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February 1, 2010

Senator Thomas Duane
Chairman, New York State Senate Standing Committee on Health
322 Eighth Avenue, Suite 1700
New York, NY 10001

[sent via e-mail]

Subject: Karp Resources' written testimony on Food Policy in New York State

Karp Resources has provided food and agriculture consulting services and project management to private businesses, governments, and non-profit organizations for nearly 20 years. The company began as a restaurant and specialty retail business consulting firm. However, for more than 15 years we have also supported anti-hunger organizations to identify new and sustainable sources of increasingly more healthful foods, including locally grown fresh produce, for their clients. Over the last eight years we have built a significant practice area in testing the feasibility of, establishing new market connections for, and working as a "public interest broker" to secure wholesale supplies of regionally grown and produced foods for commercial and institutional wholesale buyers such as NYC Schools, NYC Metropolitan area retailers, and broadline distribution companies.

Our detailed quantification and analysis of the region's current agriculture production and capacity, along with the wholesale demand for local food, has led to the formal incorporation of a new wholesale farmers' market into the Hunts Point Produce Terminal rebuild plans. Additionally, we have designed and implemented mixed-method evaluations of a number of food and nutrition programs aimed to increase preparation, consumption, and enjoyment of healthy foods among multi-stakeholder participants in a range of public and non-profit sector programs such as such as NYC Schoolfood, Children's Aid Society, and public housing organizations.

Karp Resources is currently contracted by the Mayor's Fund to Advance New York City to provide all operational support services for the NYC Green Cart program, where 1,000 new street vending permits were created by special legislation so that entrepreneurs can sell fresh fruits and vegetables in NYC neighborhoods with the highest rates of diet-related diseases and fewest retail outlets selling fresh foods.

Some highlights of our recent work include:

- In 2004 Karp Resources calculated that \$12,141,000, or 10 percent, of NYC Department of Education's annual food purchases could be substituted with products grown and produced in the region. We've brokered \$5 million in deals for local foods and in 3 years we facilitated purchases of 914,000 lbs of ripe local peaches, replacing fruit previously transported from Georgia and California.





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- In a 2004 Wholesale Farmers Market Study, Karp Resources identified nearly \$1 billion of unmet demand for local foods among New York City's restaurants, retailers, institutions, and foodservice distributors. Our study led to the allocation of \$45 million in state funds to build the farmers' market, which will be integrated into the city's Hunts Point Produce Terminal rebuild plan.
- Karp Resources has developed and delivered "Sustainability 101" training sessions to corporations including US Foodservice, Unilever Food Solutions, and Sam's Club.

Our unique range of expertise and cross-sector industry relationships gives Karp Resources a perspective at the intersection of the large-scale food industry, small food businesses, nutrition and education programs, government agencies, policy makers, and consumers.

We commend the Health Committee on addressing obesity and diet-related illnesses and working to raise awareness about the importance of a healthy diet and the link between diet and obesity.

In this brief statement, we will primarily address two of the questions put forward by the Health Committee:

1. What has been the experience of localities that have implemented their own food policies?
2. What are the non-health implications of these policies (calorie labeling, a trans fat ban, and a sugar beverage tax)?

What has been the experience of localities that have implemented their own food policies?

The prevalence of dining out and eating pre-prepared foods, lack of nutrition education and information, and general trust in food companies has disconnected consumers from an understanding of the ingredients, and related health impacts, of their food. This gap has, in part, contributed to over-consumption of unhealthy foods that contribute to diet-related illnesses. Mandating calorie labeling ensures that consumers have access to nutritional information with which to make informed personal dietary choices. Trans fat bans highlight these fats as less healthy ingredients and, if implemented collaboratively with the food industry, lead to healthier choices for consumers without significantly changing the availability or flavor of the foods they choose.

These two policies, as well as a sugar beverage tax, are intended to increase healthy food choices and consumption. We wish to highlight existing policies and programs that serve the same end—making it easier for consumers to choose foods that contribute to good health (and healthy economies in many cases) but use methods that endeavor to engage food businesses to *add* fresh health food choices to retail and institutional food outlets as well as neighborhoods without sufficient access to healthy foods.





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In addition to addressing health concerns, food policies can generate new business opportunities for small and large businesses in all sectors of the food industry and create space for the development of “culinary destinations” like the Finger Lakes grape growing region in New York State or Union Square Greenmarket in New York City. Further, there is a growing trend toward systemic food policy development nation-wide, evidenced by state, county and municipal food policy councils and, in New York City, the Food Policy Coordinator position. New York State lawmakers have the potential to create policy that not only benefits state residents, but also serves as a model for other states and municipalities the way that New York City has laid the foundation for calorie labeling and trans fat bans across the country.

In addition to the NYC Green Cart program described above, projects like the FRESH Initiative, which employs tax incentives and zoning variances to attract new supermarkets to underserved urban communities, are effective ways of using policy to generate economic development, jobs, and community revitalization in addition to supporting access to fresh healthy foods.

Perhaps the greatest economic impact—with additional health and environmental benefits—that can be derived from food policy is the reorganization of procurement policy within government and institutional sectors. Too frequently the dominant factor for public sector food purchases is “lowest price.” While it is important that public institutions purchase food at reasonable prices—it would be unfair for tax dollars to subsidize over-priced foods—lowest price as a singular criterion will rarely lead to the best choices for the health of individuals or the livelihood of food producers.

Consider the food procurement strategy for public schools in the city of Rome, which serve 190,000 meals per day. When evaluating bids from food distributors, price is weighted most heavily and accounts for 49 percent of the evaluation criteria. However, in order to win the contract to provide food to students in Rome, companies must also demonstrate that they can provide foods that are processed with minimal additives and preservatives and no artificial flavors or colors, organic, grown or produced regionally, and culturally relevant; and that they can offer training and facility or equipment improvements and innovations. A full range of food qualities presented for consideration in public procurement will guarantee a greater range of business opportunities and diversity of scale of vendors and, it can be argued, better and more healthful food.

What are the non-health implications of calorie labeling, a trans fat ban, and a sugar beverage tax?

It is not within the scope of our expertise to hypothesize how these potential policies will impact food choices and the prevalence of diet-related illnesses. However, we can be sure that the business implications of the proposed policies have the potential to, at least at first, put the food industry on the defensive.

As the Committee is sure to hear directly from the effected industries, there is no need for us to detail business arguments against the proposed policies here. From our experience working closely with food





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producers, processors, distributors, wholesalers, retailers, and entrepreneurs during this time of heightened consumer and government awareness of local procurement and traceability, the importance of fresh healthy foods, and the increased prevalence of diet-related illness, we know that companies will want to sell healthier foods if they can do so profitably. However, in order to take the next step, these companies need to understand the market demand (some are not convinced) and have confidence that the policies or incentives (or rearrangement of current policies or incentives) will be there to support changes in the industry.

The current incarnation of the food industry, or “Big Food”, was created when government incentives created paths for profit. Food companies innovated with those resources—processing abundant corn into low cost high fructose corn syrup for example. In this case, it was national policies that contributed to re-shaping the food industry. We do not advocate for government control over food innovations. However, we do believe that government should work collaboratively with food businesses to develop and implement policies that correct prior incentives that fuelled cheap production of unhealthy foods and lowest cost procurement and encourage production and consumption of healthy foods.

While we understand that the health of New Yorkers is the primary concern of the Committee, we encourage you to consider banning trans fats, labeling calories, and taxing sugar beverages as pieces of the food policy puzzle, alongside other initiatives to improve health and nutrition like developing, promoting, and instituting less processed foods; procuring foods that meet a range of specifications; creating economic opportunities; diversifying suppliers (and therefore products); and creating jobs (in agriculture, local processing, food preparation, food education).

Please contact the undersigned with any questions.

Respectfully submitted,

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