

**REPORT TO THE THIRTY-SECOND LEGISLATURE**

**STATE OF HAWAII**

**2023**

**PURSUANT TO ACT 176, SESSION LAWS OF HAWAII 2021, REQUESTING EACH PRINCIPAL DEPARTMENT OF THE STATE SHALL SUBMIT A REPORT TO THE LEGISLATURE NO LATER THAN TWENTY DAYS PRIOR TO THE CONVENING OF EACH REGULAR SESSION ON THAT DEPARTMENT'S PROGRESS TOWARD MEETING THE BENCHMARKS FOR CERTAIN PERCENTAGES OF THE PRODUCE PURCHASED BY THAT DEPARTMENT IS FRESH LOCAL AGRICULTURAL PRODUCTS AND LOCAL VALUE-ADDED, PROCESSED, AGRICULTURAL, OR FOOD PRODUCTS .**

**PREPARED BY:**

**STATE OF HAWAII DEPARTMENT OF HEALTH**

**DECEMBER 2022**

## Hawaii State Hospital

1. Calendar year 2022 total produce purchased: \$117,794.19
2. Calendar year 2022 total amount of fresh local agricultural products and local value-added, process, agricultural, or food products: \$36,516.20
3. Calendar year 2022 percentage of fresh local agricultural products and local value-added, processed, agricultural, or food products purchases: 31%

The Department of Health (DOH) experienced difficulties implementing Act 176, Session Laws of Hawaii (SLH) 2021 due to existing administrative rules governing state purchasing as promulgated by the State Procurement Office, specifically that bids are awarded to the lowest bidder. Vendors report that some of the local produce is sold at a premium price which makes it unaffordable.

However, in general, vendors estimate that about 30% of the produce sold to DOH was fresh local agricultural products. Reconciliation with procurement rules is recommended, since asking vendors to provide the source of products on their invoice will increase the cost of the products, as well as unpredictable factors such as the weather, energy and shipping costs, pest outbreaks, etc. affects pricing.

## Kalaupapa Settlement

The Hansen's Disease facility on Molokai is unable to report the amount of total produce purchased in the previous calendar year due to a lack of an accounting object code that identifies produce and "local" produce. There are currently only two object codes that are used for food supplies, 3310 which is Provisions (Not for Resale), and 8710 Store Purchases for Resale or Reissue (includes non-food items). This issue prevents the program's ability to record the amount and percentage of fresh local agricultural products and local value-added, processed, agricultural, or food products purchased by them during the previous calendar year.

There are 11 patients at Kalaupapa Settlement, with half off-island receiving medical care or visiting family at any given time, which makes the quantification requested by Act 176, SLH 2021, impractical and its policy benefit extremely minor. Food is purchased from local wholesalers and retailers. Due to the small quantities purchased, only a very limited number of companies are willing to sell to Kalaupapa, thereby limiting their choices of where the food is sourced. There are also the additional challenges of being able to identify what items are grown locally versus shipped from out of state to the distributor or store. Many items are received unlabeled with the point of origin.