



National Alliance for Nutrition & Activity

## USDA Foods: Commodities in the National School Lunch Program

*A boon to both school districts and agricultural producers, U.S. Department of Agriculture (USDA) Foods (formerly referred to as commodities) are U.S. foods purchased by the USDA, which are provided to schools at minimal cost (there are administrative, storage, delivery, and processing fees). Because of the federal government's enormous purchasing power, USDA Foods are often lower in cost than similar products a school could purchase on its own.*

Over the past several decades, the USDA has made strides in improving the nutritional profile of USDA Foods served through the National School Lunch Program. However, since most school-aged children are not meeting the *Dietary Guidelines for Americans*,<sup>1,2</sup> especially recommendations for total fat, saturated fat, sodium, fruits, vegetables, and whole grains, it is critically important that USDA continue to make improvements and work with states and local school districts to ensure that all components of school meals – including USDA Foods – are of the highest nutritional quality.

### **What Are USDA Foods?**

The USDA Food program makes available more than 180 frozen, fresh, canned, and dried products.<sup>3</sup> USDA Foods include both raw and processed foods, which go directly to schools or that school districts send to be processed into end products that are incorporated into school meals.

Foods available for the 2009 school year include fruits, vegetables, meats, cheeses, dry and canned beans, fruit juices, vegetable oils, peanut products, rice, pasta, flour, and other grain products.<sup>3</sup>



In SY 2006-07, USDA Foods purchased by states were:<sup>4</sup>

- 35% meat;
- 15% poultry and eggs;
- 22% cheese;
- 25% fruits and vegetables (35% of which were potatoes); and
- 3% grains, peanuts, and oils.

The USDA continually works to improve USDA Foods by lowering fat, sugar, and sodium levels, and by including additional healthy foods that are offered to schools. Some of the healthier items now available through the USDA Food program include brown rice, dried beans, orange juice, leaner

ground beef, frozen sweet potatoes, and whole grain pasta.<sup>5</sup> However, many school districts continue to serve foods that are high in salt, fats, and sugars.

**How Do Schools Get USDA Foods?**

Multiple agencies within the USDA are involved in the purchase and distribution of USDA Foods. The USDA purchases foods for all states and territories (except Kansas, which receives all entitlements as cash transfers).

In addition to the USDA there are a number of other key partners involved with USDA Foods. State agencies responsible for USDA Foods are called Distributing Agencies or “DA”; there are four basic types of DAs that administer the USDA Food Programs including state departments of health and human services, education, agriculture, or general services. Additionally, local school districts, also known as School Food Authorities (SFA) or Recipient Agencies (RA) are responsible for administering the USDA Food Program in their local district.

DAs at the state level work with RAs at the local level and enter into agreements with processors. Their focus is to retain the dollar value of the entitlement food, and to assess the nutritional quality of the end products that processors offer. Although it is up to the state to grant approval as to which processed end products will be allowed to be sold in their state, it is up to the school district to make final decisions about the nutritional profile of the end products before purchasing them. Decisions made by RAs influence how USDA Foods are processed and the types and forms of USDA Foods that end up in school lunches.

**Decisions Made by USDA, State Agencies, and Local School Districts Affect the Nutritional Quality of USDA Foods**

<b>Federal Level: USDA, Food and Nutrition Service</b>	<b>State Level: State Distributing Agency -DAs</b>	<b>Local Level: Recipient Agency – RAs (also called School Food Authorities-SFAs)</b>
Allocates share of USDA Food funds (entitlement) for each state	Allocates share of USDA Food funds for each school (Planned Assistance Level – PAL)	Decides how much of which USDA Food – makes request through DA
Decides which USDA Foods to purchase each year	Asks RAs which foods and how much to order from USDA	Decides how to process USDA Foods (eg., processing cheese into pizza)
Informs DAs about what USDA Foods are available	Creates a procurement request that gets sent to USDA	May establish processing agreements after approval from DA
Places purchasing requests with processors for States		
Purchases food for DAs		
Establishes national processing agreements to safeguard entitlement value with multi-state processors		

## **What Is the Value of USDA Foods to School Districts?**

With tight budgets, schools rely on USDA Foods as an important resource for the National School Lunch Program. The provision of USDA Foods frees up funds that schools would otherwise have to use to purchase commercial food products. USDA Foods account for 15-20% of federal school lunch food expenditures.<sup>5</sup> During school year 2009, schools were entitled to planned assistance levels valued at 20.75 cents for each reimbursable lunch served through the National School Lunch Program.<sup>6</sup> (Schools do not receive USDA Food planned assistance levels for school breakfasts.) School benefits for the 2008 school year are listed below.

### **USDA Food Entitlement Benefits, 2008<sup>7</sup>**

<b>Cents (per meal)*</b>	<b>\$ Total National Value</b>	<b>Pounds</b>
18.75	\$1.1 billion	1.2 billion

\*Preliminary

In addition to “entitlement” USDA Foods, schools also may receive “bonus” foods if there is an agricultural surplus and/or depressed market prices. For example, if a harvest of potatoes is greater than expected, USDA may purchase these products and distribute them through the USDA Food program. USDA purchased \$16.2 million worth of bonus foods in 2007.<sup>8</sup>

## **How Does USDA Food Processing Affect the Nutritional Quality of School Meals?**

Over half of all USDA Foods (over 120 different products) are sent to over 100 participating processors before being served to children.<sup>9,10,11</sup> The benefits of processing USDA Foods include greater appeal to children, improved food safety, menu continuity, convenience, and reduced labor hours. However, they also may decrease the nutritional quality of USDA Foods by adding fat, sodium, and sugars.

The RAs have the greatest influence over how USDA Foods are processed and ultimately determine the nutritional quality of these foods. It is the RAs (school districts) that work to ensure school lunches comply with National School Lunch Program standards. Schools nationwide are to be commended for the menu improvements and healthier offerings that have been made in recent years. However, many schools continue to exceed the standards for fat, saturated fat, and sodium. School districts are in need of increased technical assistance and training to make more healthful procurement and processing decisions regarding USDA Foods.



## Most Popular Products Made from USDA Foods<sup>10</sup>

USDA Food	Processed End Product Served by Schools
Pork	Cooked sausage patties and links, pizza topping, pork bar-b-que
Beef	Charbroiled patties, crumbles, meat balls
Frozen fruit	Fruit pops, turnovers
Chicken	Nuggets, patties, roasted pieces, breaded chicken
Turkey	Turkey ham, bologna, breast deli slices
Flour, mozzarella, tomato paste	Pizza

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<sup>1</sup> Food and Nutrition Service (FNS), U.S. Department of Agriculture. *School Nutrition Dietary Assessment Study – III: Summary of Findings*. Alexandria, VA: FNS, 2007. Accessed at <<http://www.fns.usda.gov/oane/menu/Published/CNP/FILES/SNDIII-SummaryofFindings.pdf>> on October 3, 2008.

<sup>2</sup> Food and Nutrition Service (FNS). *Diet Quality of American School-Age Children by School Lunch Participation Status: Data from the National Health and Nutrition Examination Survey, 1999-2004*. Alexandria, VA: FNS, 2008. Accessed at <<http://www.fns.usda.gov/OANE/menu/published/CNP/FILES/NHANES-NSLP.pdf>> on October 16, 2008.

<sup>3</sup> Food and Nutrition Service (FNS). *USDA Foods Available for School Year 2009*. Alexandria, VA: FNS, 2008. Accessed at <<http://www.fns.usda.gov/fdd/foods/sy09-schfoods.pdf>> on October 3, 2008.

<sup>4</sup> Food and Nutrition Service (FNS), U.S. Department of Agriculture. *Average Percentage for School Purchase Planning and Ordering*. Powerpoint Slide. Alexandria, VA: FNS, 2008.

<sup>5</sup> Food and Nutrition Service (FNS), U.S. Department of Agriculture. *USDA Foods: Healthy Choices. American Grown*. Alexandria, VA: FNS, 2008. Accessed at <<http://www.fns.usda.gov/fdd/foods/healthy/DidYouKnow.pdf>> on October 16, 2008.

<sup>6</sup> Food and Nutrition Service (FNS), U.S. Department of Agriculture. *Commodity Meal Rate Notices*. Alexandria, VA: FNS, 2008. Accessed at <<http://www.fns.usda.gov/fdd/regs/mealrates.htm>> on September 22, 2008.

<sup>7</sup> Food and Nutrition Service (FNS), U.S. Department of Agriculture. *Schools/Child Nutrition Commodity Programs*. Alexandria, Virginia: FNS, 2008. Accessed at <<http://www.fns.usda.gov/FDD/programs/schcnp/pfs-schcnp.pdf>> on September 22, 2008.

<sup>8</sup> Food and Nutrition Service (FNS), U.S. Department of Agriculture. *Federal Cost of School Food Programs*. Alexandria, VA: FNS, 2008. Accessed at <<http://www.fns.usda.gov/pd/cncosts.htm>> on December 18, 2008.

<sup>9</sup> California Food Policy Advocates (CFPA) and Samuels and Associates. *The Federal Child Nutrition Commodity Program: A Report on Nutrition Quality*. Oakland, CA: CFPA, 2008. Accessed at <[http://www.cfpa.net/School\\_Food/commodities\\_full.pdf](http://www.cfpa.net/School_Food/commodities_full.pdf)> on September 22, 2008.

<sup>10</sup> Food and Nutrition Service (FNS), U.S. Department of Agriculture. *Commodity Processing*. Alexandria, VA: FNS, 2007. Accessed at <<http://www.fns.usda.gov/fdd/processing/pfs-processing.pdf>> on September 22, 2008.

<sup>11</sup> Food and Nutrition Service (FNS), U.S. Department of Agriculture. Personal Communication with Food Distribution Division staff, July 2009.