7</sup>US Environmental Protection Agency. *Don’t Throw Away That Food: Strategies for Record-Setting Waste Reduction*, available at: [www.epa.gov/waste/conserve/pubs/index.htm](http://www.epa.gov/waste/conserve/pubs/index.htm)

<sup>8</sup>Food Waste Reduction Alliance. *Best Practices & Emerging Solutions Toolkit*, available at: [http://www.foodwastealliance.org/wp-content/uploads/2014/09/Best-Practices-Toolkit-FINAL-5-1-14\\_rev091714.pdf](http://www.foodwastealliance.org/wp-content/uploads/2014/09/Best-Practices-Toolkit-FINAL-5-1-14_rev091714.pdf)



## II. ROLE OF HUNGER RELIEF ORGANIZATIONS

### FOOD INSECURITY IN COLORADO

Community or non-profit hunger relief organizations – including food banks, food pantries, soup kitchens, and congregate meal sites – provide critical access to food for residents that experience temporary to chronic food insecurity. Feeding America<sup>10</sup> estimated that in 2012, 36% of Colorado's food insecure population had incomes above 185% of the federal poverty level – making them ineligible for federal food programs such as SNAP or school meals, and reliant on community-based hunger relief organizations to fill in critical gaps in access<sup>11</sup>.

Food insecurity is a real and pressing problem for too many Coloradans. In 2013, nearly 1 in 7 experienced times when there was not enough money to buy food for their families or themselves<sup>9</sup>.

Statistics show that thousands of people rely on some form community food assistance each year in Colorado. Hunger Free Colorado's Hunger Free Hotline lists 358 food pantries, and they are aware that there are others not on the list. The Hotline receives approximately 5,000 calls a year from people looking for a referral to a food source, such as food pantries, soup kitchens, meals on wheels, and more.

While we may wish the need for such assistance did not exist, community-based hunger relief organizations have significant reach in Colorado and play a crucial role in providing healthy food access to those in need. Even though we see dramatic losses of fruits and vegetables as mentioned above, donations of fresh produce still only make up a small fraction of donations that go directly to food pantries or to larger food banks. The state of Colorado has a timely opportunity to help redirect this food toward hunger relief organizations and away from the landfill.

### FOOD DISTRIBUTION IN COLORADO: FOOD BANKS & PANTRIES

Feeding America food banks utilize a near uniform model in distribution of their foodstuffs. Each food bank has a central warehouse in which they sort, store and process food donations. The food banks send out a fleet of refrigerated freight trucks to recover food from grocery stores, distributors, corporations, and farms. Each food bank also purchases a great deal of staple items, and also receives Federal Commodities provided by the USDA. With all of these food sources, the food banks sort and store all of the food in the central warehouse and later ship out orders to nearby, community-based hunger relief organizations, such as food pantries, older adult meal sites, and faith-based programs.

According to Food Bank of the Rockies' 2014 Annual Report, the food bank (the largest in the state) distributed 53,209,765 pounds of food. The Food Bank alone served 885 hunger relief organizations across the state. Distributed food came from the following sources:

- Food & Grocery Industry (54%)
- USDA Commodity Foods (21%)
- Feeding America (13%)
- Purchased foods (10%)
- Food Drives (2%)



<sup>9</sup>US Department of Agriculture. *Household Food Security in the United States in 8679*, available at: <http://www.ers.usda.gov/publications/err-economic-research-report/err173.aspx>

<sup>10</sup>Feeding America is a nationwide network of member food banks. There are five member food banks in Colorado: Food Bank of the Rockies (serving Metro Denver and Western Colorado), Food Bank for Larimer County, Care and Share Food Bank (serving southern Colorado), Weld Food Bank, and Community Food Share (serving Boulder and Broomfield Counties). See [www.feedingcolorado.org](http://www.feedingcolorado.org) for more information.

<sup>11</sup>Feeding America. *Map the Meal Gap 2012*, available at: <http://map.feedingamerica.org/>





## FOOD PANTRIES: WHAT HAPPENS NEXT

Hunger Free Colorado is working with food pantries across the state and collecting information about what is received –and thrown away – at the pantry level. Many pantries report that some fresh produce donations are not edible by the time the pantry receives them, and it is up to pantries to sort and toss what they cannot give to people. Food banks and other donors, however, can and do still count these as donated pounds. Many food pantries are requesting more fresh produce and feel they could be distributing more.

## III. ROLE OF GROCERY RETAIL

### CURRENT FOOD DONATION MODELS

Industry partnerships will be key in helping to reduce food waste and in directing still-edible healthy foods to hunger relief organizations. In 2012, the Natural Resource Defense Council reported that nearly 12% of grocery retailers' stock of fruits and vegetables are lost, compared to 4% of their stocks of grains, and 2% of meats.

Despite those dire numbers, we know that food waste at the grocery level only makes up a fraction of all food wasted – estimated at just 0.010 pounds per dollar of company revenue, compared to 0.033 pounds per dollar for restaurant sectors and 0.053 pounds per dollar for manufacturing respondents<sup>12</sup>. The COFSAC has elected to focus this brief on grocery retail, however, because of the many public and private policy opportunities to build on current momentum, and on the potential to redirect even more healthy foods to hunger relief organizations.

Retailers have certainly established a precedent for food donations already. The Food Waste Alliance 2014 report also found that retailers and wholesalers survey respondents generated 1.4 billion pounds of food waste, with 42.4% donated or recycled. Food donations made up 23.3% of this diverted food (much of the rest going to compost or animal feed).

Clearly, retailers of all sizes continue to make great efforts to reduce waste at the store level, but we wonder if more can be done to direct more healthy foods away from landfills. Although there are a variety of benefits for expanding donation programs, the key economic benefits for retailers might include:

1. **Lower Disposal Costs:** By decreasing the amount of food wasted, businesses pay less to dispose of their trash. Some haulers charge less if the food waste is separated from the trash and sent for composting rather than landfilling. However, composting can cost much more than trash to haul while donation is free. For stores that compost, the incentives to donate can be even larger.

For more information, see the USDA's sites on recovery and donations:

[www.usda.gov/oce/foodwaste/resources/donations.htm](http://www.usda.gov/oce/foodwaste/resources/donations.htm) or US EPA's site, "Feed Families, Not Landfills": [www.epa.gov/waste/conserve/foodwaste/fd-donate.htm](http://www.epa.gov/waste/conserve/foodwaste/fd-donate.htm)

### CASE STUDY: DIRECT FOOD REDISTRIBUTION

Boulder Food Rescue (BFR) works with several large retailers as well as multiple smaller grocers and bakeries to redistribute food throughout Boulder. Retailers typically sort food into four categories: non-perishables, meats, dairies, and produce. Their distribution model is based on volunteer bicyclists that pick up food set aside by store employees and directly deliver it to recipient sites. BFR sets up relationships with stores so that produce is set aside in coolers before being loaded onto bike trailers.

The redistributed food serves food pantries, night shelters, low-income housing sites, pre-schools, daycares, and elderly homes. This process is done about 10 times a day, every day of the week and moves nearly 30,000 pounds of predominantly fresh, healthy food per month. The BFR model works in parallel with the region's food bank, Community Food Share (CFS), by rescuing perishable food items that CFS perhaps could not collect and distribute in time before the food is inedible.

BOULDER  
  
RESCUE

<sup>12</sup>Food Waste Reduction Alliance. *Analysis of U.S. Food Waste Among Food Manufacturers, Retailers, and Wholesalers*, available at: [http://www.foodwastealliance.org/wp-content/uploads/2014/11/FWRA\\_BSR\\_Tier3\\_FINAL.pdf](http://www.foodwastealliance.org/wp-content/uploads/2014/11/FWRA_BSR_Tier3_FINAL.pdf)



2. Receive Tax Benefits by Donating Food: By donating “fit and wholesome food” to food banks or food rescue organizations, businesses can claim tax benefits as well as feed those in need. Elements of our current IRS code section 170 (e) (3) provision “Federal Enhanced Tax Deduction for Food Donations” include:

- **Standard Tax Deduction:** Any businesses that donate inventory may claim a tax deduction in the amount of the property’s basis, which is usually its cost to the business and is often lower than the fair market value of the property.
- **Enhanced Tax Deduction:** The enhanced deduction allows for the donating business to deduct more than the basis value of donated food. The donating business may deduct the lesser of (a) twice the basis of the donated food or (b) the basis of the donated food plus one-half of the food’s expected profit margin, had it been sold at its fair market value.
  - A donating business’ total annual deductions cannot exceed 10% of the business’ taxable income for the year.
  - The Good Samaritan Food Donation Act (42 U.S.C. § 1791(b)(2)) protects those who donate food in good faith from liability.

Most grocery retailers at some point every day or every week throw out or compost fresh, healthy foods – often fruits and vegetables that may be damaged or blemished but are still edible.

## CORPORATE POLICY & STORE PRACTICE

It is important to understand the key drivers of how produce is handled and ultimately, whether oversight to trigger more donations at the store level makes economic sense for retailers. According to one Colorado food industry leader, “There is a key moment when usable food becomes food waste. It takes place in the back room of the restaurant, cafeteria and retail store.” Often, the ultimate decision maker may be an entry-level employee tasked with triage...what gets used or sold, what gets thrown away, and what gets donated. In the retail setting, the clock is always ticking on perishable food.

For produce, ideally items are received early in the morning and last only through the day. A store wants to have just enough of every produce item to be able to restock all day and open the store the following day, then with another delivery, start the process over again. Within this cycle, a great deal of culling takes place such as removing outer leaves of lettuce, trimming ends, pulling bruised, wilted and battered pieces, etc. “Shrink” is the term for the loss of produce from spoilage, damage, theft, and overstocking during this process.

Grocery stores rely on having excess produce on the shelves because a fresh, packed, abundant display attracts customers. There is, thus, a moment every day when store personnel must decide if a piece of unsold produce should stay on display for one more day in the hopes of selling or be discarded. Food rescue and direct redistribution models can be very effective at partnering with stores that face these decisions and select produce to be discarded daily.

As discussed above, there are federal tax incentives for retailers to donate excess foods, including produce, but to what extent this deduction is optimized in Colorado is unknown. What is also unclear is if such a deduction is enough motivation to change daily store-level decisions. Many large, well-known grocers have long-standing partnerships with Feeding America or other food rescue partners, but much is still not known about how corporate policies affect in-store decisions, how much fresh produce is being donated, and how partnerships with Feeding America help or hinder additional partnerships with direct redistribution models.

<sup>13</sup>Personal Communication, Alan Lewis, Government Affairs, Natural Grocers by Vitamin Cottage



A pilot study in Boulder, Colorado found that food rescue relies on participating grocery stores and the staff-specific participation in the recovery process. This study found that donor implementation of food recovery programs varied significantly at the employee level, despite organizational policies supporting food recovery. This variation was explained, in part, by employee-level knowledge, attitudes, and beliefs about food recovery (Davis, 2014). This indicates the need for consistent implementation of corporate policy at the store level and perhaps staff performance metrics that include consistent implementation of donation policies.

## RETAILERS RETHINKING PRODUCE



These are some examples of creative ways that grocers and others have used to make a difference in food waste. Some local independent grocers in rural areas of Colorado have said that, for the most part, they do not have a high level of shrink in their produce, and that they have little that goes totally to waste. Most have local food banks or church kitchens that come on a regular basis to pick up items that are edible. Local farmers pick up further distressed items for use as animal feed.



## RETAIL TAX INCENTIVES FOR FOOD DONATIONS

Given the breadth of the federal tax deduction, “fit and wholesome foods” can include anything still edible including donuts, sugar-sweetened beverages, and other unhealthy foods. Seven states have developed their own, additional tax incentives for food donation, one being Colorado’s Charitable Crop Donation Act.

Of the seven, five provide additional incentives for farmers and ranchers to donate their product to area food banks (similar to Colorado’s), one provides an incentive specifically for restaurants, and one provides an additional tax incentive for any taxpayer (yet it is limited enough to likely not alter any corporate behavior). The impact of such incentives warrants further research, and also indicates an opportunity to expand state action beyond agriculture to food retailers as well.

There is potential for state tax incentives or an amended federal tax deduction to incentivize additional donation of fresh, healthy foods, or even to amend the definition of “fit and wholesome foods”. The structure of such an incentive requires further research, including:

- Financial significance for corporations. The incentive would need to be significant enough to make it worthwhile for store-level practice to change.
- Inadvertent effects on food pantries. If such incentives do increase fresh food donations, local food pantries may not have the capacity to receive, store, and handle such fresh produce.
- Liability concerns and the ability of such incentives to overcome the simple but real barrier of bad publicity. Even if donations are incentivized and liability is clear, some corporations continue to be cautious about redistributing fresh produce.

For grocery retailers, the value of produce can generally be thought of in these terms:

Value of slightly distressed produce = the price of what sells (-) minus the cost of what does not sell (-) minus the time and effort to continue culling and handling the unsaleable items.

In order to be effective therefore, any additional tax incentive would have to add more value in this way:

Value of slightly distressed produce = the tax benefit from donating it while still usable (-) minus the cost of labor to continuously cull marginal produce (+) plus the increased sales from maintaining only fresh, new stock.

In other words, it should be more cost efficient to gather up and donate usable produce than to try to sell part of it and pay to discard the rest. A simple tax deduction may not be powerful enough to change the “math” for store managers, or the produce department managers who report to them. Other incentives that could help address this include an earned credit toward some payroll costs that could be more effective than a simple deduction from income.

Any new tax incentive policy would need to help put in place a new value equation at the store level that effectively changes the profit and loss statement so that management will embrace the change. There is some chance that, with no improvement to the store’s profit and loss, there could be a marked increase in food donations, but only if corporate leadership uses their “levers” to endorse the change from a social responsibility perspective - and then incentivizes these donations through performance criteria applied to stores used in internal evaluation.





## IV. FOOD DONATIONS & FOOD SAFETY

Donation of healthy foods poses several unique challenges when compared to strategies that work for canned and dry foods. Issues with perishable food distribution are largely framed around foodborne illness concerns. The Food Donation Connection has worked with food service companies in the United States, Canada, and the United Kingdom for over two decades to find alternative solutions to discarding surplus food through food donations to nearly 8,000 hunger relief organizations. Although there are many difficulties with the logistics of healthy food donations, many of these concerns are rooted in misconception and can be dealt with by considering a number of innovative solutions. Additionally, food banks receiving healthy food donations must consider best practices to handle these items that are close to being spoiled or storable without processing upon arrival.

“In 22 years and with over 360 million pounds of food donations coordinated, the Food Donation Connection has never had a food borne illness attributable to a food donation.” - Jim Larson, Program Development Director, Food Donation Connection, 2014 .

Food handling and food safety will continue to be critical concerns. Any action to expand healthy food recovery in Colorado must be based in a solid understanding of the food safety and food handling issues that relate to both retailers and community food distribution partners. Some of the most pertinent food safety guidelines concerning food recovery and redistribution are outlined below.

### *Bill Emerson Good Samaritan Food Donation Act*

- The bill states that the following are exempt from liability from damages from donated food or grocery products. Exemptions would arise in instances of gross negligence or intentional misconduct, and the act does not supersede state or local health regulations.
  - ◇ A person or gleaner shall not be subject to civil or criminal liability arising from the nature, age, packaging, or condition of apparently wholesome food or an apparently fit grocery product that the person or gleaner donates in good faith to a nonprofit organization for ultimate distribution to needy individuals.
  - ◇ A nonprofit organization shall not be subject to civil or criminal liability arising from the nature, age, packaging, or condition of apparently wholesome food or an apparently fit grocery product that the nonprofit organization received as a donation in good faith from a person or gleaner for ultimate distribution to needy individuals.

### *Fair Packaging and Labeling Act*

- The regulations in this act establish requirements for labeling of consumer commodities as hereinafter defined with respect to identity of the commodity; the name and place of business of the manufacturer, packer, or distributor; the net quantity of contents; and net quantity of servings, uses, or applications represented to be present.
- Food Losses: All produce needs unique identification and cannot be taken out of original packaging if that packaging was the only unique source of identification.
- All food banks affiliated with Feeding America are unable to accept most foods unless there is unique identification. Produce is an exception, and can be redistributed regardless of a unique identification, as long as it is not damaged in any way.
- The direct redistribution model is able to bypass these regulations because there is no warehouse for sorting, storing, and processing. Direct redistribution organizations are again exempt from city and state regulations because they are not a food redistribution facility. Secondly, direct redistribution organizations (such as Boulder Food Rescue) deal almost exclusively with uncut produce (a USDA nonhazardous food type), and as such they are excluded from licensing from the city and state with respect to Food Safety inspections.



## *Guide to Minimizing Microbial Food Safety Hazards for Fresh Produce*

- **Traceback:** USDA best practices ask that all food redistribution organizations be able to track individual items one step back and one step forward. Meaning that for each unique item, a food redistribution organization must know its origin and what organization ultimately receives it.
- **Food Losses:** All individual produce needs unique identification and cannot be taken out of original packaging if that packaging was the only unique source of identification.
- **Direct redistribution** does not require unique identification for traceback simply because it does not commingle food between donors or partner organizations. Direct redistribution takes food from one step back (grocery store) to one step forward (partner organization) without risk of contamination from other stores. As such, direct redistribution organizations can accept any piece of fruit without a sticker, or a bag of vegetables or fruits that is opened or repackaged.

## **V. RECOMMENDATIONS**

### **Additional Research and Assessment**

- State organizations could work with national partners to further assess and document the reach and impact of the seven existing state-level tax incentives, that have thus far focused primarily on incentivizing donations from local farmers or ranchers. This could include putting metrics in place to evaluate the outcomes of the Colorado's Charitable Crop Donation Act for farmers, food banks, food pantries, and clients.
- State partners could work with Colorado food industries to assess which grocery retailers have or are taking advantage of the federal tax deduction for food donations, to what extent they use it, and for what types of products. This analysis would help inform what next steps the state could take to promote, evaluate or enhance such a deduction.
- State partners could work with Colorado food industries to assess what does, or could, further incentivize store-level practice. This analysis could focus on what corporate and store level policies could be amended to support implementation of more healthy food recovery. Interviews could be conducted with retailers of all sizes.
- State partners such as food banks and other hunger relief organizations could develop baseline information on food pantry activity and capacity to receive, handle, and store fresh produce. Analysis could include how much fresh produce is being distributed through community food assistance programs, what shelf space, storage and refrigerated space is needed to provide more produce, and what are the primary challenges to increasing produce distribution through food assistance programs.
- Students could work with food banks and food pantries to conduct a national scan of best practices and innovations that could link private industries with local food pantries in need of low-cost storage and equipment to be able to handle more fresh produce.

### **Community Partnerships**

- Local coalitions such as food policy councils or LiveWell communities can help develop community-based food rescue or recovery efforts. Boulder Food Rescue has established guidance documents and a peer-mentoring network to support such expansion, where it works well in tandem with the food bank model.



- Coalitions or advocacy groups can work with food retail partners at the local level to develop “imperfect” produce campaigns.
- Coalitions and advocacy organizations can work with area food pantries to access funding, increase storage and food handling abilities, and establish stronger nutrition standards.

## Private Sector Partnerships

- State and regional federal agencies could initiate pilot projects with grocery retailers to test and evaluate potential new incentives for healthy food recovery and redistribution.
- Industry partners could initiate pilots and evaluation work around “imperfect” produce campaigns.
- Industry and non-profit partners could collaborate to develop, pilot, and evaluate alternative measurements of food donations to hunger relief organizations that would focus on nutritional value of food category instead or call out pounds of just produce that is donated.

## State Partners

- Public health, food retail, and agriculture organizations could offer workshops to explain existing transportation and distribution networks (who already trucks what products where?) and existing food donation tax incentives to individuals and non-profits.
- State advocates could work with the legislature, public programs such as USDA Rural Development, and private funders to enhance grant programs for equipment at food pantries.
- State and local organizations could work with the legislature to enhance the 2014 Charitable Crop Donation Act to expand the donation tax credit to grocery retailers in addition to farmers.
- State and local organizations could work with the legislature to identify tax incentives for grocery retailers who implement waste reduction campaigns that benefit consumers, rather than directing more waste to compost or animal feed.

## Federal Government

- The federal government could amend the Enhanced Federal Tax Deduction for Donations of Food in the following ways:
  - ◊ To further incentivize the donation of more healthy foods, not simply edible foods.
  - ◊ To allow for enhanced deductions for all taxpayers, not just C corporations.
  - ◊ To include donations sold at cost-value.
- The federal government could work with Feeding America and industry partners to develop, pilot, and evaluate alternative measurements of food donations to hunger relief organizations that would focus on nutritional value or food category instead of pounds.



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- Bob Boswell, Food Procurement and Transportation Manager, Weld Food Bank
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- Alan Lewis, Director of Special Projects, Natural Grocers
- Emily Broad Lieb, Director, Food Law and Policy Clinic, Harvard Law School
- Hana Dansky, Executive Director, Boulder Food Rescue

*In order to advance recommendations that “strengthen healthy food access for all Coloradans through Colorado agriculture and local food systems and economies”, the Colorado Food Systems Advisory Council (COFSAC) recommends that the State of Colorado, along with state and local partner organizations, assess and pursue opportunities to enhance and incentivize efforts to directly redistribute fresh, healthy food items from grocery retailers to hunger relief organizations when there are excess items.*

*The COFSAC charge is to advance recommendations that strengthen healthy food access for all Coloradans through Colorado agriculture and local food systems and economies.*

*For more information see [www.cofoodsystemcouncil.org](http://www.cofoodsystemcouncil.org).*

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