



GEOGRAPHIC PREFERENCE

What It Is and How to Use It



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THE 2008 FARM BILL directed the Secretary of Agriculture to encourage schools to purchase locally grown and locally raised products “to the maximum extent practicable and appropriate.” The Secretary was also instructed to allow schools to use a “geographic preference” when procuring locally grown and locally raised unprocessed agricultural products.

There are many ways for schools to buy local products for use in federal school meals programs (see USDA’s 10 Facts About Local Food in School Cafeterias). While using geographic preference is not the only option for local food procurement, it is a powerful tool and particularly useful in formal solicitations where respondents are ranked and scored.

Types of Products

The ability to apply a preference for local products applies only to unprocessed or minimally processed items. The geographic preference rule does not apply to any products that have been cooked, heated, canned or that have any additives or fillers. It can be applied to a wide array of products that meet the definition of unprocessed or minimally processed such as various forms of fruits, vegetables, meats, fish, poultry, dairy, eggs, and grains.

Defining Local

Definitions for local vary widely depending on the unique geography and climate where a school is located and on the abundance of local food producers and manufacturers. Many schools define local as within a certain number of miles from the school, within the county, or within the state. Alternatively, definitions might include more than one state (i.e., Georgia, Alabama, and Florida) or discrete parts of several states (i.e., specific counties in southwest Washington, northeast Oregon, and Idaho). In addition, many schools use different definitions of local depending on the product or season. Also, please note that when applying geographic preference, origin is tied to the agricultural product, not the location of the respondent.

Who Defines Local?

Schools define what they mean by local. While many state and/or local governments have adopted definitions of local such as “within the state” or “within the county,” schools using a geographic preference when sourcing food for the federal school meal programs are under no obligation to adopt any definition for local that might be in existence in local areas.



Three Examples for Using Geographic Preference

Federal regulations do not prescribe the precise way that geographic preference should be applied, or how much preference can be given to local products. Thus, there are a variety of ways to apply geographic preference and one way is not considered better or more effective than another. The key is to be sure that use of geographic preference does not restrict free and open competition. Further, regardless of which method is used, the selection criteria must be clearly described in all solicitation materials.

EXAMPLE ONE

A school district issues an invitation for bid (IFB) for apples and states a preference for apples grown within 100 miles of the school. IFBs are generally used when a firm fixed-price contract will be awarded to the lowest responsive and responsible bidder. The solicitation makes it clear that any respondent able to provide local apples will be awarded 10 points in the selection process. In this example, the 10 preference points are equivalent to a 10 cent reduction in price for the purposes of evaluating the lowest bidder.

| | OWEN'S ORCHARD | APPLE LANE FARMS | ZOE'S BEST |
|--|----------------|------------------|------------|
| Price | \$1.97 | \$2.05 | \$2.03 |
| Apples within 100 miles of school | No | Yes (10 Points) | No |
| Price with preference points applied, for evaluation purposes only | \$1.97 | \$1.95 | \$2.03 |

Apple Lane Farms meets the stated preference for local products and is awarded 10 additional points, which translates into deducting 10 cents from Apple Lane Farm's price. This makes Apple Lane Farms the "lowest bidder." The school still pays Apple Lane Farms \$2.05 for its product; deducting 10 cents from the price of responsive bidders that meet the geographic preference only applies to determining the winning respondent and would not affect the actual price paid to the respondent.

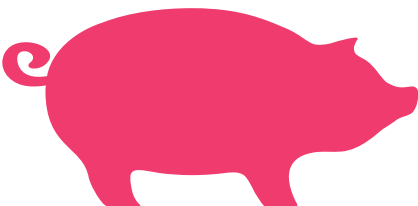
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EXAMPLE TWO

A school district issues a request for proposals (RFP) for its produce contract and indicates a preference for fresh fruits and vegetables produced within the state. For the purposes of evaluating bids, respondents who can supply at least 60% of the requested items from within the state will receive a 10% price reduction.

| | PRODUCE EXPRESS | RAY'S PRODUCE | F&V DISTRIBUTION |
|---|-----------------|-----------------|------------------|
| Contract Price | \$31,000 | \$35,000 | \$34,000 |
| % F&V from within the state | 20 | 80 | 50 |
| Geographic preference points to respondent able to meet > 60% local items | No | Yes (10% pref.) | No |
| Price with preference points applied, for evaluation purposes only | \$31,000 | \$31,500 | \$34,000 |

Ray's Produce is the only firm that is able to supply greater than 60% of the requested items from the local area, thus, Ray's Produce receives a 10% reduction in price for the purposes of evaluating bids. Even with the reduction, Ray's Produce is not the lowest bidder. If price alone were the determining factor for this school district, Produce Express would be awarded the contract.



EXAMPLE THREE

A preference for local products doesn't necessarily have to be calculated with absolute values; sliding scales may be appropriate.

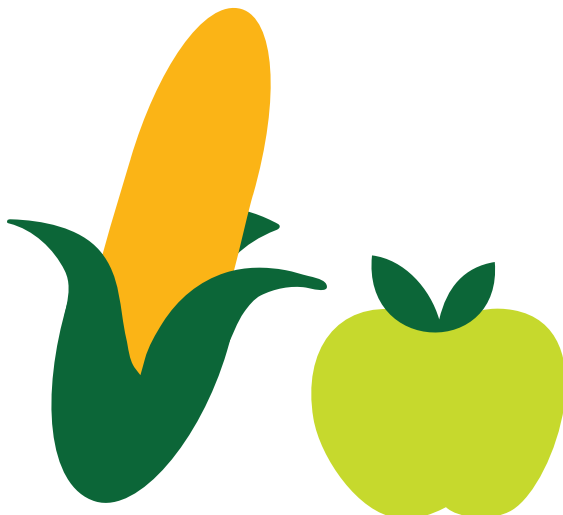
Further, solicitations may include evaluation criteria that allow for consideration of factors other than price alone.

Some of the factors in addition to price that might be considered include technical expertise, past experience, years in business, marketing, etc. School districts may also include elements such as ability to host farm visits, showing the state or farm of origin on the invoice, or providing farm information for education in the lunchroom as part of their selection criteria.

A school district issues a request for proposals for beans and grains and makes it clear that bids will be evaluated using a 100 point system. Ten preference points will be awarded to vendors able to provide over 70% of the requested items from within the state, 7 points for 50-69% and 5 points for 25-49%. Points for local sourcing will be included along with other evaluation factors.

| | LAURIE'S LEGUMES | PAULA'S PULSES | GARY'S GRAINS |
|--|------------------|----------------|---------------|
| Price = 40 | 30 | 35 | 40 |
| Contractor ability to perform all specifications | | | |
| Product quality = 15 | 25 | 30 | 30 |
| Delivery = 10 | | | |
| Packaging and labeling = 5 | | | |
| Three references, past history = 10 | 10 | 10 | 10 |
| Able to provide farm/facility tour or classroom visits = 5 | 0 | 5 | 5 |
| Able to provide state of origin on all products = 5 | 0 | 5 | 5 |
| Ability to provide products sourced within the state = 10 | 0 | 10 | 7 |
| 100 possible points | 65 | 95 | 97 |

In the example above, Paula's Pulses is able to source 75% of their products from within the state, earning them 10 points in the scoring process in the local products category. Gary's Grains can source 55%, earning them 7 points, and Laurie's Legumes is unable to guarantee any products from within the state so they receive 0 points in the local preference category. Gary's Grains wins the contract.





Additional Resources

- * **Procuring Local Foods for Child Nutrition Programs Guide**, from USDA's Food and Nutrition Service (FNS) – This comprehensive guide showcases the many ways schools can purchase locally, and correctly. The document also provides information on procurement basics, what local means and where to find local foods.
<http://go.usa.gov/KAFH>
- * **Program-specific procurement regulations**, from FNS – Links to regulations governing each major Child Nutrition Program from Title 7 of the Code of Federal Regulations.
www.fns.usda.gov/cnd/f2s/USDA_procurement_reg.htm
- * **Final Rule: Geographic Preference Option**, from FNS – The final rule, published in the Federal Register, includes a summary, background, and final regulatory language, by program, for the geographic preference option.
www.fns.usda.gov/cnd/Governance/regulations/2011-04-22.pdf
- * **Procurement Geographic Preference Q&As Part I**, from FNS – A memo published in February 2011 addressing questions regarding application of the geographic preference option.
www.fns.usda.gov/cnd/Governance/Policy-Memos/2011/SP18-2011_os.pdf
- * **Procurement Geographic Preference Q&As Part II**, from FNS – A memo published in October 2012 addressing additional questions regarding application of the geographic preference option and other mechanisms for local procurement.
www.fns.usda.gov/sites/default/files/SP03-2013os.pdf

- * **State Agency Guidance on Procurement**, from FNS in partnership with the National Food Service Management Institute – An online procurement training geared towards state agencies that focuses on federal procurement requirements.
<http://www.nfsmi.org/Templates/TemplateDefault.aspx?qs=cEIEPTEzNQ>
- * **A School's Guide to Purchasing Washington-Grown Food**, from the Washington State Department of Agriculture – This guide provides information on using the geographic preference option to source local foods in Washington; however, much of the content is broadly applicable.
www.wafarmtoschool.org/Page/74/procurement-guide
- * **Geographic Preference: A primer on purchasing fresh local food for schools**, from School Food FOCUS and the Harrison Institute for Public Law at Georgetown Law – This guide provides an overview of procurement regulations and several examples for how a school might apply a geographic preference.
www.schoolfoodfocus.org/wp-content/uploads/2013/07/FOCUS_GP_Primer_July-2013.pdf

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For more information, and to sign up to receive USDA's bi-weekly Farm to School E-letter, please visit www.fns.usda.gov/farmtoschool. Questions? Email us at farmtoschool@fns.usda.gov.

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