



## 2010 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; industry groups, such as food manufacturers and processors; 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.

While there is always opportunity for program improvements, ACDA strongly supports the integrity of the commodity program and the distribution of USDA Foods through school meal programs, The Emergency Food Assistance Program (TEFAP), the Food Distribution Program on Indian Reservations (FDPIR), and the Commodity Supplemental Food Program (CSFP). Congress has rightly rejected efforts in the past to convert this important program to cash or letters-of-credit, and we urge Congress to continue to support the current system for food distribution.

ACDA also supports efforts to ensure the nutritional quality of the foods offered through the USDA Foods programs, including increasing the amounts of fruits and vegetables available to recipients in the interest of helping them meet the Dietary Guidelines for Americans. Research clearly shows that fruits and vegetables in all forms support good nutrition, and we encourage Congress to make clear that USDA should consider all factors in its procurement so that frozen, canned, and dried items, as well as fresh, are all acceptable forms, as the recent recommendations for school meal planning from the Institute of Medicine states.

For the upcoming Child Nutrition Reauthorization, ACDA recommends the following:

**Strengthen the important role of commodity assistance in the school meal programs.**

Commodities have always had a dual role – supporting the domestic agricultural economy while at the same time providing nutritious food to needy Americans. To strengthen the role of commodities in the school meal programs, Congress should:

- **Provide \$0.10 commodity assistance for the School Breakfast Program.** Unlike the School Lunch Program, there is no commodity reimbursement for school breakfasts. A commodity reimbursement for the breakfast program would provide an excellent avenue to assist agricultural producers, and would encourage the expansion of the breakfast program.
- **Provide Adequate Funding for School Meals.** The cost of providing a school meal is increasing due to the rapidly rising cost of food, the need to update the school meal patterns, and the need to improve the content of school meals to address the obesity epidemic. Congress should increase the school meal reimbursement rates to address these issues.

- **Ensure sufficient funds for the first quarter of the school year by authorizing the temporary transfer of funds in the federal fiscal fourth quarter from the Commodity Credit Corporation or Section 32 funds as needed.** To provide for a seamless flow of commodity foods to schools at the beginning of the school year, USDA sets aside a percentage of its appropriated funds for the fourth quarter of the fiscal year. From time to time, due to delayed funding or escalating prices, the set aside is not sufficient for these purchases which are crucial to school districts at the start of the school year. This can be resolved by allowing the shortfall to be advanced from other funds until the new fiscal year appropriation is available.
- **Include the value of commodities in the State Administrative Expense formula.** As the cost of handling and storing commodity foods increases, states must either draw down from its administrative funds or increase direct costs to school districts. Using SAE funds for the administrative costs of the commodity distribution program reduces the amount available for program integrity oversight and technical assistance. The SAE formula should include the value of commodities managed by the State and set aside for that purpose.
- **Support the 12 Percent Solution which will go a long way towards restoring the lost minimum level of commodity assistance for the School Lunch Program.** The NSLA requires that at least 12 percent 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 and amend the statute to fix the underlying cause of the 12 percent gap.

### **Strengthen and Expand The Emergency Food Assistance Program (TEFAP) and the Commodity Supplemental Food Program (CSFP).**

The current economic environment has caused a significant increase in demand for assistance from local food pantries. More than 36.2 million people lived in households struggling against hunger in 2007, compared to 35.5 million in 2006 and 33.2 million in 2000. The number of people in the worst-off category - the hungriest Americans - has risen 40 percent since 2000, from 8.5 million to 11.9 million.

- **Amend TEFAP’s statutory authority so that states can roll over a portion of unspent food funds into the next fiscal year.** At times, despite state efforts to use all available resources, USDA unexpectedly cancels commodity deliveries. When this happens at the end of a fiscal year it can make it difficult for states to allocate their entire commodity budget, and any funds unspent at the end of the fiscal year are forfeited. Allowing states which through no fault of their own are at risk of losing unexpended balances to roll over these balances into the next fiscal year would help ensure that money is fully utilized as intended by Congress.
- **Continue sufficient funding for the Commodity Supplemental Food Program (CSFP), including program expansion.** Congress provided additional funding in FY 2010 to start CSFP in seven new states, and to provide some needed expansion in other states already in the program. ACDA urges the Obama Administration to request sufficient funding in FY 2011 to meet program needs in all participating states, while recognizing that additional states plan to seek approval for new CSFP operations.