



2011 Legislative 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 Foods; agricultural organizations; recipient agencies, such as schools; industry groups, such as food manufactures 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.

ACDA 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 suggested in the recommendations for school meal planning from the Institute of Medicine .

Strengthen the important role of commodity assistance in the school meal programs. USDA Foods have always had a dual role – supporting the domestic agricultural economy while at the same time providing nutritious food to needy Americans. More actions are needed beyond those taken in the reauthorization of child nutrition programs. To strengthen the role of USDA Foods 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.
- **Allow USDA to retain title to USDA Foods until delivered.** USDA has, over the last several years, conducted a demonstration project that provides options for State agencies and multi-State processors to test alternatives in the processing of donated foods. Multi-State processors submit a performance bond or letter of credit, which protects the value of donated food inventories, to FNS, rather than to each individual State agency administering USDA school commodities. Current law does not clearly provide that USDA retains title to the commodities, risking legal issues when the processing is not completed or substitutions must be made. Based on the demonstration projects, ACDA supports having USDA retain title to commodities delivered to a processor on behalf of a State (including a State distributing agency and a recipient agency), until end products containing USDA Foods, or similar commodities as approved by the Secretary, are delivered to a State distributing agency or to a recipient agency.
- **Include the value of USDA Foods in the State Administrative Expense formula.** As the cost of handling and storing USDA 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 USDA Foods managed by the State and set aside for that purpose.

- **Improve the Department of Defense Fresh Fruit and Vegetable Program.** In 1994, USDA began a pilot program to utilize DoD procurement and distribution of produce to schools. That pilot became a program. In 2006, the Defense Supply Center Philadelphia (DSCP) outsourced their produce program. Since then, there has been growing dissatisfaction with the program by school customers. Congress should direct USDA to evaluate the program and make recommendations for improvements or alternative approaches that will restore the value previously received.
- **Create an interagency panel at USDA for continuous evaluation and improvement of the USDA Foods program.** The USDA Foods program is a shared responsibility of the Food and Nutrition Service, The Agricultural Marketing Service, Farm Services Agency, and the Food Safety and Inspection Service. There is currently no formal oversight structure integrating these agencies' efforts. Congress should direct the Secretary to establish an interagency panel to ensure effective management of the USDA Foods programs including contracting procedures and product specifications.
- **Provide Model Contracts for use with FSMC management of USDA Foods.** State and Local School Food Authorities often do not have the same contracting expertise as do Food Service Management Companies (FSMC) for management of their child nutrition programs. There continues to be great concern regarding the use and value of USDA Foods in FSMC managed districts,. USDA should develop a model contract for use with FSMCs, and provide additional guidance regarding FSMC contracts.

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. According to USDA, more than 50.2 million people lived in food insecure households in 2009. This was up from 36.2 million in 2008, 35.5 million in 2006 and 33.2 million in 2000. The number of people in the worst-off category - the hungriest Americans – has more than doubled since 2000, from 8.5 million to 17.7 million.

- **Allow TEFAP food funds to remain available for two fiscal years, both nationally and at the state level.** 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. TEFAP food funds should remain available on a national level for two years, as is already the case with the WIC and CSFP programs, to improve the prudent use of resources. When funds remain available within a state at the end of the fiscal year, the Secretary should allow states to retain those funds so long as the state has made good faith efforts to use them prior to the end of the fiscal year.
- **Fully fund TEFAP operating expenses.** Section 204(a)(1) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)(1)), as amended, authorizes \$100 million each year for local TEFAP operations. However, this full amount has never been appropriated. \$50 million was appropriated in FY 2009, and \$49.5 million in FY 2010, with an additional \$25 million in FY 2009 and FY 2010 provided by the American Recovery and Reinvestment Act. The final FY 2011 appropriation is yet to be determined. Food banks are providing more food to record numbers of individuals, and need full funding in order to sustain operations.
- **Continue sufficient funding for the Commodity Supplemental Food Program (CSFP), including program expansion.** ACDA urges the Obama Administration to request sufficient funding in FY 2012 to meet program needs in all participating states, and allow both start-up and expansion in additional states approved by FNS in recent years.