

Acknowledge and Cover Full Costs – Particularly Unfunded Expenses

NFF examined Los Angeles’s food access ecosystem to understand the connectivity, financial dynamics, and funding needs of movements and organizations that provide fresh, healthy food for Angelenos. Our findings are organized into an overview of the landscape and a series of four specific recommendations for funders. The following case study explores the importance of acknowledging and covering full costs.

“Our community is considered a food desert. I understand that because I’ve always lived here. We realized our community loves to eat fresh food, however healthy food options are not accessible and are becoming unaffordable. With inflation, we’ve never seen such need. The opportunity for us as a local small business to provide new healthy options in the community is a success.”

Luz Arango, Owner of Lupita’s Corner Market

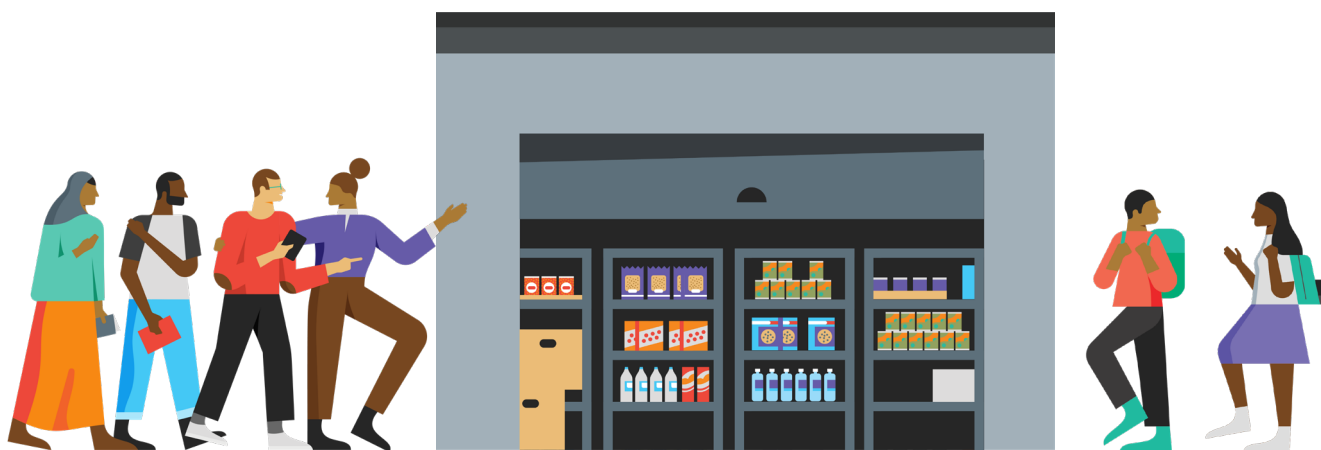
For nearly 30 years, Lupita’s Corner Market has been a community hub in Westlake, providing a place for students at nearby schools and their families to pick up everyday staples. Now the founder’s daughter, Luz Arango, is working to increase access to affordable high-quality foods in her community. In 2019, Lupita’s was one of 15 corner stores selected by the **Los Angeles Food Policy Council** to participate in its Healthy Neighborhood Market Network – a program that aims to support local store owners in underinvested neighborhoods to become healthy food retailers by transforming the markets’ space and offerings. At the onset of the COVID-19 pandemic, Luz began collaborating with community partners to offer free, bi-monthly distributions of healthy, fresh food to 35 local families through Lupita’s Corner Market itself, and an additional 40 families per week at a nearby charter school. Organizing the distributions takes a village. Produce is sourced from local farmers’ markets by local nonprofit, SEE-LA, groceries are purchased from Lupita’s and major wholesalers to fill in gaps, and packing and distribution is managed personally by Luz with a handful of volunteers and family members. The LA Phil funds Lupita’s school-based distributions and **SEE-LA** secures and braids funding from a host of philanthropic, local, and federal government sources to support the others.

Numerous interviewees reported that funding for food distribution is typically structured to cover the direct costs of food, yet provides minimal support for other operational, administrative, and infrastructure costs. Essential functions – such as staff time to fundraise and maintain relationships with partners across the supply chain, a bookkeeper and up-to-date phone systems – more often than not, remained unfunded. Luz estimates that she spends an average of 25 hours per week shopping for, prepping, and distributing food boxes, but she received no compensation for her time and only a small amount of funding for utilities and gas. Her situation is not unique. As one interviewee put it, “funders want to pay for food, they don’t like to pay for people’s salaries.”

The pandemic revealed that community-based programs are best positioned to step up and respond to emergent client needs. However, the result of often inadequate and restricted funding for food access, is that organizations are challenged to cover the total expense of maintaining day-to-day operations and are limited in their ability to pivot to changing circumstances. These constraints were particularly intense for organizations in states of strategic transition – such as those that experienced a period of explosive growth or formalized from an all-volunteer to paid staffing model to respond to the immense demand during the pandemic.

All but one of the 16 leaders of family-owned businesses, community-based nonprofits, social enterprises, and mutual aid efforts who NFF interviewed reported difficulties meeting the full cost of doing business over the long-term. Leaders pointed to these specific measures at their top priorities: additional programmatic and administrative staff capacity, improved compensation and benefits to counter the high cost of living in Los Angeles, reserves to navigate the unexpected, and additional infrastructure such as software, refrigerators, and vehicles.

In the absence of funding that covers their full cost, leaders are making do with a combination of intrinsic motivation, resourcefulness, and grit. For instance, while the **Falcon’s Nest at Cerritos College** – a center supporting a range of students’ basic needs – employs only two dedicated paid staff, leadership has established partnerships with other college departments to access human resources and administrative services. They enlist students in the federal work-study program, dietician and social work interns, and members of the theater department to deliver programs. For the team at SEE-LA who sources produce for food distributions at Lupita’s and other

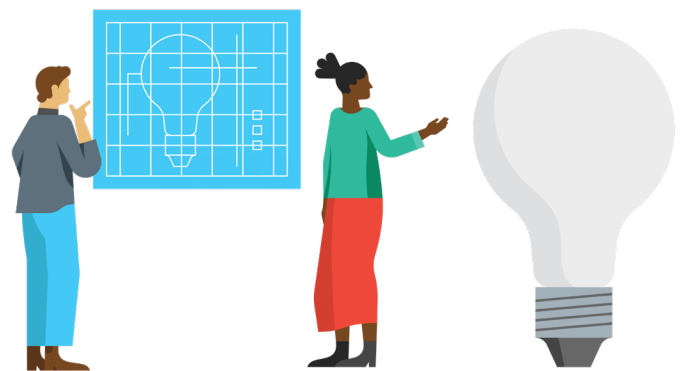


sites, inadequate funding often means the difference between purchasing ready-to-go fruit and vegetables and gleaning it from farmers' excess. While the two methods ultimately both get fresh, healthy food into communities, gleaning means additional dollars aren't channeled into the local farm economy by way of farmers being paid to supply food. Also, the quality of produce can be less consistent, and it requires roughly double the work from the SEE-LA team as they must pick up, sort, and bag the produce, then clean up and compost any food that is not passed on for distribution themselves.

In some cases, leaders have chosen to shoulder the burden personally. Andrew McDowell, founder of the social enterprise **With Love Market & Café** – which distributes free produce bundles to neighbors in its West Adams neighborhood – noted, “I can only work 70-80 hours a week max. And I often work that much and we're still short staffed. You can find the perfect leader, but how long can they be your leader? We take it on until we get burned out and our families suffer.” Luz notes, “I put in all of these hours and do it with joy. I do it because I have the space, and we're grateful that we can help our community.” Like many leaders NFF spoke to, Luz and Andrew's commitment to this work is deeply personal, yet the lack of funding to fully cover their efforts and time is ultimately inequitable and unsustainable over the long-term.

Food access organizations and movements need their full costs covered in order to sustain strong programs and position them financially for evolution and stability over the long-term.

Leaders raised a host of shared, full cost needs including: cash to meet liquidity needs, to protect against reasonable risks, to take advantage of new opportunities like emerging partnerships and collaborations, and to address long-overdue adjustments to staffing and compensation. However, trying to disrupt existing food relief funding practices is “an uphill battle,” one interviewee noted.



Naming and claiming full costs is an important and necessary step that food access organizations can take in advocating for coverage of these needs long-term.

Government and philanthropy can rethink their current practices by **shifting away from equating funding food access with funding food alone** and toward **acknowledging and covering the costs of the teams and organizations powering this work.**

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