



August 3, 2017

Jinee Burdug, MPP, RDN, LDN,  
Food and Nutrition Service  
U.S. Department of Agriculture  
3101 Park Center Drive,  
Alexandria, VA 22302

Dear Ms. Burdug:

The American Commodity Distribution Association (ACDA) appreciates the opportunity to submit the following comments in response to the information collection regarding the proposed study “Assessing the Child Nutrition State Administrative Expense Allocation Formula” (the proposed study) noticed in the Federal Register on Wednesday, June 7, 2017 (the notice). ACDA believes that while USDA provides limited guidance to States for allocating some of their State Administrative Expense funds (SAE funds) for the distribution of USDA Foods, and has made meaningful modifications to 7 CFR 250, both the allocation and administration are inconsistent among the States. Further direction is needed to ensure that state commodity distribution agencies receive a fair share of SAE funds so that available resources are used in the fashion intended by prior guidance.

ACDA is a non-profit professional trade association, dedicated to the growth and improvement of USDA’s Commodity Food Distribution Programs. ACDA members include: state agencies that distribute USDA foods; agricultural organizations; industry, including processors and manufacturers; associate members, including distributors and food brokers; recipient agencies, such as schools and soup kitchens; and allied organizations, such as anti-hunger groups. ACDA members are responsible for distributing over 2.2 billion pounds of domestically produced commodities annually to programs including the National School Lunch and Breakfast Programs (NSLP and NSBP), the Emergency Food Assistance Program (TEFAP), the Summer Food Service Program, the Commodity Supplemental Food Program (CSFP), and the Child and Adult Care Food Program (CACFP).

The notice stated that the proposed study will “...assess the effectiveness of the current formula used for SAE allocations, identify and examine factors that influence State spending of SAE funds, and develop and test a range of possible alternatives to improve the SAE allocation formula. The study approach includes a review of historical spending and allocation patterns, case studies of 12 States, and an assessment of alternative formulas. ACDA strongly agrees that such a study is needed, and that it should include a focus on how SAE funds are shared with commodity food distribution authorities. This study is similar to what would have been required by Section 203 of S. 3136 (114<sup>th</sup> Congress), the Improving Child Nutrition Integrity and Access Act of 2016, requiring the Secretary to conduct a study to evaluate the effectiveness of the amount and allocation of State administrative expenses, and requires a report to Congress no later than September 30, 2019.

In order to respond to your request for comments, we conducted a survey of some of our members to determine their experiences. We asked:

- Do you believe your state is providing a fair share of SAE funds to assist with commodity distribution?
- Are there state laws or procedures that assist, complicate, or prevent the sharing of these funds across programs or agencies?
- Even if you are getting a fair share, how does the level of funding compare with your needs?
- We know that several states are having budget problems. To what extent do any of these problems impact the willingness of state agencies to share funds across programs, especially when school lunch and breakfast may be in one agency, and commodity distribution in another?
- Are there additional factors that you believe should be relevant to determining how SAE funds are calculated?

As one would expect, the answers varied. There were positive answers from states in which the administration of the distribution program is in the same agency or department as the school meal programs. There were also positive answers from some states where the operation was spread across different agencies, but strong working relationships have been developed over time.

We heard from one state that the State director does not give the food distribution program any general SAE funds, but has been convinced to apply for SAE reallocation funds every year to assist the food distribution program, and as a result the program now receives funds. One state told us that because funds are provided by FNS to the state outside of the state legislature's budget cycle, funds are not likely to be transferred between Departments because such action would require an agency budget amendment that would have to be approved by the state's legislature. Another State told us that funds are shared only if available, but funds have never been available, presumably because they are totally used by the original recipient agency to meet that agency's need.

Several states did tell us that the funds made available are not sufficient to meet needs, which goes to the underlying issue of the need for legislative changes in the amount of SAE funds available. It was also suggested that the food distribution program should at least be given any SAE set-aside for the food distribution program and be allowed itself to apply for SAE reallocation in addition to this amount.

ACDA believes that as you proceed with your study that you consider a survey of all states using questions similar to the ones we raised in addition to your specific case study of 12 states. We would be happy to work with you in this regard.

We also want to respectfully point out to you that many of our successes depend upon the relationships that individual state personnel have developed over their careers. As people normally advance to other positions or retire, those relationships may not continue. Therefore, strong guidance, ongoing review, and better instruction from FNS are likely needed to ensure that food distribution programs get the funds they need to operate these programs in a responsible and efficient manner.

Again, we thank you for the opportunity in offering these comments, and look forward to continue working with you to enhance the quality and substance of the nutrition standards that serve as the basis for USDA's food programs.

Sincerely,

A handwritten signature in cursive script, appearing to read "Chris Facha".

Chris Facha  
President