

PRESS RELEASE

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New Report Argues for the Overhaul of the Cafeteria Industry

COVID-19 Highlights Systemic Flaws in the Food Supply Chain

May 14, 2020: A report released by Real Food Generation, a national organization mobilizing young people around food justice, reveals how major cafeteria contractors like Aramark monopolize the cafeteria industry, hurting the communities they claim to serve. The report, entitled ["Be-Trayed: How Kickbacks in the Cafeteria Industry Harm Our Communities -- And What To Do About It."](#) shines a light on long-hidden business practices that have rendered the food system rigid and unable to respond to crises like the one brought about by COVID-19.

In particular, the report examines the practice of receiving 'kickbacks' and illustrates how these cash rebates, once a deal-sweetener for businesses like Aramark, Sodexo and Compass Group, now appear to be driving the companies' business model and accounting for as much as half of the profits. As detailed in the report:

- Three multinational corporations, Aramark, Sodexo, and Compass Group control 81% of higher education dining contracts and effectively act as gatekeepers to the \$52 billion management industry.
- This pay-to-play system advantages the food suppliers with the greatest ability to pay: the largest food and beverage manufacturers like Tyson, Cargill, and JBS.
- In the process, the system squeezes small and medium-size farms and food businesses out of the important college market.

As Real Food Generation's Executive Director, Anim Steel, said, "Family farmers, independent ranchers, owner-operated fishing boats, and cooperatively-run food businesses are precisely the sectors of the food economy that provide vibrancy and resilience to communities in both good and bad times."

With just four corporations controlling over 50 percent of poultry, 65 percent of pork, and 85 percent of beef, one outbreak magnifies the health risks for processing plant workers who already have some of the most dangerous and lowest-paid jobs in America. It also

underscores the financial risk for growers in a vertically-integrated system whose contracts lock them into a single buyer and saddle them with debt.

Instead of contributing to a more decentralized and diversified food system based around fair pay, the cafeteria industry has reinforced consolidation, pushing small producers out and putting pressure on workers to work even faster for the sake of corporate profits.

The kickback system is widespread, but hard to quantify. Rebates are difficult to identify in the companies' annual reports, and a rare Sodexo whistleblower was fired in 2005.

The tight relationship between cafeteria operators and major food manufacturers also exacerbates the next looming global crisis -- catastrophic climate change. Cargill and JBS, for instance, are heavily implicated in the burning of the Amazon, a process which will release another 200 million tons per year of carbon into the atmosphere if left unchecked. As Swarthmore College undergraduate Olivia Smith said, "While my generation is facing an unprecedented fight against climate change, the companies behind our dining halls are some of the biggest climate culprits and human rights violators in the world. Often, we have no choice but to be reliant on them while on campus."

In addition to exposing the injustices of cafeteria kickbacks, the new report provides a roadmap for re-aligning the cafeteria industry to better serve the public interest.

"We're asking companies to invest in the infrastructure," said Phillip Barker, North Carolina farmer and founding member of the Real Meals Campaign behind the roadmap. "That's what's missing in our community. Without that investment it kind of keeps Black farmers behind. What we have to do is continue to build our power to insist that the Big 3 make some changes, because the next generation shouldn't have to take on these battles."

"Be-Trayed" gives students, school administrators, and journalists, researchers, food suppliers, and public officials specific guidelines for action, creating hope for the future and calling everyone in to take part.