



## 2006 ISSUE PAPER

The American Commodity Distribution Association (ACDA) is a non-profit professional association devoted to the improvement of the U.S. Department of Agriculture's (USDA) commodity distribution system. ACDA members include state agencies that distribute USDA commodities, agricultural organizations, recipient agencies, such as schools, and allied organizations, such as nonprofit anti-hunger groups. ACDA members distribute over 1.5 billion pounds of domestically produced commodities annually to programs such as the National School Lunch and Breakfast Programs, the Emergency Food Assistance Program, the Summer Food Service Program, the Commodity Supplemental Food Program, and the Child and Adult Care Food Program.

USDA commodities also play an important role in disaster relief efforts. Immediately after hurricanes Katrina and Rita, for example, USDA diverted hundreds of truckloads of food and infant formula to Gulf Coast states. This food came at a crucial time – when other options were limited or nonexistent because stores and restaurants were closed. Preliminary FY 2005 data indicates that USDA utilized more than \$15 million worth of commodities in disaster assistance efforts. This number is likely to increase as the Department reconciles the amount of USDA product that was utilized on the state and local level in these areas.

The Child Nutrition and WIC Reauthorization Act of 2004 (Public Law 108-265) made a number of important improvements to the child nutrition programs, and the 2007 Farm Bill will provide Congress with the opportunity to make additional improvements. ACDA provides the following recommendations to help further strengthen the commodity programs so they continue to meet the needs of program recipients and agricultural producers.

**Maintain the important role of commodity assistance in the school meal programs.** Commodity assistance has always had a dual role – supporting the domestic agricultural economy while at the same time providing nutritious food to schoolchildren. To maintain and strengthen the role of commodities in the school meal programs, ACDA urges Congress to:

- **Restore the minimum level of commodity assistance for the School Lunch Program.** The NSLA requires that at least 12% of federal assistance be in the form of commodities, but “bonus” commodities are now being counted toward this requirement. This has resulted in a decrease of at least \$55 million per year – over 80 million pounds of food. ACDA urges Congress to reverse this budget cut.

- **Support commodity assistance for the School Breakfast Program.** Congress and the administration should review the merits of implementing a commodity reimbursement for the breakfast program. This would provide an excellent avenue to assist the farm economy by removing surplus food, and would assist efforts to expand the availability of the program.

**Strengthen the Emergency Food Assistance Program (TEFAP) and the Commodity Supplemental Food Program (CSFP).** Demand for emergency food assistance is increasing, and the budgets of local community action agencies and food banks are limited. Congress should appropriate the fully authorized amount of funding for TEFAP storage and distribution costs -- \$60 million -- and consider utilizing Section 32 funds to assist in the distribution of bonus commodities. Adequate funding for CSFP is necessary to ensure that existing state programs are not compromised. This program should be funded at \$140 million.

**Fund the elimination of reduced price (ERP) pilot project.** Under current law, there are three income categories in the school meal program: free, reduced price, and paid. An increasing number of working poor families are finding it difficult to participate in the reduced price program, which requires them to pay 40 cents per lunch and 30 cents per breakfast. A pilot project has been authorized to test elimination of the reduced price category in up to five states. ACDA encourages Congress to fund this pilot, which would test the complete and immediate elimination of the reduced price category for breakfasts and lunches.