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The American Commodity Distribution Association (ACDA) is a non-profit professional trade 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 are responsible for distributing over 1.5 billion pounds of USDA purchased commodities annually to programs such as the National School Lunch and Breakfast Programs, the Emergency Food Assistance Program (TEFAP), the Summer Food Service Program, the Commodity Supplemental Food Program, and the Child and Adult Care Food Program.

ACDA believes Congress and USDA should consider several issues as they review how to further improve these programs. These recommendations will strengthen the commodity programs, and ensure that they will continue to meet the needs of agricultural producers and recipient agencies.

Ensure USDA can continue to make bonus purchases. Nearly \$1 billion has been transferred from the Section 32 account to provide much needed assistance to livestock producers. Section 32 funds have traditionally been the source utilized by USDA to make bonus purchases to support agricultural prices, and there is significant concern that the Department will not be able to make these purchases this year. If the Section 32 account is not replenished through legislative action, the Department must ensure that it can use other funding mechanisms to make bonus buys as needs arise.

Restore the minimum level of commodity assistance for the School Lunch Program. The Richard B. Russell National School Lunch Act (NSLA) requires that at least 12% of federal assistance provided through the School Lunch Program be in the form of commodities. Starting with Fiscal Year 2004, bonus commodities -- commodities purchased through USDA's price support programs -- will be counted toward this requirement. This will result in a budget cut of at least \$55 million per year, which amounts to over 80 million pounds of commodities. ACDA urges Congress to amend the NSLA to avoid this budget cut.

Establish Commodity assistance for the School Breakfast Program. To encourage efforts to expand the availability of the School Breakfast Program, Congress should provide commodity assistance for this program at a level of five cents per reimbursable breakfast served. This would provide an excellent avenue to assist the farm economy by removing surplus food, and would provide much needed assistance to this program.

Revise the formula for allocating State Administrative Expense (SAE) funds. In most states, the amount of school lunch SAE funds allocated to the commodity program is not sufficient to meet regulatory requirements and satisfy the expectations of schools. As a result, recipient agencies are often required to pay a service and handling fee to receive USDA-purchased commodities. Congress should consider amending the NSLA to ensure a more equitable allocation of SAE funds at the state level to fund the food distribution program.

Improve nutrition integrity by encouraging the consumption of reimbursable meals. The Surgeon General, among others, has recognized that the health effects of obesity and overweight are issues of national importance. The school meal programs are a healthy alternative to other options available to schoolchildren, and Congress should fund nutrition education efforts that encourage the consumption of program meals.

Strengthen the Emergency Food Assistance Program (TEFAP) and the Commodity Supplemental Food Program (CSFP). Over the past two years, the declining economy has resulted in increased demand for emergency food assistance. At the same time, private sector food donations in many areas have decreased. Both of these factors are straining the budgets of local community action agencies and food banks. To help alleviate this problem, Congress should appropriate the fully authorized amount of funding for TEFAP storage and distribution costs -- \$60 million. For the same reasons, adequate funding for CSFP is necessary to ensure that the addition of new state programs does not compromise existing programs.