

## **Food Banks Go Hungry; As Manufacturers, Retailers Reduce Waste, Overstocks, Charitable Pantries Suffer**

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Three years ago, the Food Bank for Monterey County would receive a truckload filled with as much as 40,000 pounds of dented soup cans, mislabeled cereal boxes and other salvage products every three weeks, says Leslie Sunny, the bank's executive director. Now the bank receives one truckload every three to four months "if we're lucky," she says.

Nationwide, food banks -- clearinghouses that distribute food donations to local charitable pantries and emergency shelters -- report receiving fewer donations in the form of imperfectly packaged canned and boxed edibles.

It is the down side of a drive in recent years by manufacturers and retailers for greater supply-chain efficiency. Toward that end, many food manufacturers began producing food in quantities more closely tailored to individual retail customers' needs. That in turn has reduced the amount of food that gets sold to retailers and ultimately returned to the manufacturers.

At the same time, new technology has helped eliminate production errors such as processing canned food without labels or producing an entire order of cereal boxes using upside-down text. To make up for the product loss, food banks are seeking ways to raise money to buy more food. They are also looking for new types of food, including perishables. Some food banks are hiring trucks to pick up food directly from farms.

The food-bank shortages are nationwide. The Community Food Banks of South Dakota in Sioux Falls, S.D., received 35% fewer donations from grocery stores last year. The Greater Chicago Food Depository, the nation's fourth-largest food bank in terms of the amount of food distributed, has 12% fewer donations this year than last.

"For years, food just landed in our lap," says Kate Maehr, executive director of the Chicago depository. Now, she says, "we have to work twice as hard to get half the amount of food."

Many food banks have made up for the loss of salvage products by buying food through donation drives, but others are giving out less food overall. Faye Gilliam, 64 years old, volunteers at the Monterey food bank in exchange for a "thank-you box" filled with food, like canned tuna, bread, fresh vegetables and canned soup. Ms. Gilliam is disabled and relies on the box to help put food on the table for herself and her husband. She says that the box's contents have grown leaner over the past few years. "The donations just seem to be less," she says, noting that the box contains fewer cans of tuna and vegetables, but more beans.

In the sun-filled food pantry at St. James Catholic Church in Chicago's inner city, pantry coordinator Cathy Moore works amid a bustle of volunteers handing out brown paper bags of food to the needy. The bags are filled with an eclectic mix: uncooked red beans, Kraft Pasta Salad "Gourmet Favorites," Skippy peanut butter, Campbell's tomato soup, Manischewitz Matzos, a chocolate Easter bunny, some Swiss Miss hot cocoa.

Like most pantries, St. James relies on food banks to sell them groceries at deeply discounted rates. This year, Ms. Moore says the menu of food choices from the Greater Chicago Food Depository is smaller. "They don't offer as much as they used to," she says. But, she says, "we've been blessed" because the pantry received a \$33,000 grant from Kraft Foods Inc. last year, which has enabled it to buy more food directly from the local grocery store. That means the families, the homeless and the elderly haven't noticed a big change. Still, the grant is almost depleted, and if they don't get a renewal, says Ms. Moore, "they will see a change."

In Phoenix, St. Mary's Food Bank is seeing about 15% fewer donations over the past year, says Executive Director Terry Shannon. St. Mary's, which bills itself as the world's first food bank, was established in 1967 by the late John van Hengel after talking with a poor woman who scavenged for dented canned food

in grocery-store dumpsters. A creative character who dabbled in everything from advertising to driving beer trucks, he came up with the idea of having a central location for food-industry waste.

The concept is workable as long as the waste proliferates. But retailers are finding new avenues to sell damaged goods. Some grocery stores are putting dented cans in discount bins rather than sending them to the local food bank. Others are selling product into the so-called gray market where brokers sell unsalable groceries to discount stores, flea markets or "banana box" grocery stores, shops that sell salvage food packaged in old banana boxes.

Grocery stores are also increasingly using sophisticated technology that allows them to closely monitor their inventory, thereby stocking only the products that are selling.

"We understand exactly what we're ordering, what's being scanned out," says Jeff Norkiewicz, a board member of the Northern Illinois Food Bank and vice president at Dominick's Finer Foods, a Chicago-based grocery store owned by Safeway Inc., the Pleasanton, Calif., supermarket chain.

Today, an estimated 1.2% of the total goods that move through the food industry supply chain are considered unsalable, according to Patrick Walsh at the Food Marketing Institute, a trade association that represents food retailers. These products were valued at about \$2 billion in 2005, down from about \$2.5 billion the year before.

Retailers say they have found new -- and some say better -- ways to contribute to food banks. For example, many grocery stores will donate money so a food bank can purchase its own food.

Safeway says its donations of cash and food to food banks amounted to \$110 million last year, up from \$109 million the year before. And supermarket chain Supervalu Inc. of Eden Prairie, Minn., says that contributions to food banks "have remained steady or continued to increase in many areas of the country."

Food manufacturers point out that they are still major donors to food banks, even though industry dynamics may be shifting the ways they give. Tim Knowlton, vice president of corporate and social responsibility at Kellogg Co., Battle Creek, Mich., says Kellogg donated more than \$24 million of food last year to America's Second Harvest -- a national network of food banks -- up 5% from 2005.

The food banks themselves are innovating as spare cans of beans and boxes of pasta become less plentiful. Some are acquiring more perishable products like bruised bananas and meat just past its sell-by date. Although often more nutritious than canned goods, perishables can be difficult and expensive to handle and carry a measure of risk. But food banks say the sell-by date is usually much earlier than the true expiration date and that they take pains to ensure nothing is spoiled. Some food banks, like the one in Salinas, are buying refrigerators and refrigerated trucks.

Dennis Smith, executive director of the Northern Illinois Food Bank in St. Charles, Ill., says the bank has actually increased its donations by ramping up its recovery of perishable products directly from retailers. At the Food Bank of Contra Costa and Solano in California, nonperishable food donations are down to less than 15% of total donations from 25% a few years ago.

But overall donations are up because of a program where the food bank hires trucks to deliver food from vegetable farms and orange groves from as far as 250 miles away. Larry Sly, executive director of the Contra Costa food bank, pays two cents a pound for oranges -- and \$400 to have a load shipped. "All of a sudden," he says, "that free food has a cost."