

UK Dining Sourcing Report

Fiscal Year 2020

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SUMMARY

This report contains the fifth annual assessment of the local food procurement efforts of UK Dining (Aramark) and covers the 2020 fiscal year (July 1, 2019 to June 30, 2020). The onset of the COVID-19 pandemic caused monumental and unexpected disruptions to campus operations, and dining was no exception. Campus operations shut down in late March and did not resume until the next fiscal year. Despite the historic upheaval, UK Dining once again exceeded their Kentucky Farm and Food Business Impact (KYFFBI) benchmarks.

For FY20 UK Dining's expenditures with Kentucky farms and food-based businesses totaled \$3,689,738, which is 193% of the required minimum. Sub-contracts with locally-owned restaurants providing food service within residential dining comprise the majority of that spending at \$2,630,475. Purchases of food items from Kentucky business and Kentucky-located processors totaled \$293,024, with the majority of those (\$214,605) coming from food businesses owned and operated by Kentuckians.

Farm-impact purchases, those items with ingredients sourced from Kentucky farms, totaled \$766,240, which is 107% of the annual purchasing requirement for that Key Performance Indicator (KPI). Farm-impact spending was down significantly from last year's total of \$1,327,922. The expansion of the local restaurant sub-contractor program was the major contributor to the reduction in farm-impact purchasing. Several new local restaurants were added to both the rotating and permanent rosters, and UK Dining (Aramark) is working with these businesses to increase and track their farm-impact purchasing.

It should be emphasized that these purchases were completed by the end of March of FY20, and operations were closed for a significant portion of the spring semester due to the onset of the COVID-19 pandemic. Despite the early cessation of dining operations and a 10% overall reduction in food expenditures, UK Dining (Aramark) once again exceeded the local procurement KPIs as set forth by the contract.

INTRODUCTION

This publication is the sixth annual report assessing the local food procurement efforts at the University of Kentucky by Aramark, the private dining service provider that operates UK Dining. In keeping with the institution’s land-grant mission, the goal of the University of Kentucky’s local food purchasing and broader farm-to-campus initiatives is to use our campus as a living laboratory and support the growth of the local farm and food economies of our Commonwealth. The Food Connection, a local food systems center located at the heart of campus, supports this effort by conducting an annual assessment of UK Dining’s local food purchasing and initiatives.

The primary goals for our annual report are to provide a transparent account of how local purchasing requirements in our dining services contract are fulfilled and to identify opportunities, challenges, best practices, and innovations discovered through collaborative efforts over the course of the year. While our Food Connection team collaborates with the staff of UK Dining (Aramark) to support their local procurement initiatives, our report aims to provide an objective assessment of those efforts. For a discussion of the broader goals and values of local food initiatives, see Appendix 3.

This analysis provides an item-level assessment of how UK Dining (Aramark) meets its annual Kentucky Farm and Food Business Impact (KYFFBI) purchasing requirements as defined by the dining contract. As stated in previous reports, our goal is the development of a replicable metric and methodology that reasonably represents the relative impact of food purchases on the Kentucky farm and food business economy.

UK’S LOCAL FOOD COMMITMENTS

The KYFFBI (e.g. ‘local food’) procurement program originates in the dining contract signed between the University of Kentucky and Aramark Corporation, a food service, facilities, and uniform service provider, in 2015. In response to significant feedback from on- and off-campus stakeholders regarding UK’s role in Kentucky’s agro-food system, the dining contract stipulated explicit Key Performance Indicators tied to local food purchases. Recognizing that all major initiatives require evaluation and revision, the Key Performance Indicators were revised in January 2017 to provide more targeted guidance to the program and prioritize farm-impact purchasing (see previous dining reports for a more in-depth discussion of these revisions).

Local food purchases are governed by a two-part Key Performance Indicator (KPI) within the contract that dictates minimum Farm Impact and Food Business Impact purchases. The combined Kentucky Farm and Food Business Impact (KYFFBI) is the total of all individual items purchased and classified within these metrics, with farm impact purchases as a subset of that total. The fiscal year 19 KYFFBI benchmark commitment is included in Table 1, and the contractual definitions of farm impact and business impact are provided in Table 2.

Additionally, the revised contract stipulates the following overall increase of Kentucky Farm and Food Business Impact (KYFFBI) purchases relative to the total food purchases by UK Dining as follows: “By the 2023–2024 Contract Year, total Kentucky Farm Impact and Kentucky Food Business Impact purchases shall be at least Twenty Percent (20%) of Dining Partner’s food and beverage purchases for that Contract Year and each future Contract Year.”

Table 1. FY20 KYFFBI benchmarks

	FY20 Commitment	Annual Increase against FY19 Benchmark
Total Kentucky Farm and Food Business Impact	\$1,907,990	5%
Minimum Portion Kentucky Farm Impact	\$713,525	3%

Table 2. Kentucky Farm and Food Business Impact Definitions

KENTUCKY FARM AND FOOD BUSINESS IMPACT (KYFFBI) DEFINITIONS	
Kentucky Farm Impact	
Majority Farm Impact	Greater than 50% of the ingredients or food product are sourced from Kentucky farms. For this category, specific farm sources can be identified, though they may be comingled. Percentage is calculated by value (cost) of total ingredients, not volume.
Some Farm Impact	It can be reasonably concluded that >10% and < 50% of the ingredients are sourced from Kentucky farms. Percentage is calculated by value (cost) of total ingredients, not volume.
No Farm Impact	There is no identifiable Kentucky farm source for ingredients, or the only significant potential Kentucky farm content is derived from nationally/globally processed and comingled commodities (e.g., corn sweetener).
Kentucky Food Business Impact	
Kentucky-owned Business	Vendor of the product is a food grower, processor, or value-adding enterprise operating primarily in Kentucky, and the majority of business is owned by Kentucky citizens.
Kentucky-located Food Processor	A non-Kentucky owned business that is engaged in significant value adding to the food product at a Kentucky-based operation (beyond aggregation, transportation, or distribution). Products must be verified to come from Kentucky-located production facilities.

METHODOLOGY

This report assesses all Kentucky Farm and Food Business Impact food and beverage purchases reported to the University of Kentucky by UK Dining (Aramark) as defined and required by KPIs in the dining service contract. The classification and analysis of KYFFBI purchases are conducted by staff of The Food Connection and cataloged and stored in a SQL database developed explicitly for this initiative.

Consistent with previous reports, local purchasing data are analyzed at the item level, meaning the categorization of business and farm impact is made for each individual item purchased from any given vendor. This method is key to our assessment, as some food businesses engage in a mixture of both in-state processing and redistribution of products manufactured out of state. For such cases, we included expenditures on in-state processed items in the ‘Kentucky-located processor’ category, and expenditures on redistributed products are disqualified and thus do not count toward the total Kentucky Farm and Food Business Impact KPI. In this way, our method departs from Kentucky Proud classification, which occurs at the vendor level. For a more detailed explanation of the item-level classification system, please see Appendix 1.

KYFFBI purchasing data are submitted to The Food Connection on a monthly basis by UK Dining, who aggregates the purchasing records from the two primary distributors as well as purchases made directly from Kentucky vendors. This data includes the names of vendors, items purchased from each vendor, and the total dollar value spent by UK Dining (Aramark) on each item. New (i.e., unclassified) items are identified and classified on a rolling basis by The Food Connection. Final year-end analyses (e.g., total purchases by category, vendor classifications, and product classifications) are reviewed and verified by the authors and leaders from University administration and UK Dining. A full list of vendors (e.g., farms, manufacturers, sub-contracted caterers) and their product classifications are provided in Appendix 2.

As an addition to the KYFFBI classifications, and for a deeper understanding of exactly what kinds of Kentucky foods are sourced, we further classify data based on broad food-type categories detailed in Table 3.

Table 3. Product Type Classifications

CATEGORY	DESCRIPTION
Baked goods and grains	Cupcakes, cookies, bread, pasta, baking mixes, flour
Dairy	Fluid milk (all kinds), cheese, excludes ice cream
Meat and eggs	Raw or processed meats: beef, pork, eggs, chicken; includes sausages, pre-formed patties, and breaded cutlets
Produce	Fruits and vegetables, fresh or minimally processed (chopped and frozen)
Sub-Contracted Restaurant	Kentucky-based, independently owned restaurants providing food on a per-portion basis to residential dining
Value-added	Value-added and processed foods: soups, syrups, sauces, jams, ice cream, coffee, candy, juices, granola, salsa, popcorn

We do not attempt to evaluate, nor should our results be assumed to represent, food characteristics such as environmental impact, fair labor practices, the sustainability of production methods, or consumer health. Because of the complex nature of supply chains involved in large institutional dining, our analysis cannot be used to accurately assess the ultimate financial impact of

these purchases on the businesses and farms involved. This methodology does not enable quantitative determination of economic impact on farm or food business, nor does it directly measure health or sustainability outcomes. However, by focusing on item level classification of impact on Kentucky farms and Kentucky business ownership, we seek to facilitate a higher level of transparency than local food definitions or metrics based solely on business location (e.g., geographic proximity or “food miles”). Identifying vendors and cataloging the products are essential first steps to address these and other values-based questions about our food.

FINDINGS

During FY20, reported Kentucky Farm and Food Business Impact expenditures exceeded the related key performance indicators. Results of our assessment and classification of expenditures reported for fulfillment of Kentucky Farm and Food Business Impact (KYFFBI) by UK Dining (Aramark) are presented in Figure 1, purchase totals are shown in Table 4, a detailed breakdown is shown in Table 5, and Table 6 presents a year-to-year comparison of KYFFBI purchases. A complete list of vendors by classification is provided in Attachment 2.

Figure 1: Kentucky Farm and Business Impact Purchases as Portion of Total Food Buy FY20

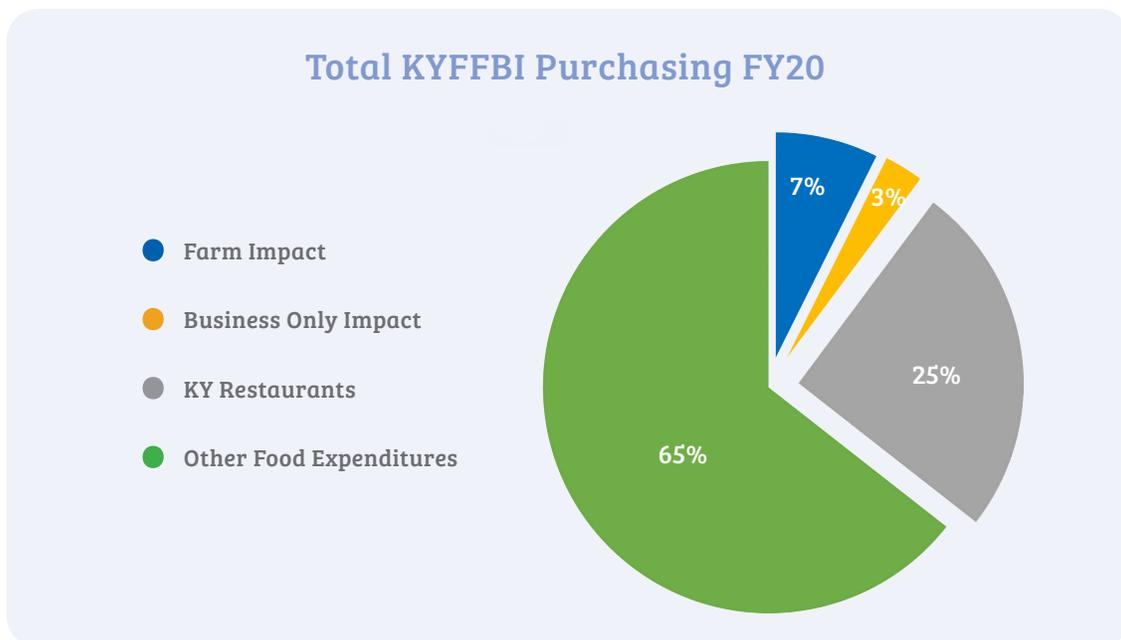


Table 4. FY20 KPIs vs Final Purchase Totals

	FY20 KPI	FY20 TOTAL PURCHASES
KENTUCKY FARM IMPACT PURCHASES	\$713,525	\$766,240
FOOD BUSINESS IMPACT PURCHASES	\$-	\$2,923,499
COMBINED KENTUCKY FARM AND FOOD BUSINESS IMPACT	\$1,907,990	\$3,689,739

Table 5. Categorization of Kentucky Farm and Food Business Impact Purchases for FY20

FARM IMPACT	BUSINESS IMPACT	TOTAL PURCHASES	NUMBER OF VENDORS
Majority	KY Business	\$463,679	15
Majority	Processor	\$271,880	14
Some	KY Business	\$30,681	2
Some	Processor	\$-	-
TOTAL FARM IMPACT		\$766,240	
None	KY Business	\$214,605	5
None	Processor	\$78,419	4
None	KY Restaurant	\$2,630,475	7
TOTAL BUSINESS ONLY IMPACT		\$2,923,449	
TOTAL KENTUCKY FARM AND BUSINESS IMPACT		\$3,689,739	

The largest expenditure within UK Dining’s (Aramark’s) local procurement initiatives was the sub-contracting of stations within residential dining halls to local, independently owned restaurants (\$2,630,475), which is an almost four-fold increase (3.8) over FY19 (\$693,329) when the program was initiated. Through this program local restaurants staff and serve prepared foods at stations within the two residential dining halls. Restaurants include Athenian House Catering, Pasture (a restaurant operated by Marksbury Farms), Taste of India, Atomic Ramen, Tomato Express, Taylor Belles and Lexington Pasta Company. The impetus and parameters of the local restaurant program are detailed in the FY19 annual dining report.

Farm impact purchasing (both majority and some farm impact products) decreased by \$561,682 compared to FY19 with a total spend of \$766,240. Products included in the whole animal program in partnership with Marksbury

Farm constituted the top spend within this category, followed by fluid milk from Southern Belle and chicken from Pilgrim’s Pride which is a subsidiary of JBS. Produce for the Kentucky salad bar program through Creation Gardens is also within this category, as well as hamburger patties and bulk ground beef produced by Clem’s Foods, ice cream from Taylor Belle, sauces and soups with locally sourced ingredients from Custom Food Solutions, and baking mixes produced by Weisenberger Mill.

As in years past, other products without farm impact sourced from Kentucky-owned business include soups and sauces from Custom Food Solutions, coffee from John Conti and Shuffle Bean, and Donut Days donuts. Products from the processor category include bread manufactured by Klosterman’s bakery in a new facility constructed in Northern Ohio, lunch meats and hot dogs from Specialty Foods Group, and syrups and sauces made by Lyons Magnus.

Table 6. Comparison of FY18, FY19, and FY20 Kentucky Farm and Food Business Impact purchases.

		2018		2019		2020	
FARM IMPACT	BUSINESS IMPACT	Number of vendors	Total purchase	Number of vendors	Total purchase	Number of vendors	Total purchase
Majority	KY Business	28	\$608,096	34	\$746,078	15	\$463,679
Majority	Processor	6	\$299,794	4	\$484,884	14	\$271,880
Some	KY Business	25	\$101,938	4	\$96,365	2	\$30,681
Some	Processor	2	\$35,803	1	\$596	-	\$-
TOTAL FARM IMPACT			\$1,045,632		\$1,327,922		\$766,240
None	KY Business	23	\$540,039	34	\$457,291	5	\$214,605
None	Processor	8	\$167,240	6	\$171,031	4	\$78,419
None	Restaurants	-	\$85,164	3	\$693,329	7	\$2,630,475
TOTAL BUSINESS ONLY IMPACT			\$707,279		\$1,321,651		\$2,923,499
TOTAL KYFFBI			\$1,752,911		\$2,649,573		\$3,689,739

Table 7. Product Type Classifications

	MAJORITY	SOME	NONE	TOTAL
Baked Goods	\$962	\$-	\$64,673	\$65,635
Dairy	\$156,987	\$-	\$42,354	\$199,341
Meat	\$398,371	\$1,900	\$71,040	\$471,311
Produce	\$63,747	\$-	\$-	\$63,747
Value Added	\$11,386	\$108,014	\$139,830*	\$259,230

*Excludes sub-contracted restaurants expenditure

DISCUSSION

Overall, the structure of UK Dining (Aramark)'s local procurement initiative has trended towards larger expenditures with fewer vendors as reflected in Table 6. This is due in part to instituting the strategic initiative of the whole animal and salad bar programs, and the shift to local restaurant sub-contractors. However, it is worthwhile to note that the number of farmers supplying the flagship farm-impact initiatives (Kentucky salad bar and whole animal program) are not reflected in this report, as only the final vendors who aggregate the products (Creation Gardens and Marksbury Farm respectively) are counted.

Impact of the COVID-19 pandemic

As a result of the COVID-19 pandemic, University of Kentucky closed in-person operations for students and moved instruction fully on-line as of March 23, 2020. As a result, normal dining operations were cut short for the fiscal year with approximate 6 weeks of normal campus dining and two months of summer operations eliminated. Closure of dining operations was associated with 10% reduction in total food expenditures for FY20 (\$10,375,073) relative to FY19 (\$11,402,460). Despite this obvious and significant impact on the local procurement initiatives, UK Dining (Aramark) met its annual local procurement KPIs as set by normal operations.

The role of local restaurants in residential dining

During the FY20 year of dining operations UK Dining (Aramark) instituted a significant change in how food services is provided in residential dining. While a popular program with students, expanding the role of local restaurant sub-contractors in providing daily meal service complicated efforts to integrate and track expenditures on locally-sourced food items as demonstrated by the reduction in farm-impact procurement. UK Dining (Aramark) is working with their sub-contractors to coordinate farm-impact procurement, and the Food Connection has created additional data infrastructure to accommodate the tracking and reporting of farm-impact expenditures by sub-contracted restaurants which are included in the reported data. Sub-contracted restaurants were responsible for a total of \$106,194 of the farm-impact procurement this fiscal year. Continued

efforts to coordinate local farm-impact procurement through restaurant sub-contractors has the potential to develop local value chains within and outside of campus dining, thus serving the ultimate goal of UK's farm to campus initiatives.

Nationally harmonized local food metrics

Parallel but separate from the UK Dining local procurement initiatives, in FY20 the Food Connection lead a national initiative to create a harmonized set of local food metrics in partnership with the USDA Agricultural Marketing Service and through the National Farm to Institution Metrics Collaborative. The resulting suite of metrics borrow heavily from UK's existing metrics, with minor additions to the sub-categories within our existing farm and business impact metrics, tracking firms that are minority or women owned, and an indicator for farm-impact products that retain the identity of the farmer. As these harmonized metrics can be used to track our program's KPIs, we will implement their use for FY20. A full report and description of the National Farm to Institution Metrics Collaborative and the harmonized metrics can be found on the [project website](#).

CONCLUSION

Local procurement initiatives for campus dining continue to evolve, adapt, and innovate. The growth of the local restaurant sub-contractor program has had a significant impact on the food entrepreneurs involved. A key next step for the continued growth and success of UK Dining's (Aramark's) local procurement initiatives will be establishing efficient and effective means for motivating and tracking farm-impact procurement by those sub-contractors. If successful, the add-on benefits of integrating farm-impact products into the local restaurant marketplace can extend the positive impact of our dining program well beyond the boundaries of our campus. Finally, it should be stressed that UK Dining (Aramark) fulfilled its annual local procurement KPIs despite having to shut down operations for a significant portion of the spring semester. This is a testament to the strength of the program and the commitment to continued growth and innovation.

Appendix 1

Complete Classification of UK Dining Purchases by Kentucky Farm and Vendor Source

KENTUCKY FOOD BUSINESS IMPACT	
Category	Definitions
Kentucky food business/entrepreneur	A food producer or farm that is privately held and majority owned by citizens of Kentucky and operates primarily in Kentucky.
Kentucky-located food processor	An enterprise not classified here as a Kentucky Food Business, but which engages in significant food production or processing at a Kentucky facility. Only processors that are Kentucky Proud are included.
Kentucky distributor or not a food business	A vendor in Kentucky that primarily transports or repackages; a majority share of ownership is held by non-Kentucky residents.

KENTUCKY FARM IMPACT	
Category	Definitions
Majority Kentucky farm source	The food product or the primary ingredient is sourced exclusively or predominantly (>50%) from Kentucky farms. Specific farm sources are or could be identified, though they may be comingled.
Some Kentucky farm source	It can be reasonably concluded that >10% of the food product or a majority fraction of a primary ingredient was sourced from Kentucky farms. In most examples, Kentucky and non-Kentucky farm products are comingled with no means to identify specific Kentucky farm sources.
No significant Kentucky farm source	There is no identifiable Kentucky farm source for ingredients or the only significant potential Kentucky farm content is derived from nationally/ globally processed and comingled commodities (e.g. corn sweetener).

To help clarify our two-part classification methodology, the table below provides examples of products sourced by UK Dining (including a description of the business and the nature of the product's production or processing) and the subsequent farm and business impact classifications applied.

FOOD PRODUCT EXAMPLES	Farm Impact	Business Impact
A case of tomatoes sourced from a Kentucky farm	Majority	KY Business
Fluid milk from plant owned by a regional dairy cooperative, and the plant sources primarily from Kentucky dairies	Majority	Processor
A broccoli soup with Kentucky grown broccoli and other ingredients sourced from out of state, made by a Kentucky-owned food manufacturer	Some	KY Business
Beer cheese made by a Kentucky-owned business but from cheese sourced from out of state	None	KY Business
Sandwich bread made from non-Kentucky flour at a bakery located in Kentucky and owned by a national corporation	None	Processor

Appendix 2 Why Local?



MONEY STAYS

Dollars spent with Kentucky farms and food entrepreneurs not only provide economic support to those producers, but also recirculate in our local economy, generating more wealth and stronger communities.



CULTURE AND COMMUNITY

Strong local food systems celebrate and preserve Kentucky's food culture. Greasy beans, Hickory King corn, and real country ham are just some of the unique foods that Kentuckians love to eat, and our farmers love to raise.



MORE JOBS

It takes a lot of work to put local food on our plates, and that means local jobs. From farm store clerks to line cooks, meat packers to graphic designers; we all benefit from a strong Kentucky food and farm economy.



HEALTHY LAND

Less sprawl, more biological diversity, and support for farmers who are the stewards of our land are some of the benefits that come with a vibrant and sustainable Kentucky food and farm economy.



FRESH FLAVORS

Foods straight from Kentucky farms are as fresh as it gets and come to you at the peak of their flavor. Eating with the seasons ensures a healthy, varied diet, and keeps our farmers busy all year.

A key challenge for any local food program is to effectively communicate the motivation (i.e., the 'why' of local food) for such a program and the rationale for the definition of local by which that program operates. While commodity and export markets will always be a key piece of our state's agricultural economy, our community also recognizes the additional values (social, environmental, and economic) the Commonwealth receives from supporting home-grown products from Kentucky farms and Kentucky entrepreneurs.

During the public conversations regarding the University's decision to privatize dining services in 2014, a common theme was the vital role of the University of Kentucky as a land-grant institution in fostering the growth of a resilient and sustainable agro-food economy for our state¹. Following the input of on- and off-campus stakeholders,

the primary rationale for both the integration of local food (i.e. Kentucky Farm and Food Business Impact) KPIs and the establishment of The Food Connection was to leverage the University as a committed buyer of Kentucky-sourced products to develop and expand wholesale value chains for local foods².

While definitions of local food vary across institutions, there are several financial and non-financial values that are associated with local foods by consumers, and they have research-based evidence to support them[4]. In communicating the values of Kentucky Farm and Food Business Impact purchases to our on- and off-campus community, the Food Connection uses a 'five values' framework, detailed in the following chart.

1. Editorial. Lexington Herald-Leader April 28, 2014. <https://www.kentucky.com/opinion/editorials/article44421204.html>

2. Blackford, Linda. 2014. "UK partners with Aramark on \$5 million institute to bolster locally grown food." *Lexington Herald-Leader*. Retrieved from <https://www.kentucky.com/news/local/education/article44508111.html>

Wholesale and institutional markets are traditionally driven by low cost, high volume, and standardized products. This is further complicated by consolidated markets and authorized vendor agreements (including rebate systems) that make it difficult for local and independent producers to gain access to the institutional supply chains¹. Said simply, because of the Kentucky Farm and Food Business Impact KPIs, UK Dining can and must work outside of the conventional institutional market arrangements to fulfill their commitment. By serving as a dedicated market for locally grown and produced products, UK Dining also provides opportunities for Kentucky producers to build production capacity, develop new products, and generally grow their businesses in ways that would not otherwise be readily supported by the conventional wholesale and institutional dining marketplace.

While definitions of local food vary across institutions, there are several financial and non-financial values that are associated with local foods by consumers, and they have research-based evidence to support them². In communicating the values of Kentucky Farm and Food Business Impact purchases to our on- and off-campus community, the Food Connection uses a ‘five values’ framework.

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1. Givens G, Dunning R. 2017. “Distributor intermediation in the farm to food service value chain.” *Renewable Agriculture and Food Systems*. Retrieved from <https://doi.org/10.1017/S1742170517000746>
 2. Martinez, Steve, et al. 2010. “Local Food Systems: Concepts, Impacts, and Issues, ERR 97.” US Department of Agriculture, Economic Research Service. Retrieved from <https://www.ers.usda.gov/publications/pub-details/?pubid=46395>