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American Commodity Distribution Association
Before the
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration and Related Agencies
House Committee on Appropriations
March 31, 2020

On behalf of the American Commodity Distribution Association (ACDA), I respectfully submit this statement regarding the FY 2021 budget request of the Food and Nutrition Service for inclusion in the Subcommittee's official record. ACDA members appreciate the Subcommittee's support for these vital programs.

ACDA appreciates the strong support the Subcommittee continues to provide for these vital food assistance programs, particularly at these challenging times. We want to call attention to specific concerns we have regarding commodity support for both schools and food banks. ACDA believes that action must be taken regarding USDA Foods Needed Beyond Trade Mitigation and Coronavirus Response. We ask that you fully fund administrative expense funding for TEFAP at \$100 million; to provide \$265,000,000 for the Commodity Supplemental Food Program (CSFP) to maintain the current caseload and to allow for requested expansion; and to maintain funding for the school food equipment grant program. We also urge the rejection of the various legislative proposals included in the budget, absent a thorough review that is not possible during these challenging times.

ACDA is a non-profit professional trade association, dedicated since 1974 to the growth and improvement of USDA's Commodity Food Distribution Program. ACDA members include state agencies that distribute USDA-purchased commodity foods; agricultural organizations; industry; associate members; recipient agencies, such as schools and soup kitchens; and allied organizations, such as anti-hunger groups. 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.

USDA Foods Needed Beyond Trade Mitigation and Coronavirus Response

Food banks across the nation appreciate the additional food items provided with trade mitigation purchases. These commodities were providing very meaningful assistance even before the need for the additional commodity support provided in H.R. 6201, the Families First Coronavirus Response Act and HR 748, ‘Coronavirus Aid, Relief, and Economic Security Act’ responding to Coronavirus. The \$1.2 billion in commodities that food banks received from trade mitigation purchases has also been most helpful, expanding both the volume and range of items available.

But as we go forward, we need to begin considering how we might be able to maintain this volume of food assistance. Food banks have committed additional resources of their own, getting additional warehouse space and other necessary equipment. We urge the committee to explore other authorities that will help maintain this worthwhile flow, and to seek guidance from the Department should additional authorities be needed.

As you know, school food programs have been doing their very best to respond to continuing to provide meals to students while schools are closed due to the Coronavirus outbreak. The interruption in regular school meals will also likely impact the next school year. 7 CFR § 250.56(c) provides:

“(c) *National per-meal value of donated foods.* For each school year, the distributing agency receives, at a minimum, the national per-meal value of donated foods, as established by Section 6(c) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1755(c)), multiplied by the number of reimbursable lunches served in the State in the previous school year.”

Providing fewer school meals now means school food authorities will have less federal support in USDA Foods in the next school year unless action is taken to safeguard at least the same level of support as has been provided for the current school year. Additionally, lunches served in the NSLP earned \$.3625 in commodity entitlement per meal. While these foods are intended to be used in the NSLP, USDA guidance allows them to be used in any child nutrition program. This is especially important during the school closures, which allows Recipient Agencies (RAs) to use up these inventories in the alternative summer food (SFSP) and seamless summer option (SSO). This will, however, negatively impact RAs in the future, as SFSP meals only earn 1.5 cents per meal. While SSO earns the full rate of \$.3625 for every lunch served, most states have fewer participants in this program because the SFSP reimbursement rate is \$.15 higher overall than SSO with entitlement included. This will lead to (1) less overall entitlement to the RA in the future, (2) likely increased food costs as they will have to commercially purchase more food, and (3) potentially harm American agriculture with the reduction in USDA food purchases.

We urge the subcommittee to direct that SY 19 data be used in establishing the entitlement calculation for SY 20, allow any balances in entitlement funds to carry over from SY 19 to SY 20, and strongly urge that this action be taken as part of the likely next supplemental COVID-19 bill. Further, we urge the Subcommittee to consider the challenges faced by food vendors whose inventories were disrupted by the understandable changes that have been made in

school meals in order ensure that children are fed. Investments were made to comply with meal standards and inventories established so that schools would have the foods they need. The changes in ordering creates hardships for vendors that may have long term implications if some type of assistance is not provided.

Fully Fund TEFAP Administrative Funds at \$100 million

ACDA sincerely appreciates the continuation of \$79.1 million provided for TEFAP Administrative Funds provided in the final FY 2020 Consolidated Appropriations Act, and the additional funds provided in HR 6201 and HR 748 to support commodity distribution expenses. We continue to urge the Subcommittee to fully fund TEFAP Administrative Funds at \$100 million.

As we have told the Subcommittee in the past, food banks, Community Action Agencies, and other TEFAP operators continue to find that they have had little choice but to convert food dollars to administrative expense funds to maintain their operations. Using food dollars for operating expenses is too often necessary and reduces the ability of these operators to provide food assistance to more individuals and families who continue to face difficult times. We cannot at this time predict the food needs we will have in the next fiscal year and must be prudent about preserving our food purchasing capability. We urge the Subcommittee to not force this choice between food and expense funds upon operators that are experiencing reduced private donations in addition to increased demands.

Funding for the Commodity Supplemental Food Program

ACDA joins the National Commodity Supplemental Food Program Association in recommending \$265,000,000 for the Commodity Supplemental Food Program (CSFP). This is our best estimate of what would be needed to maintain current services and provide for requested expansion in the program.

School Food Equipment Grants

ACDA supports maintaining School Food Equipment Grants at \$30 million, as provided for FY 2019. All school food authorities are working diligently to provide healthier and desirable meals to millions of students each and every day. Their ability to provide these meals depends upon the equipment available to them, and this grant program has made a positive difference for those fortunate enough to receive these grants.

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*. However, we remain concerned about mandating not just what children are offered in school meals but what they must take, whether they intend to eat it or not. Increasing flexibility to program sponsors in planning menus that meet high nutrition standards but still are within cost targets is of critical importance and will help reduce waste resulting from this mandate.

Buy American

ACDA appreciates the efforts of America's farmers and ranchers to provide wholesome product for various feeding programs, in addition to the important role they make in supporting American consumers. Producers continue to see product coming into the United States that disrupt domestic sales and result in the need for Bonus Buys, in addition to the Trade Mitigation Program. ACDA supports strong guidance on Buy American requirements and efforts to assist buyers, distributors, and school food authorities improve compliance with these requirements.

Legislative Proposals

The President's budget proposes several legislative changes, including: raising the Farm to School Grant Limit from \$100,000 to \$500,000; increase the school meal verification sample size from 3 to 8 percent for many school food authorities; restrict community eligibility (CEP) to only those schools with an identified student percentage of at least 40 percent, even if participating in a group or district-wide election; and de-link Section 32 program funding from customs receipts.

Given the uncertainties many school food authorities are facing and the fact that many are not in a position to provide a thoughtful review of these proposals, we urge the Subcommittee to not act upon them, but to instead leave them for consideration by the respective House and Senate authorizing committees as they consider reauthorization of child nutrition programs. These proposals need to be fully vetted so that all impacted school food authorities and food providers have the opportunity to express their views and concerns.

ACDA thanks the for its support over the years and looks forward to continuing to work with you as the FY 2021 Appropriation moves ahead.