

# Characteristics of Mid-Atlantic Food Banks and Food Rescue Organizations

Andrew Youn, Michael Ollinger and Linda Scott Kantor  
(202) 694-5454 (202) 694-5456  
ollinger@econ.ag.gov lkantor@econ.ag.gov

One in 10 American households in 1995 was uncertain about the availability of regular meals sometime during the year, and in 4 percent of households, individuals experienced some degree of hunger—the painful or uneasy sensation caused by a lack of food—because of inadequate resources to obtain food, according to the U.S. Department of Agriculture’s Food Security study. The measure of hunger in this study includes indicators ranging from a repeated pattern of cutting or skipping meals (less severe hunger) to going whole days with no food (more severe). In fiscal year 1997, USDA’s nutrition-assistance programs, designed to reduce the severity and extent of food insecurity and hunger, served an estimated one in six Americans at a cost of \$35.8 billion.

The Food Stamp Program, the Nation’s principal nutrition-assistance program, accounts for 60 percent of all USDA nutrition-assistance expenditures. Charitable food providers, such as food pantries, emergency kitchens, and emergency

shelters, help low-income households augment food supplies obtained through Federal nutrition-assistance programs and provide food to needy individuals who are either ineligible or otherwise do not participate in these programs.

Charitable food providers receive commodity and administrative support from USDA through The Emergency Food Assistance Program (TEFAP) (see box, “USDA Emergency Food Assistance Program”). They also receive a high proportion of their food supplies from food banks and food rescue organizations, collectively called food recovery

organizations. Food banks are nonprofit organizations that solicit nonperishable items, such as dry cereal, from grocery stores, wholesalers, and food manufacturers. Food rescue organizations are nonprofit organizations that obtain mainly prepared and perishable food products from food service organizations, such as restaurants, hospitals, caterers, and cafeterias, and from distributors of fresh fruits and vegetables.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) fundamentally changed how the Nation’s wel-

## USDA Emergency Food Assistance Program

Through the Emergency Food Assistance Program (TEFAP), the U.S. Department of Agriculture (USDA) provides commodities to State agencies for distribution to needy households, or for provision of meals to the needy, and provides funds for administrative support. State agencies then provide the commodities to local food recovery organizations, food pantries, and emergency kitchens, which often receive foods from private donations. Recipients of food for home use must meet income and other eligibility criteria established by the State. The types of foods that USDA

purchases for distribution in TEFAP vary, depending on the agricultural market and State preferences, but include canned fruit and vegetables, meat, poultry, and fish, rice, cereal, pasta, peanut butter, nonfat dry milk, and other products. In fiscal year (FY) 1999, \$90 million is available in program appropriations for the purchase of TEFAP commodities, in addition to the distribution of surplus foods in this program. An additional \$45 million is available in FY 1999 for the administrative support of State and local agencies.

Youn is a student at Yale University. Ollinger and Kantor are agricultural economists with the Food and Rural Economics Division, Economic Research Service, USDA.

fare and nutrition-assistance programs operate by reducing benefits, tightening eligibility requirements, and giving States more direct control over various programs. Some charitable food providers attribute recent increases in requests for food assistance to the enactment of the PRWORA. Moreover, they report that, as the demand for charitable food assistance has risen, the availability of some food products has declined because food manufacturers and retailers have become more efficient in managing and disposing of food inventories.

One of the goals of USDA's recent Community Food Security Initiative is to increase by 33 percent by the year 2000 the quantity of surplus food recovered from the food marketing system and distributed to needy households through charitable food providers. More information is needed on how such providers respond to changing policy environments and economic conditions and how these providers interact with the commercial food marketing system. This article examines the operating characteristics and service areas of 42 food recovery organizations and their subsidiary distributing organizations in the Mid-Atlantic region (Delaware, Maryland, Pennsylvania, Virginia, West Virginia, and the District of Columbia). Data were collected from food recovery organizations on their geographic service areas; quantity and type of commodity supplies and distributions over the 1994-97 period; sources and recipients of food donations; and nonfood resources.

The results presented here are by no means complete. While we attempted to identify and collect data from all food recovery organizations in the region, we may have excluded some providers. Additionally, we did not determine the degree to which the study providers were representative of food recovery

organizations in other regions of the country. Instead, this article serves as a useful starting point for additional research. ERS is currently sponsoring a nationally representative study of food recovery organizations, food pantries, and emergency kitchens. The study is intended to help USDA understand the ability of emergency food-assistance providers to meet current demand, use available sources of surplus food, and provide services to those most in need.

Food recovery organizations included in this study came from membership affiliations provided by nationally-based charitable food organizations like Second Harvest and Foodchain and referrals from State agencies. Data were collected from published and unpublished information provided by the food recovery organizations.

### **Food Recovery Organizations: Charitable Food Wholesalers for the Needy**

Food recovery organizations are nonprofit organizations that solicit, receive, and store donated food and grocery products and redistribute these foods to their client agencies. These client agencies provide food directly to needy people, and include both emergency food providers—food pantries, emergency kitchens, and emergency shelters—and nonemergency providers such as day care and senior centers, and drug and alcohol rehabilitation centers. Food pantries, usually run out of churches or small nonprofit agencies, distribute food and other grocery items for preparation and use in private homes. Emergency kitchens provide meals to people who do not live onsite and to residents of shelters.

Food recovery organizations, like for-profit wholesalers, lower administrative costs by enabling clients (customers) to make one, instead of

numerous, transactions. Both also lower the administrative costs of food donors (vendors), such as manufacturers, by providing one regional destination instead of hundreds of local destinations for surplus food products. The key difference between food recovery organizations and for-profit wholesalers is that for-profit wholesalers sell products at some premium to its wholesale cost, while the \$0.14 per pound charged to client agencies by many food recovery organizations to offset their handling costs is only a fraction of the food's average wholesale cost, estimated by Second Harvest at about \$1.50 per pound.

Food recovery organizations and for-profit wholesalers also differ in how they serve their clients, acquire inventory, and finance their operations. Food recovery organizations acquire most of their food supplies through donations of surplus food products from farmers, manufacturers, wholesalers, supermarkets and other retailers, and restaurants and other eating places, and have little direct control over the types of products they receive. To help balance their product offerings, many food recovery organizations supplement donations with food purchases, usually at the wholesale level. For-profit wholesalers, on the other hand, purchase goods from food vendors and then resell them to restaurants, grocery stores, and other organizations. The for-profit wholesalers store products until customers need them, and purchase only what their customers demand.

Food recovery organizations in the Mid-Atlantic region received most of their funding from sources other than handling fees. In 1997, they received about 21 percent of their financial support from State, local, and Federal grants and most of the remainder from philanthropic organizations, private individuals, and corporations. To reduce costs, food recovery organizations in the

Mid-Atlantic region relied on volunteers for about one-third of their 1997 total staffing needs and received donated transportation services that provided about 37 percent of their transportation requirements.

Total food distributions by Mid-Atlantic food recovery organizations in 1997 amounted to 142 million pounds of food, and the average food recovery organization distributed about 3.4 million pounds in 1997—about as much as a medium-size supermarket. In terms of their target population, Mid-Atlantic food recovery organizations provided about 46 pounds of food for every person whose household income fell below the poverty level in 1997. By contrast, USDA data show that the U.S. food supply provided about 1,944 pounds per capita in 1997 and industry data suggest that the 3,111 Mid-Atlantic supermarkets sold an average of \$10.8 million worth of products each in 1997, or about 8.9 million pounds of product. Pounds of product sold was computed from per capita food consumption and the average number of people served by an average supermarket. We estimated the average number of people served by a supermarket by dividing average supermarket sales by average food expenditures for a family of four under USDA's highest estimate of food expenditures by an average family of four of \$181.70 per week in June of 1998.

### **Food Recovery Organizations Organize To Lower Costs**

The types of food products they handle and the customers they serve shape the organization of both food recovery organizations and for-profit commercial wholesalers. Since storage and handling requirements and marketing methods often vary by commodity type, for-profit commercial wholesalers reduce their costs by specializing in the distribu-

tion of types of commodities, such as fruits and vegetables.

Food recovery organizations specialize in either nonperishable or perishable food products for the similar reasons that motivate specialization by private wholesalers. Most food banks in the Mid-Atlantic region deal primarily in nonperishable products, such as canned goods and cereals, but they also increasingly handle some fresh and frozen foods. By focusing on nonperishable goods, they can concentrate on collecting and storing goods and reduce their own distribution costs by asking client agencies to come to the food bank, choose the food items that match their needs, and transport the food to their agencies. Food rescue organizations collect and distribute prepared and perishable food products (protein-rich entrees and fresh fruits and vegetables). Since food received from food rescue operations has a very short shelf life, these organizations serve mostly food kitchens and other prepared food organizations; coordinate their distribution schedules closely with the needs of their client agencies; and often provide transportation for the donated food.

Many food recovery organizations lower their costs through membership in nationally based parent organizations. These parent organizations lower costs by soliciting donations from national manufacturers and providing centralized distribution and record keeping, offering technical and marketing support, and assuring compliance with acceptable food handling practices for their members. Member food recovery organizations pay an annual membership fee and transportation costs for foods solicited for them by the parent organization.

Second Harvest, the largest charitable food organization in the United States (with 188 member food banks), solicits grocery prod-

ucts from national food companies and channels them to affiliated food banks. It distributes mostly nonperishable products, but also fresh fruits and vegetables and some prepared foods. Foodchain, a national food rescue network, has about 130 members in the United States and Canada. Its affiliates distribute prepared and perishable food surpluses after recovering them from foodservice companies and restaurants and other eating places.

Second Harvest-affiliated food banks have contractually defined, exclusive service areas and, with their subsidiary distributing organizations, dominate the Mid-Atlantic Region, accounting for 31 of the 42 food recovery organizations and for 88 percent of these organizations' total food distributions. The region's 5 Foodchain food rescue organizations and 6 independent, unaffiliated providers accounted for the 11 remaining food recovery organizations. Some food banks hold memberships in both Second Harvest and Foodchain.

### **Food Recovery Organizations, Client Agencies, and the Linkage to the Needy**

Client agencies rely on food recovery organizations for much of their total food supplies, but to what extent depends on their food distribution method. Pantries are usually open only periodically and primarily distribute nonperishable products that have long-term storage potential. Food banks focus on collecting nonperishable goods. According to a 1997 Second Harvest survey, affiliated Second Harvest food banks provided pantries with about 61 percent of their food supplies.

Emergency kitchens and shelters have a high demand for meat, dairy products, fresh fruits and vegetables, and prepared foods, such as

baked goods and meal components, because they prepare meals and snacks directly for needy clients. This need for perishable items and the food bank focus on the collection of nonperishable food products may explain why, according to the Second Harvest survey, emergency shelters and kitchens received only 45 percent and 38 percent of their food supplies, respectively, from food banks.

A typical Mid-Atlantic food recovery organization distributed about 14,000 pounds of food to each of its 180 client agencies in 1997. Emergency providers received most of the distributions—64 percent for food pantries and 10 percent each for emergency kitchens and shelters.

## Food Recovery Organization Distributions Are Growing

Like their counterparts in the private sector, food recovery organizations must continually adapt to changing market and policy environments. Legislative changes under PRWORA, for example, suggest that charitable food providers may need to respond to greater client demand for food since food stamp benefits are being reduced. Preliminary research by USDA's Food and Nutrition Service suggests that under PRWORA, families with children will lose an average of 13 percent of their food stamp benefits by 2002, or about \$45 each month, and over 1 million people—largely legal immigrants and unemployed adults—will lose their eligibility for food stamps.

Although not nationally representative, the 1997 Second Harvest study, which was conducted just before the enactment of the PRWORA, reported that 10.6 percent of clients sought emergency food assistance because they ran out of food stamps and 2.5 percent

sought assistance because their food stamps were discontinued. Thus, we examine the role of emergency food assistance in the context of Federal nutrition-assistance programs.

Data for the Mid-Atlantic region suggest that emergency food providers account for a small share of total nutrition assistance received by needy households. For example, an average of about 1 million households per month in the Mid-Atlantic region received a total of \$1.9 billion worth of food stamp benefits during 1997. Valuing these benefits at the average retail price of \$0.98 per pound used to calculate food stamp allotments under USDA's Thrifty Food Plan, we estimate that the region's total distribution of food stamps provided about 1.9 billion pounds of food to needy people (the retail price of \$0.98 per pound was calculated by dividing the weekly cost of the USDA Thrifty Food Plan in June 1998 for a family of four by the number of pounds of food per week in the Thrifty Food Plan for this family). Distributions by food recovery organizations, on the other hand, totaled about 142 million pounds or 7.5 percent of total food stamp poundage and, unlike food purchased under the Thrifty Food Plan, are not representative of a complete diet. Of course, total charitable food assistance exceeds food recovery organization distributions because client agencies also obtain food supplies from sources other than food recovery organizations.

We do not have data on total distributions by client agencies in the Mid-Atlantic region, but the 1997 Second Harvest survey indicated that all client agencies on average received 53 percent of their food supplies from food recovery organizations. Assuming that client agencies in the Mid-Atlantic region were similar to the Second Harvest average, we estimate that the region's client agencies distributed about 267 million pounds of food—14 percent of total food stamp poundage. Note,

this proportion overstates the importance of charitable food provision because Federal nutrition-assistance programs like the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) have not been counted in the Federal nutrition-assistance estimate.

Total food distributions by Mid-Atlantic region food recovery organizations grew 7.5 percent per year between 1994 and 1997. Growth varied widely by size of the food recovery organizations. Distributions from the six largest food recovery organizations (total distributions of 8-16 million pounds annually) grew the most slowly at 5.5 percent annually. Medium-sized food recovery organizations (distributions of 2-8 million pounds) grew 6.5 percent annually during the 4-year period, while the smallest food recovery organizations (distributions less than 2 million pounds) grew at 15 percent annually.

These numbers are impressive compared with the growth in U.S. food supplies over a similar period and may suggest that food recovery organizations are capturing a larger share of available food supplies. For example, between 1992 and 1995, U.S. annual growth in supplies of red meat, poultry, dairy products, flour and cereal products, and fresh fruits ranged from 3-6.5 percent.

## The Food Industry Is the Major Source of Food Donations, but More Is Available

The relationship between food recovery organizations and industry donors is mutually beneficial. Producers and retailers throughout the marketing system can donate unmarketable food products, such as those with damaged or promotional packaging, to food recovery organizations instead of discarding

them or reclaiming them through labor-intensive operations. Food recovery organizations benefit by receiving surplus foods, while the donors help the community, often receive a tax benefit, reduce waste disposal costs, and reduce pressure on local solid waste systems.

Private sources accounted for more than three-fourths of food recovery organizations' supplies in the Mid-Atlantic region in 1997 (fig. 1). Retailers, wholesalers, other food industry companies, and the Second Harvest parent organization accounted for 69 percent of the private donation total. Evidence suggests that donations from wholesalers, mainly of fresh produce, grew the fastest, while local retail and manufacturing donations grew only slightly and national donations through the Second Harvest network declined modestly.

Additional surplus food may be available from the private sector. Using Census of Manufacturer's data, we estimate that Mid-Atlantic region food recovery organizations recover less than 1/2 of 1 percent of

the total food manufactured in the region while the amount of surplus food at the retail level has been estimated at about 2 percent. Manufactured food does not precisely match retail sales in the Mid-Atlantic region; thus, any comparison should be used only to illustrate that recoverable food is available and not a precise estimate of the quantity available.

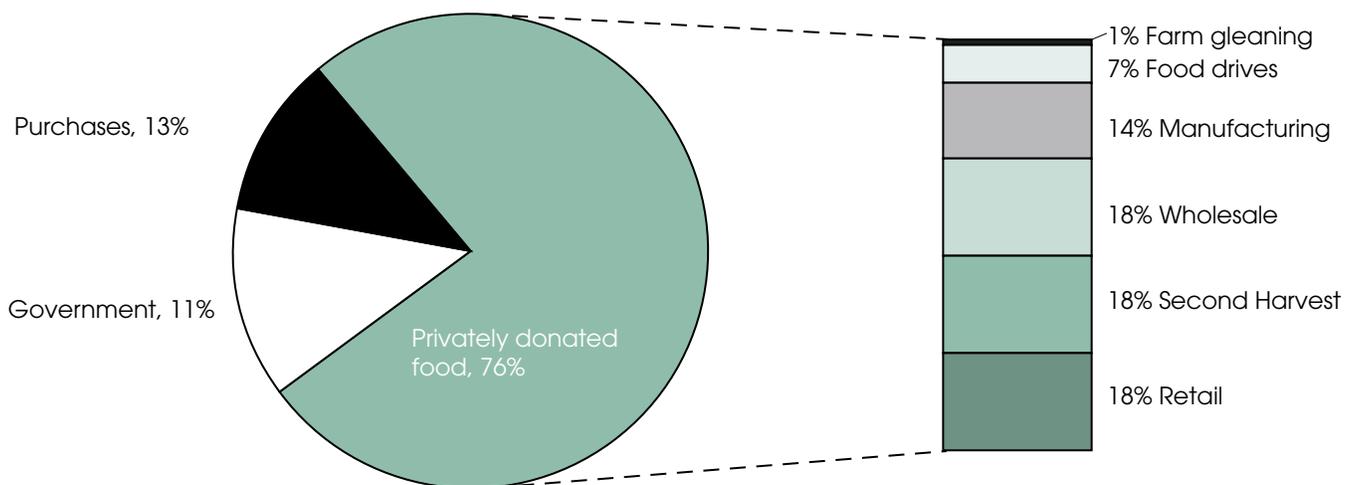
There are ways to bridge the gap between donations and salvageable food. These include increasing the industry's awareness of the foods needed by food recovery organizations, reducing transportation costs to food recovery organization warehouses, and increasing refrigerated transportation and cold storage space. However, with only 11 paid workers per food recovery organization who primarily focus on salvage, distribution, and solicitation of private financial resources, some food recovery organizations in the Mid-Atlantic region may lack both the staff and financial resources needed to encourage and collect more private donations.

## Donations From Fresh Produce Wholesalers Have Risen Dramatically

More than two-thirds of distributions in the Mid-Atlantic region were nonperishable (shelf-stable) food products, such as canned goods and cereals (fig. 2). Perishable foods—fresh and frozen meat, dairy products, fresh produce, and other products, such as bread—accounted for 27 percent of total distributions. By contrast, USDA (1998) data indicate that, on a poundage basis, American diets consist of about 12.9 percent of meat, fish, chicken, and eggs, 29.6 percent dairy products, 15.8 percent fresh fruit and vegetables, 10.2 percent flour (mostly used for bread and other baked goods) and cereals, and 31.5 percent shelf-stable products.

Perishable food resources are increasingly available to food recovery organizations and are thus supplementing traditional donations of canned goods and other nonperishable foods. USDA's food recovery and gleaning activities and other

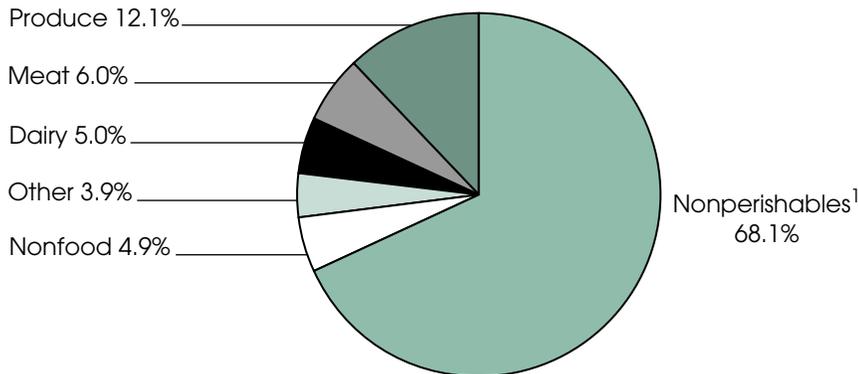
Figure 1  
**Most Food Donated to Mid-Atlantic Food Recovery Organizations Came From the Food Industry<sup>1</sup>**



Notes: <sup>1</sup>Supplies do not include food that is transferred among food banks. On average, this supply source amounted to 12 percent of supplies. Source: ERS estimates based on food recovery organization data.

Figure 2

### Nonperishable Food Led Donations to Food Recovery Organizations, but Recovery of Perishable Food Is Increasing, Especially Produce



Notes: <sup>1</sup>Nonperishables include canned goods, cereals, soups, etc. Source: ERS estimates based on food recovery organization data.

efforts have promoted the recovery of perishable food products, especially fresh produce. Data from Mid-Atlantic food recovery organizations suggest that these efforts have been successful. Fresh produce was the fastest growing food type distributed by the region's food recovery organizations, accounting for 13 percent of total food distribution in 1997. By contrast, distributions of other food types changed little during the same period.

Much of the produce received by food recovery organizations is expected to spoil in less than five days because it is obtained from wholesale markets at the end of its shelf life. As a result, Mid-Atlantic food recovery organizations reported throwing away about 20 percent of the produce after labor-intensive sorting. Moreover, even though food recovery organizations do not normally assess client agencies a shared maintenance fee for fresh produce, as is the case for most other foodstuffs, some food recovery organizations in the region indicate low acceptance by client agencies.

The limited shelf life for most produce may explain client agencies' tepid response to the availability of fresh produce. Pantries and similar agencies account for a majority of food recovery organizations' distributions yet many in the region are open irregularly; thus, these agencies cannot readily accept most produce. At emergency kitchens and shelters, on the other hand, food-preparation schedules must be compatible with the type of food received. If not, fresh produce will go to waste. Fresh produce can also increase the labor required to prepare meals. For example, it is easier to open a can of corn than cut corn off the cob and cook it.

A few Mid-Atlantic food recovery organizations receive outside support that allows them to overcome such infrastructure constraints. For example, with the help of start-up grants, one food recovery organization in the region bought and distributed 28 small freezers and coolers to its agencies to permit better perishable food storage. Another developed a way to more effectively market fresh produce to agencies,

allowing it to charge a small handling fee for such foods.

Perishable and prepared food rescue operations seem particularly well suited for the recovery and distribution of perishable foods. These providers can establish a regular delivery schedule because they serve mainly kitchens and other agencies that use produce on a daily basis.

The foregoing suggests that produce is available and has the potential to increase the amount and variety of charitable food assistance. However, its recovery carries relatively high resource costs, such as greater storage capacity at both food recovery organizations and their client agencies, and requires food recovery organizations to establish an improved method of providing produce to agencies when needed.

### Urban Food Donations per Poor Person Exceed Rural Donations

Market characteristics, such as locally available food supplies, operating funds, and the size of the needy population, determine food recovery organizations' locations in much the same way that consumer demand and consumer discretionary spending affect the locations of restaurants and other for-profit businesses. In the Mid-Atlantic region, there were 16 urban, 11 semi-urban, and 15 rural food recovery organizations. Urban food recovery organizations estimated that they distributed 70-100 percent of their food products in cities defined as 100,000 or more people. Semi-urban food recovery organizations distributed 35 to 69 percent of their food products in cities, and rural food recovery organizations distributed less than 35 percent of their food products in cities.

It costs more for rural food recovery organizations to collect and dis-

tribute food because of longer distances between food recovery organizations and their food donors and the client agencies. Rural food recovery organizations in lower-income areas may also face greater impediments in serving the poor because there are fewer financial and other resources in the community from which to draw.

Private donations make up a smaller share of total food resources (table 1) while Federal commodities, State and local government pro-

grams, and food from other food recovery organizations comprise a greater share of rural Mid-Atlantic food recovery organization resources. Although there is insufficient data to draw substantive results, a lower level of private donations seems to have also resulted in lower charitable food distributions per poor person in rural places than in urban ones (fig. 3).

Rural food recovery organizations face other issues that may impede

future growth. Rural food recovery organizations provide proportionately more food to food pantries than do their urban counterparts. Since food pantries mainly distribute dry groceries on inconsistent schedules, rural food recovery organizations have fewer outlets for fresh produce and other perishable products, thereby limiting food recovery organization capacity to supply a variety of foods to the needy.

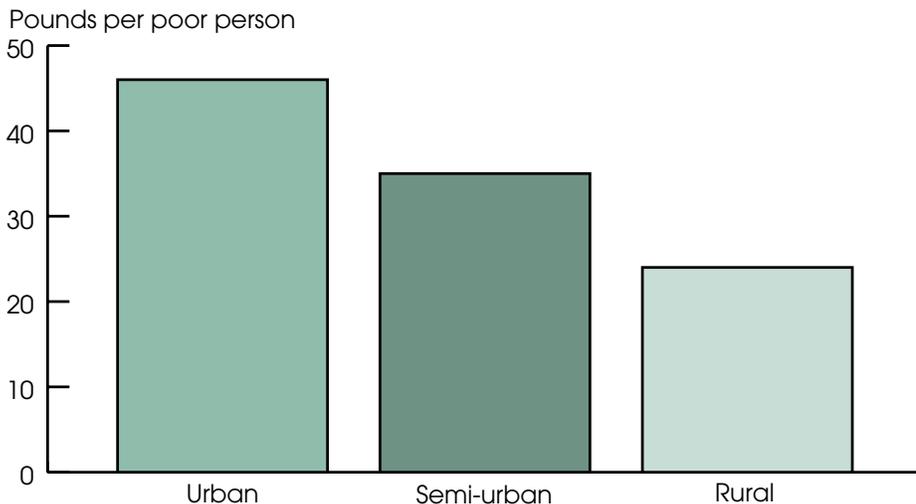
## References

- Cook, J.T., and Brown, J.L. "Analysis of the Capacity of the Second Harvest Network to Cover the Federal Food Stamp Shortfall from 1997 to 2002." Tufts University Working Paper FSPSF-070197-1, 1997.
- Kantor, Linda, K. Lipton, A. Manchester, and V. Olivera. "Estimating and Addressing America's Food Losses," *FoodReview*. Jan.-Apr., Vol. 20, pp. 2-12, 1997.
- Putnam, Judith J., and Jane E. Allshouse. *Food Consumption, Prices, and Expenditures, 1970-95*. SB-939, U.S. Dept. Agr., Econ. Res. Serv., Aug. 1997.
- Second Harvest. *Hunger: The Faces and Facts*. 1997.
- Second Harvest. *1995 Second Harvest Network Activity Report*. Unpublished data, 1997.
- Smallwood, David. "Food Assistance and Welfare Reform," *FoodReview*. Jan.-Apr., Vol. 21, Upfront Section, 1998.
- Trade Dimensions. *Progressive Grocer's Marketing Guidebook*. 1998.
- U.S. Department of Agriculture, Food and Consumer Service, Office of Analysis and Evaluation. *Household Food Security in the United States in 1995*. Sept. 1997.
- U.S. Department of Agriculture, National Agricultural Statistics Service. *Agricultural Statistics*. 1998. ■

Table 1  
**Urban and Rural Differences**

Item	Urban	Rural
Average size (million pounds)	4.9	1.2
Volunteer labor (percent)	32.5	41.8
Food distributed per dollar (pounds/\$)	4.5	3.6
Privately donated food (percent)	69.0	35.7
Distribution to pantries (percent)	60.0	82.6
Annual growth in distributions (percent)	8.1	4.5

Figure 3  
**Fewer Private Donations in Rural Areas Means Less Food Per Poor Person**



Notes: Urban food recovery organizations are defined as those distributing 70-100 percent in cities; semi-urban distributed 35-69 percent in cities; rural distributed 34 percent or less in cities. Data on pounds per poor person distributed came from a partial sample of food recovery organizations and should be considered only as suggestive. Source: ERS estimates based on food recovery organization data. Types determined by percent of distributions to cities of 100,000 or more. A poor person is defined as living in a household with income below the poverty line.