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## **GAPs Compliance Costs for North Carolina Fresh Produce Producers**

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### **Abstract**

The certification of fresh produce producers in Good Agricultural Practices (GAPs) has become a common requirement by wholesale and retail buyers. The Food Safety Modernization Act has provisions for the adoption of traceability systems by farms with fresh produce. The US Food and Drug Administration (FDA) provides guidance for GAPs, but some requirements within these documents, such as traceability, are changing rapidly. Several traceability systems are currently being used by produce producers, and range from professional systems to farmer created systems. This study focuses on two; FoodLogiQ® and farmer created traceability. A focus group composed of various produce farming operations has been tasked to shed light on the challenges produce producers face in implementing traceability systems.

Implementation of a sophisticated, professional system requires a large monetary commitment from the producer. The following figures are estimates producers provided specifically for this study. Initial costs using a FoodLogiQ® system is priced at \$5,000-\$7,500, and requires additional software such as FAMOUS to handle the operations accounting needs at a cost of \$40,000-\$50,000. Yearly subscription/maintenance fees of \$1,200-\$8,500 will also be necessary costs for the producer.

Survey questions addressed to the focus group aimed at evaluating two main areas; cost of adoption and managerial time with adoption. Results show a distinct difference between small producers (gross sales of \$100,000 per year) and large producers (gross sales of \$500,000 or greater per year). Small operations feel the burden of adoption with the initial technology costs (e.g. field scanner, label printer, software). Larger operations noted that the heaviest burden of implementation comes in the added cost of personnel. Participants were asked to place a value on survey questions using a 1-3 scale with 1 being no additional cost, 2 minimal additional cost, and 3 significant additional cost. As a result, producers indicated a field scanner (2.3), printing case

labels (2.5), and additional office personnel (2.5) as the most costly. Participants were asked to evaluate how implementing a traceability system will affect their management time. Average response yielded between minimal additional time and significant additional time (2.7).

The results of the study will provide guidance to producers, farm organizations and policy makers on the costs and potential structural changes occurring as a result of GAPs adoption.

**Keywords:** Traceability, GAPs, Fresh Produce

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