



2018 Legislative Issue Paper

The American Commodity Distribution Association (ACDA) is a non-profit professional association, whose members include state agencies that distribute USDA Foods; agricultural organizations; recipient agencies, such as schools; industry groups, such as food manufacturers and processors; and allied and agriculture organizations, such as nonprofit anti-hunger groups and growers associations. ACDA members distribute over 2.2 billion pounds of domestically produced commodities annually to programs including 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 looks forward to continuing work with the 115th Congress to make responsible improvements in Farm Bill household programs and USDA procurement, along with further action on Child Nutrition Programs. ACDA continues to advocate for several provisions included in S. 3136, the Improving Child Nutrition Integrity and Access Act of 2016 (the Senate bill), and HR 5003 – the Improving Child Nutrition and Education Act of 2016 (the House bill), which are more fully discussed below, and hopes to build upon these provisions.

The USDA Foods program distributes American Agricultural products valued at more than \$2 billion each year, with \$1.4 billion for Child Nutrition Programs in FY 2017. This distribution makes critical contributions to farmers, ranchers and recipients. Strengthening these programs will benefit more than one in five Americans.

ACDA respectfully offers the following recommendations:

The Farm Bill

Multiagency Task Force established by Section 4205 of the 2014 Act - ACDA strongly supported this section of the 2014 Act which required the Task Force to review and make recommendations regarding the specifications used for the procurement of food commodities; review and make recommendations regarding the efficient and effective distribution of food commodities; and review and make recommendations regarding the degree to which the quantity, quality, and specifications of procured food commodities align the needs of producers and the preferences of recipient agencies. ACDA urges that the House and Senate Committees carefully review the actions taken by the Task Force and the joint FNS/AMS Business Management Improvement Project and provide such additional authorities as may be needed to improve the operation of these procurement programs.

TEFAP Foods – ACDA urges that the Farm Bill continue to provide strong support for the purchase of foods for the Emergency Food Assistance Program. While the USDA's Economic Research Service has reported that food insecurity among households has declined from 14% in

2014 to 12.3% in 2016, this level is still above the 2007 pre-recessionary levels. Efforts to combat food insecurity are moving the needle but still have not been able to recover household food security entirely. Food-insecure households (those with low and very low food security) had difficulty at some time during the year providing enough food for all their members due to a lack of resources. Additionally in rural areas food insecurity has not shown the improvements that urban areas have shown and programs to reach these areas must be strengthened. While ACDA strongly supports the provision of bonus foods, no operational funding is provided to support this activity. ACDA urges the consideration of providing funds for this important effort.

Fruit and Vegetable Snack Program - ACDA continues to support emphasizing the importance of fruits and vegetables in all forms – fresh, frozen, canned and dried – as noted in the *2015-2020 Dietary Guidelines for Americans*. The Fruit and Vegetable Snack Program was established by Section 10603(b) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 612c-4(b)), and is scheduled for reauthorization as part of the next Farm Bill. ACDA believes that the Buy American requirements imposed on school meals should also apply to the Fruit and Vegetable Snack Program.

SNAP Block Grants – ACDA joins with other organizations in opposing any effort to convert the SNAP program to a block grant. Prior proposals would reduce resources available for this important food assistance program and make it unlikely that the program could respond to changing needs for assistance. Further, turning the program into fifty state designed programs endangers equal opportunity for those needing assistance to qualify for the program. It also risks making it more difficult and likely more costly for product manufacturers to provide food products that may have to meet fifty different state standards.

Child Nutrition Programs

Strengthen the important role of USDA Foods in the school meal programs. USDA Foods have a dual role – supporting the domestic agricultural economy while at the same time providing nutritious food to school children and needy Americans. To strengthen the role of USDA Foods in the school meal programs and to improve the operation of USDA purchasing programs, Congress should:

- **Oppose Block Grants** - ACDA opposes the conversion of the National School Lunch and Breakfast Programs to a block grant. Block grants likely cap resources available to states for school meal programs. Under a block grant, States would no longer be able to receive additional resources should the need for free and reduced price meals increase during a school year or in the future. States would no longer get additional resources resulting from annual increases in meal reimbursement rates. It is also unclear as to what access block granted states may have to both USDA Foods and the various bonus food items that USDA may provide from time to time. ACDA is concerned that block grants could result in the loss of access to healthy USDA Foods, have negative impacts on the ability to run school meal programs in a cost effective manner, and could bring about even more students being cut from free and reduced meal service. Industry would also be adversely affected by the cost and difficulty of accommodating fifty different state standards.
- **Publish the per meal commodity rate for the upcoming SY by February 15** - ACDA urges that the modification to publishing the commodity rate included in Section 103 of the Senate and House bills be made as soon as possible. State Agencies are routinely ordering USDA Foods in April and May, well in advance of the new school year. The per meal commodity support levels are often not finalized until the school year has begun,

complicating the administration of the program. Providing the per meal commodity rate by February 15 will facilitate placing accurate orders and ensure full and proper use of available resources.

- **Direct USDA to provide reasonable flexibility in school meal programs** - ACDA appreciates and supports the Interim Final Rule issued on November 30 and looks forward to the projected final rule. These efforts to provide flexibility in school meal programs by reviewing further proposed reductions in sodium, maintaining flexibility in whole grain requirements, and giving schools the ability to serve flavored low-fat milk will help improve the desirability of school meal programs. ACDA also supports restoring the initial requirement that at least half of grains offered with school meals be whole grain rich.
- **Provide 6¢ entitlement for USDA Foods for every breakfast served** – ACDA supports H.R. 3738, the *Healthy Breakfasts Help Kids Learn Act of 2017*, to provide an additional 6 cents in commodity support for the School Breakfast Program (SBP). The provision of breakfast commodity assistance is a top priority for both professional associations and has been for many years.
- **Ensure that 12% of school lunch support comes in the form of commodities** - ACDA appreciates and supports the strong repetition of this 12% requirement in Section 103 of both the Senate and House bills, and the requirement that the Secretary shall, to the extent necessary, use the authority provided under section 14(a) of the Richard B. Russell National School Lunch Act to meet the requirements for the school year.
- **Include distribution of USDA Foods in the State Administrative Formula (SAE), dedicating this resource specifically to support state distribution** - Section 203 of the Senate bill requires 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. While USDA provides limited guidance to States for allocating some of their administrative funds to distributing USDA Foods, and has made meaningful modifications to 7 CFR 250, both the allocation and administration are inconsistent among the States. FNS established an information collection regarding the proposed study “Assessing the Child Nutrition State Administrative Expense Allocation Formula” (in the Federal Register on Wednesday, June 7, 2017. In response, ACDA surveyed its membership and offered recommendations for a similar survey of all states in addition to the FNS proposed specific case study of 12 states.
- **Fruit and Vegetable Snack Program** - ACDA continues to support emphasizing the importance of fruits and vegetables in all forms – fresh, frozen, canned and dried – as noted in the *2015-2020 Dietary Guidelines for Americans*. Increasing flexibility to program sponsors in planning menus that meet high nutrition standards but still are within cost targets, as was done by Section 110 of the House bill, is of critical importance. ACDA believes that the Buy American requirements imposed on school meals should also apply to the Fruit and Vegetable Snack Program.
- **Summer Food Service Program Commodity Rate** - As a matter of policy, USDA provides 1.5 cents in commodities per Summer Food Service meal served. Given that this rate has not changed since its inception many years ago, ACDA urges this rate be reviewed and increased to a more reasonable level reflecting increased meal costs.

Appropriations

Strengthen and Expand The Emergency Food Assistance Program (TEFAP) and the Commodity Supplemental Food Program (CSFP). ACDA supports using household programs to help alleviate food insecurity.

- **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. ACDA appreciates the increase to \$59,401,000, and urges that funding be provided at no less than this amount in FY 2018 and FY 2019. ACDA also urges sufficient funds for USDA Foods purchases, recognizing that these foods have also been used in disaster relief efforts and may need to be replenished,
- **Continue sufficient funding for the Commodity Supplemental Food Program (CSFP), including program expansion** - ACDA supports the provision of \$238,120,000 for FY 2018, as was done in both the House and Senate Committee reported appropriation bills. This funding has allowed expansion to Wyoming, Puerto Rico, and the Seminole Nation in Oklahoma, and provided caseload increases for several requesting states. For FY 2019, ACDA supports sufficient funding to allow for continuation of all programs, plus an anticipated new program in Alabama that would make CSFP available in all fifty states,