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Food banks could spend less, and feed more, under new national program

A Santa Ana nonprofit joined forces with two corporate giants in December. The deal could help 80,000 food nonprofits get the same wholesale price breaks enjoyed by national restaurants and stores.



By **ANDRE MOUCHARD** | amouchard@scng.com | Orange County Register

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A Santa Ana nonprofit struck a deal this month with two food industry giants that, if it works as planned, could help food banks around the country feed more people and help blunt a fast-growing national hunger crisis.

[Abound Food Care](#), a Santa Ana group that helps local food banks make better use of technology, is creating what it is calling a “nonprofit enhanced food procurement program.” To do that, Abound is partnering with Foodbuy LLC, a Charlotte, North Carolina-based purchasing company that bought about \$35 billion worth of food and other products last year, and Sysco Corp., a Houston-based entity that sells, markets and distributes food to hotels, stadiums and restaurant chains, among others.

Details about the program are complex, but the basic idea is pretty simple: It is intended to give food nonprofits more buying clout and, with it, boost their ability to feed more people.

“I can see this changing the nature of how food nonprofits operate,” said Scott Sanders, Foodbuy’s former chief executive and a current board member at Abound Food Care.

Most food banks and pantries aren’t big operations, run by volunteers or a small group of paid staffers. And most reach limited areas or are aimed at helping specific groups of people. That said, the United States is home to about 80,000 food nonprofits, a network that’s nearly six times bigger than the number of U.S.-based McDonald’s restaurants.

For now, the new buying network includes just a handful of food banks, most from Orange County and the Inland Empire. But [Mike Learakos, chief executive of Abound Food Care](#), said the goal over the next year is to sign thousands of nonprofit food providers to the new network, giving them, collectively, the kind of buying clout now enjoyed by for-profit giants such as Costco and Walmart.



Mike Learakos —The director of Abound Food Care, a nonprofit that collects charitable food from restaurants, groceries and farms, among others, is helping to spearhead a relaunch of the OC Hunger Alliance. Among other things, the new version of the OC Hunger Alliance is using business-oriented software, political lobbying and new organizational strategies to dramatically reduce hunger in Orange County. The idea, which is backed by the county and financed, in part, by the Samueli Foundation, also hopes to use food charities into a tool to help deliver a wide variety of social services, including drug counseling, health care and financial literacy. (Courtesy of California Food Recovery Coalition)

“If you’re a Hilton Hotels, or a Disney, or a large health care provider, you’re already able, in many cases, to be part of this kind of food-buying program. Those companies are huge and they can leverage their size to get price discounts that lower their overhead,” Learakos said.

“This (the enhanced procurement program) just means nonprofits can combine their purchasing power in the same way.”

The deal, which Learakos said was first broached in April and finalized in mid-December, also reflects a recent shift in the way food banks operate.

Traditionally, food nonprofits have relied on in-kind donations – cans or boxes of food and produce from individual donors, and excess fresh food and proteins from groceries and restaurants – as a way to feed people in need.

But in recent years, particularly since the pandemic, in-kind donation streams have started to stagnate. And the trend is likely to accelerate over the next few years as big grocery chains and restaurants use better software and artificial intelligence to become more efficient and generate less excess food to give away.

Because of those changes, food nonprofits increasingly seek cash donations instead of cans of food, and they use that cash to buy food for their clients. That, in turn, means nonprofits need to change their operations, said Learakos, who ran a restaurant chain before starting Abound.

“The nonprofit world is typically not sophisticated about how procurement works,” he said. “Manufacturers, food processors, distributors – in every step there’s a profit margin built into the list price.

“Where this is unique is Foodbuy and Sysco are saying they’ll forgo their profit to help the food banks.

“But that’s also good for their business because they’re building a stronger communities,” Learakos added.

“Amplify that as much as you can and it means more customers, which means more business. It’s an opportunity.”

Sanders, the former Foodbuy CEO, agreed:

“There’s a need out there and we can help fix that,” he said. “That’s essentially our business model.”

And need is growing.

During the same period that food banks have seen a shift in how they get and deliver food, they’ve also seen a spike in the numbers of people needing free food to get through the month.

Though starvation remains rare in the United States, a growing number of people are food insecure, meaning they routinely face a choice between paying for food or paying other basic expenses, such as medical bills or utilities. The U.S. Department of Agriculture estimates that at the end of 2023 – the last year for which data is available – there were 47.4 million Americans living in households that faced periods of food insecurity in the previous 12 months, a 40% jump from 2019.

At least some of that new demand for free food might be met by the 10% to 25% savings expected when nonprofits can start to buy like a Costco or Walmart or other huge for-profit retailers.

In the near term, the lower wholesale prices probably will mean more food for more hungry people. But, long term, it could put food banks in a position where they’ll have to make a welcome choice: to give out more food, as needed, or to expand into a service that’s not about nutrition, such as health care.

“If our ultimate goal is to serve fewer people because we’ve helped reduce the need for free food, then this could be an opportunity to get into something else and really make an impact,” Learakos said.

“Food, obviously, does make an impact,” he added.

“But it would be great to see the need (for food) go down and our ability to help go up. That’s what we’re aiming for.”