

The Federal Child Nutrition Commodity Program

A Report on Nutritional Quality

September 2008



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REPORT AND POLICY RECOMMENDATIONS

THE IMPACT OF THE FEDERAL CHILD NUTRITION COMMODITY PROGRAM ON THE NUTRITIONAL QUALITY OF SCHOOL MEALS IN CALIFORNIA

CALIFORNIA FOOD POLICY ADVOCATES
SAMUELS & ASSOCIATES

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EXECUTIVE SUMMARY

California Food Policy Advocates (CFPA) and Samuels & Associates (S&A), with funding from the Robert Wood Johnson Foundation's Healthy Eating Research Program, conducted a study to determine the impact of the federal child nutrition commodity program on the nutritional quality of school meals, particularly those served in California.

The research was undertaken because commodity foods are a substantial component of the school meal programs, which in turn are an important contributor to the environment in which nearly 30 percent of school age children are identified as obese or overweight and therefore are at risk of multiple severe (and costly) medical consequences. About 3 million California students participate daily in the National School Lunch Program, and 1 million participate in the School Breakfast Program. The two meals together provide over half the students' recommended daily dietary allowances.

The November 2007 School Nutrition and Dietary Assessment Study-III (SNDA III) found that no more than 6 to 7 percent of the nation's schools serve lunches that meet all of the United States Department of Agriculture (USDA) School Meal Initiative (SMI) standards. SNDA III also found little or no improvement in school meals' nutritional quality since the previous examination. School meals fall far short of the nutritional benchmarks recommended by the 2005 Dietary Guidelines for Americans.

The research included nutritional analyses of commodity foods *offered* by USDA compared to foods *ordered* by school districts, as well as stakeholder interviews, focus groups of school food service directors, and a one-day convening at which participants discussed and proposed policy recommendations to improve nutritional quality in commodities and school meals.

Key Findings

USDA's Child Nutrition Commodity Program contributes over 180 food items, valued at about \$1 billion annually, into the nation's school meal programs. Commodities provide approximately 20 percent of the food served in school lunches. In the past 15 years, USDA has made continuous improvement in the nutritional quality of the commodity foods *offered*, changing both the composition of individual items and the selection of food items available. Nonetheless, in California more than 82 percent of the entitlement dollars spent on commodities *ordered* by school districts went to meat and cheese items, both relatively high in fats and saturated fats. By comparison, fruit, fruit juice, vegetables, and legumes amounted to 13 percent.

Nationally, over 50 percent (55 percent in California) of commodity foods are sent to processors before they are delivered to school districts. Processing, which may add fat, sugar and sodium to foods, is unregulated for nutritional quality. The SMI review is ill equipped to identify the deficiencies stemming from processing or, for that matter, other unhealthy food items and preparation methods.

In California, slightly more than 25 percent of school districts either do not participate in the commodity program or do not exhaust their full commodity entitlement. Budget cuts over the years have left both state and national commodity agencies without funds to provide adequate training, technical assistance, and nutrition education with which school districts might improve the nutritional quality of the meals they serve.

Policy Recommendations

Ensure Commodities Support the Dietary Guidelines for Americans

The most effective way to align commodities with students' nutritional needs is to raise the nutrition standards for all foods served in the National School Lunch and Breakfast Programs. All participants interviewed for this study indicated that school districts make commodity decisions in order to accommodate USDA-prescribed menu planning requirements and students' taste preferences. Therefore, commodity foods will change most rapidly in response to improvements in standards used to guide the nutritional quality of school meals.

1. USDA should strengthen the School Meals Initiative nutrition review by:

- a. Quickly aligning the SMI standards with those of the current Dietary Guidelines and rapidly updating the SMI standards as future versions of the Guidelines appear.
 - b. Performing the review on a weighted average of foods chosen by students rather than treating all offered foods equally.
 - c. Performing the review more frequently than the current 5 year cycle prescribes.
 - d. Include more schools within each school district's SMI review.
2. USDA should continue to improve the nutritional quality of individual commodities, aligning them with the Dietary Guidelines for Americans.
 3. USDA and California Department of Education (CDE), as appropriate, should establish and implement nutrition guidelines for processors to align processed commodities with the Dietary Guidelines for Americans.
 4. Congress should set a required proportion among the major food groups (like USDA food based meal patterns) to which school districts must adhere when ordering federal commodities.
 5. Congress should provide financial incentives to school districts to promote purchases of healthier foods, particularly fresh fruit and vegetables.
 6. USDA should retain and strengthen the Department of Defense Fresh Fruit and Vegetable Program (DOD Fresh) or develop a substitute service that provides fresh fruit and vegetables, crucial components of the commodity program.
 7. Congress should increase funding for commodity fresh fruit and vegetables by giving school districts entitlement credits to obtain fresh fruit and vegetables for School Breakfast Program meals.
 8. Congress should create a fund to supply school districts with grants for one-time-only infrastructure costs, such as the creation or expansion of refrigeration and freezing capacity, incurred to support the storage and preparation of fruit and vegetables.

Ensure Maximum Utilization of Commodities

9. USDA should broadly publicize the scope and benefits of the commodity program. In addition, USDA should highlight the nutritional and operational improvements it has made to the program.
10. CDE/NSD should take steps to ensure that all California school districts participate in the commodity program and that each district utilizes its entire commodity entitlement.
11. CDE/NSD should strongly encourage each district to participate in either the state purchasing co-op or a private purchasing co-op and should develop a plan to strengthen these entities.
12. CDE/NSD should provide nutrition education, training, and technical assistance to school districts to promote full use of the healthiest commodity items.

INTRODUCTION

California Food Policy Advocates (CFPA) and Samuels & Associates (S&A), with funding from the Robert Wood Johnson Foundation's Healthy Eating Research Program, conducted a study to determine the impact of the federal child nutrition commodity program on the nutritional quality of school meals. This report focuses primarily on the commodity program at the state and school district levels.¹

As detailed below, CFPA and S&A reviewed the available literature, interviewed stakeholders, conducted three focus groups with California food service directors, met one-on-one with individuals knowledgeable about the commodity program, and convened a meeting in San Francisco on October 19, 2007, at which key federal, state, and local stakeholders discussed and proposed policy recommendations to improve the contribution of commodity foods to the nutritional quality of school meals. This report aims to capture all that information and to make present policy recommendations for consideration by state and federal decision-makers.² A peer-review journal article will follow.³

PROBLEM STATEMENT

The federal school meal program is a critical component of the environment in which the nation's children have come under attack from the widely heralded obesity epidemic. Thus, in California, recent estimates identify 28 percent of the state's children as overweight or at risk of overweight, and the rate of growth of childhood obesity is accelerating.

Virtually all these school-age children will spend 180 days a year, for 13 years, in schools that serve breakfast, lunch, and often, an afterschool snack. Each day, about one-half of those children, or 3 million students, eat a school lunch and one million eat a school breakfast. Taken together, the two meals provide over 50 percent of the daily nutrients a child should consume in a day.

The importance of schools as a source of nutrition is plain, particularly for low-income children, who are entitled to free or reduced-price meals. These children make up two-thirds of the school lunch participants and up to 90 percent of school breakfast participants. Given current trends in overweight and obesity, it is important to assess what contribution school meals make to the prevalence of childhood obesity.

The United States Department of Agriculture's (USDA's) School Meals Initiative for Healthy Children (SMI), in place since the mid 1990's, aims to align school meals with the Dietary Guidelines for Americans by increasing levels of whole grains, fresh fruit, and fresh vegetables and reducing levels of fat, saturated fat, sodium, and added sugar in school meals. Recent research in California, however, shows schools still struggling to meet SMI standards. In 2004, for example, the California Department of Education reported on its first cycle of federally required school lunch nutrition reviews, covering the five-year period from 1998 through 2003.⁴ The findings gave observers pause: more than half of the reviews found school lunch menus exceeding the target for fat or saturated fat. Given that these reviews assessed the average nutritional value of a week's menu *choices* and not the meals selected by students, the data present an overly positive nutrition profile of the meals students are actually eating.

Even more recently, in November 2007, USDA released its latest School Nutrition Dietary Assessment Study-III⁵, reviewing how well school meals meet the SMI nutrition standards. Comparing nutrients served in school lunches with SMI standards, SNDA-III found, among other things:

- Only 21 percent of schools serve lunches that meet the total fat standard.
- Only 30 percent of schools serve lunches that meet the saturated fat standard.
- Only 6 to 7 percent of schools serve lunches that meet all of the SMI standards.
- Virtually no schools serve lunches that meet the sodium benchmark.

Perhaps most disturbing was the finding that, "[t]here were no significant changes in the proportion of schools serving lunches that met SMI standards for most targeted nutrients between SY 1998-1999 (SNDA-II) and SY 2004-2005 (SNDA-III), particularly among elementary schools."⁶ These findings, that most school meals do not meet SMI standards and are not improving in nutritional quality, plainly call for the examination of the main sources of foods served in the school meal programs, particularly the federal commodity food program, which is the largest single source of food for schools.

METHODS

This study was conducted along several lines of inquiry:

- Extensive background research was conducted using published literature consisting primarily of government reports, websites, and newsletters as well as school food service conference presentations.
- Informal interviews and meetings were conducted with approximately twenty-five individuals knowledgeable about the commodity system. These included

food service directors, state and federal commodity program administrators, registered dietitians, food industry leaders, and advocates. Follow-up to informal interviews and meetings occurred electronically, via phone, and in person with a variety of federal and state administrators.

- A formal interview guide (appended) was used to interview 14 public and private stakeholders.
- Three focus groups were conducted with school food service directors from Northern, Central, and Southern California. The focus groups were moderated by an outside facilitator using a question guide (appended) developed prior to the focus groups.
- A quantitative nutrition analysis was performed on the commodity foods *offered* by USDA to California school districts and on the commodity foods *ordered* by California schools participating in the Child Nutrition Commodity Food Program.
- A convening of stakeholders from federal, state, and school district level agencies, advocates, and other interested parties, aided by an outside facilitator, met in San Francisco on October 19, 2007. Participants discussed and developed policy options to strengthen the nutritional quality of the commodities program.

RESEARCH QUESTIONS

1. What is the nutritional profile of individual food items offered by USDA through the Child Nutrition Commodity Food Program of the California Department of Education?
2. What is the overall nutritional profile of the collective commodity foods ordered by California school districts?
3. Based on the nutritional profile findings, what state and federal policy recommendations would improve the nutritional profile of school meals?
4. Does the commodity food program help align the school meal programs with obesity prevention strategies?

BACKGROUND

Every school day about three million students in California's public schools participate in the National School Lunch Program, and about one million students eat in the School Breakfast Program. For many of these children, particularly the more than two million

low-income students who consume a free or reduced-price school lunch each day, these federal food assistance programs may account for most of their daily nutrition intake.

School meals are supported by both federal and state funds that reimburse schools for each student meal served. There are different rates of reimbursement depending upon the demographics of the individual school and the individual student's family income. In addition to cash reimbursement, the federal government furnishes assistance in the form of commodity foods. Commodity food assistance is provided through USDA's Schools/Child Nutrition Commodity Program. In total, USDA currently provides school districts with approximately \$1 billion⁷ of commodity food items per year. A school district's commodity entitlement is calculated per student lunch served, and during the 2007-08 school year, the student rate is slightly more than 20 cents for each lunch. Commodities are estimated to represent approximately one-fifth of the food served in a school lunch.

The commodity program would warrant examination if only by virtue of its scope and reach alone. But today there are additional pressing reasons to assess the program. Chief among these is the nation's immersion in a childhood obesity epidemic that already endangers one-third of our children, who are obese or overweight. Overweight and obesity are associated with a multitude of health consequences including Type II diabetes, heart disease, stroke, and certain cancers.

While some commentators assert that commodities offer schools a variety of nutritious foods, other observers argue that commodities are simply unhealthy foods dumped on schools in order to support agribusiness.⁸ Criticisms of commodities have also been made with respect to USDA studies that indicate school meals often do not meet nutrient targets recommended by the Dietary Guidelines for Americans.^{9,10} In California, for example, School Meal Nutrition Analysis Data (1998-2003) found that only about half of the schools examined kept the fat content of school lunches within federal (SMI) guidelines. An additional 30 percent of schools surveyed were close to meeting the standard for fat content, but exceeded it by 2 to 5 percent.¹¹

This report analyzes the current state of the federal commodity food program, with a focus on California's commodity food system. Until now, no in-depth analysis has examined the federal commodity program's influence on the nutritional quality of school meals.

COMMODITY PROGRAM OVERVIEW

Program Description

USDA's Schools/Child Nutrition Commodity Program serves the dual purpose of supporting agricultural producers and providing nutritious food for school-aged children in a variety of settings, including school, school vacation, and child care. In accordance with federal statute, the states (and through them, school districts) receive a specific commodity entitlement each year. The SY (school year) 2007-08 commodity entitlement rate was approximately 20 cents for each student lunch a district served in the previous year. The entitlement effectively serves as a voucher with which foods can be obtained by school districts from USDA.

In addition to the National School Lunch Program (NSLP), the commodity program distributes food items to the Summer Food Service Program (SFSP) and the Child and Adult Care Food Program (CACFP). SFSP receives only 1.5 cents of entitlement per meal, partly in recognition of higher cash assistance. Nationally, less than 20 percent of childcare centers¹² receive commodity foods, as they choose to receive cash in lieu of commodities. USDA does not provide a commodity food entitlement directly to the School Breakfast Program, but commodity foods provided to schools may be used for breakfast.¹³

School districts select commodity foods from more than 180 different products of domestic origin, including meats, cheeses, beans, oil, fruit, vegetables, and grains (listed at <http://www.fns.usda.gov/fdd/foods/SY08-schfoods.pdf>). In 2006, USDA purchased \$83.4 million of commodities for California child nutrition programs, totaling over 1.1 billion pounds of food. Nationally, depending on the particular school district, commodities typically represent 15 to 20 percent of the food served.¹⁴

Several important elements of the commodity program that are central to this report's focus on nutritional quality are described below. These topics are commodity processing, bonus commodities, the Department of Defense Fresh Fruits and Vegetable Program, and California school districts' participation in and utilization of the commodity program.¹⁵

Commodity Processing

Commodity processing allows districts to divert commodity foods to commercial food processors where foods are converted from raw bulk commodities into more convenient, ready-to-use products. Commodity processing enables school districts to serve the foods that they lack sufficient capacity to prepare. Processing shifts the labor – and therefore, the food safety concerns -- away from school districts. With frequently

scheduled deliveries from processors, processing may also help school districts avoid the problems and costs associated with storage.

Nationally, about half of commodities are diverted for processing.¹⁶ In California, approximately 55 percent of commodity foods are sent to processors. The state and federal government fulfill a variety of roles overseeing commodity processing, but neither agency regulates the nutritional content of individual foods prepared by processors. The roles that the two agencies do perform include monitoring foods shipped directly from USDA to the processor, ensuring that supplier inventories do not exceed limits, and verifying that the full entitlement value is passed on from processors to recipients.¹⁷

Examples of Popular Processed Commodity Products

<i>Commodity</i>	<i>Processed End Product</i>
Beef	Patties, Crumbles, Meatballs
Chicken	Nuggets, Patties, Pieces, Breaded
Flour, Mozzarella, Tomato Paste	Pizza
Frozen Fruit	Fruit Pops, Turnovers, Fruit Cups

Bonus Commodities

Bonus commodities are provided by USDA in accordance with its legislative authority to remove market surpluses and/or to support prices. Bonus commodities do not count against a state's regular entitlement dollars. School districts receive bonus commodity foods free of charge, but are responsible for standard shipping and handling fees. Market conditions and agricultural surpluses determine the availability of bonus commodities. In recent years, bonus items have become less common due to improved market conditions for agricultural producers, more precise crop planning, and tighter supply chain management.^{18 19} In the 2005-06 school year, bonus items accounted for only seven percent of the total pounds and six percent of the total servings of commodity foods provided to California schools.²⁰

Department of Defense Fresh Fruit and Vegetable Program

The Department of Defense Fresh Fruit and Vegetable Program (DOD Fresh) began as a pilot program in 1995 with the goal of providing more fresh fruits and vegetables to schools. The DOD Fresh program utilizes the military's purchasing and distribution system to offer a wider variety of fresh produce than would normally be available through USDA's regular commodity purchases.²¹ DOD Fresh funding is limited to a total of \$50 million per year. Each state is allocated a percentage of this total based on the number of school meals the state serves. Each state, as well as each district within

the state, can decide whether or not to participate in the DOD Fresh Program. If they choose to participate, school districts use a portion of their Section 32 commodity entitlement to obtain DOD Fresh produce.²² School districts may also use Section 4-11 funds to purchase additional (non-DOD Fresh) fruit and vegetables through the Department of Defense.

In October 2006, the DOD Fresh program began shifting its procurement system toward long-term contracts awarded by geographic area to full-line produce providers. The contractor in each area is responsible for the procurement, storage, and delivery of the produce to school districts within that area. The contractor establishes ordering and delivery schedules with each district.²³ USDA expects this new system to benefit school districts by fixing costs for ten-day periods and by providing specific, mutually satisfactory delivery dates.

As this report is being completed, DOD Fresh's future is uncertain. The military's commissaries, which accounted for over half the volume of the Department of Defense's produce procurement program (of which DOD Fresh is a subset), have withdrawn from the program. The remaining volume may not be sufficient to support the program. No contingency plans for schools to procure fresh produce seem to be in progress.²⁴

School District Participation and Utilization

In California, school districts elect whether or not to participate in the child nutrition commodity food program. Two hundred forty-five public, private, and charter school districts (21 percent of these total entities in California) did not participate in the commodity program during the 2005-06 school year. During the same period, 52 school districts (6 percent of California's total school districts) did not use their entire commodity entitlement. Thus, students in more than 25 percent of California's school districts failed to receive the nutritional benefit of their full commodity entitlement.²⁵

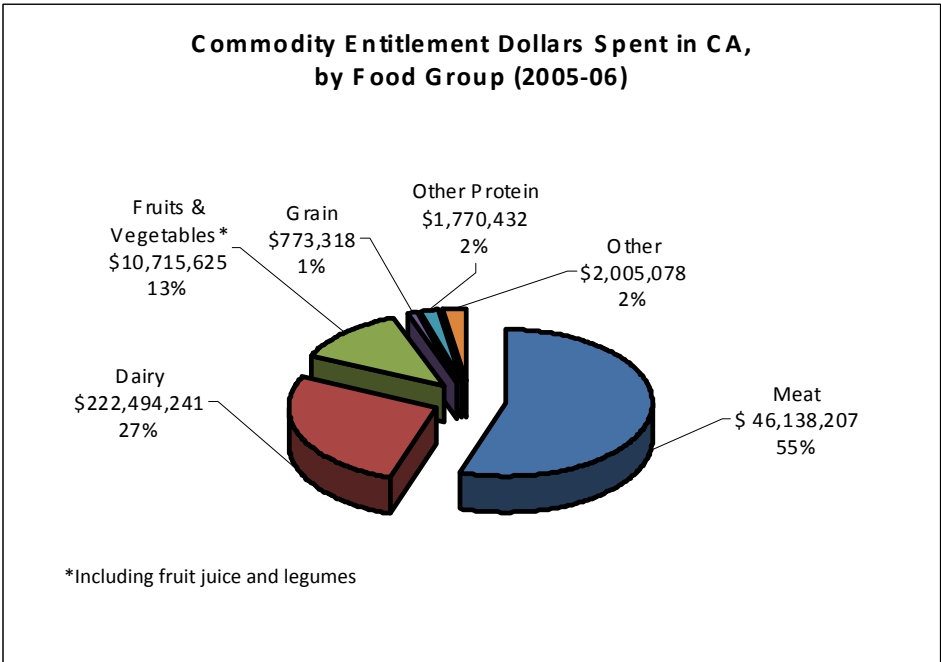
In California, school districts permanently lose any portion of their commodity entitlement that remains at the end of a fiscal year. Those funds, however, are not lost to the state. California does not permit districts to roll entitlement dollars over from one year to the next, although the state does seem to have discretion in this area. The state uses unspent entitlement dollars to balance commodity expenditures across California, compensating for districts that exceed their allocated entitlement. Districts are not penalized for ordering or receiving commodities that exceed the value of their entitlement. In fact, certain districts are able to exceed their entitlement by acquiring commodities that are sent to state warehouses but are not utilized by other districts.²⁶

Under California' current commodity system, school districts are solely responsible for determining which foods they will receive from USDA's list of available commodities. In the past, states and school districts had less discretion in selecting or rejecting items. They were required to accept certain products in order to receive their full entitlement. Today, the commodity system is more responsive to the requests of commodity recipients and is generally understood to be demand-driven. California's Nutrition Services Division (NSD) issues an annual food preference survey to districts receiving commodities through state distribution centers (SDC). Districts use the survey to indicate which commodities they prefer (and in what amounts) for the coming school year. The State submits commodity food orders to USDA based on the information compiled from SDC surveys.

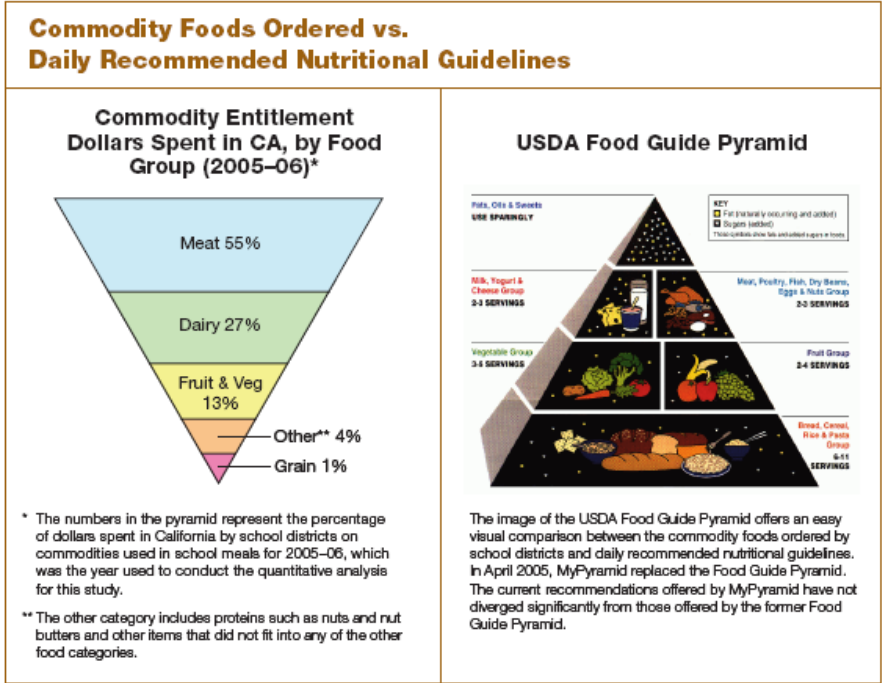
QUANTITATIVE NUTRITIONAL ANALYSIS

To assess the influence of commodity foods on the nutritional quality of school meals, a quantitative nutritional analysis was conducted for this study. The analysis compared the types of commodity foods *offered* to school districts in California and the types of food *ordered* by the school districts. Two primary documents were used: the CDE Nutrition Services Division's Food Distribution Program (FDP) Offerings Price List for 2005-06 (<http://www.cde.ca.gov/ls/nu/fd/offeringinfo.asp>) and the order sheets used by FDP for recording commodity orders placed by school districts and cooperatives (co-ops). All commodity food delivered to school districts through warehouses, cooperatives, directly from USDA, and through processors²⁷ was analyzed using three primary characteristics: the number of entitlement dollars spent on commodity items, the number of servings the items offered, and the weight (pounds) of the items obtained.

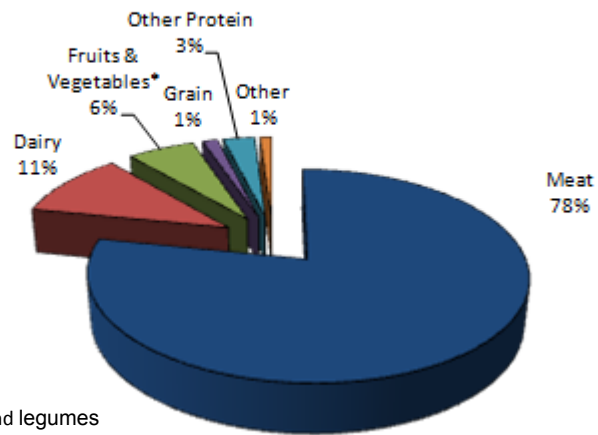
FDP records show that California school districts spend the vast majority of their entitlement dollars on meat and cheese items. In SY 2005-06, California school districts ordered \$22.5 million of commodity dairy items and \$46.1 million of commodity meats. Together, meat and dairy comprised 82 percent of California's total \$83.9 million in commodity spending for SY 2005-06. During the same period, California school districts ordered \$4.7 million of fruit and \$5 million of vegetables (nearly half of which were potatoes). Fruit, fruit juice, vegetables, and legumes amounted to 13 percent of California's total SY 2005-06 entitlement expenditures.²⁸ Nuts, nut butters, grains, grain products (e.g. pasta), and various other items collectively comprised 5 percent of the state's SY 2005-06 commodity spending. By weight (pounds), dairy and meat items constituted 89 percent of the entitlement foods ordered by California school districts in SY 2005-06.



Another way to understand where commodity entitlement dollars are spent in California is to group these dollars into a pyramid by food category and compare them to the former USDA food guide pyramid. The foods on which commodity dollars are spent have an inverse relationship to federal nutrition recommendations. With meat and cheese comprising the bulk of commodity dollars spent, grains, fruits and vegetables make up only a small portion of commodity dollars in the pyramid.



Commodity Pounds Ordered in CA,
by Food Group (2005-06)



*Including fruit juice and legumes

Top 10 Commodity Items on Which the **Most** Entitlement Dollars Were Spent in CA

Product Code	Product	Servings Ordered	Entitlement Dollars Spent	% of All Entitlement Dollars
A594, A608	Coarse & Fine Ground Raw Beef	171,584,968	\$21,580,822	26%
B042, B077, B035	Low Moisture Part Skim & Lite Mozzarella	120,865,200	\$10,892,574	13%
A522, A521	Small and Large Chilled Chickens	125,432,640	\$9,063,139	11%
B072, B049, B065	Barrels, Blocks, and Slices: Yellow or White Cheddar Cheese	85,115,840	\$7,997,896	10%
A537, A548, A549, A534	Turkey – Roast, Ham, Deli Breast, and Bulk	45,283,920	\$6,377,054	8%
A434	Canned, Diced Bartlett Pears	22,093,200	\$1,246,297	1%
A516	Breaded Chicken	1,887,600	\$1,238,867	1%
A563	Chicken Fajita Strips	4,984,200	\$1,157,431	1%
A632	Boneless Pork Picnic	13,446,720	\$1,083,187	1%
B480	Peanut Butter	1,989,120	\$801,151	1%

Top 10 Commodity Items on Which the **Fewest** Entitlement Dollars Were Spent in CA

Product Code	Product	Servings per Order	Fair Market Value of Amount Ordered	% of Entitlement Dollars
B360	Whole Wheat Flour	151,200	\$6,445	0.01%
A089	Garbanzo Beans	247,104	\$9,343	0.01%
A247	Canned Tomatoes	248,976	\$10,470	0.01%
A569	Whole Eggs	332,640	\$18,972	0.02%
A245	Bulk Tomato Paste	N/A	\$20,842	0.02%
B506	Rice	2,268,000	\$21,790	0.03%
A444	Crushed Pineapple	2,079,360	\$25,502	0.03%
A140	Peas	483,360	\$26,608	0.03%
A086	Kidney Beans	681,696	\$27,264	0.03%
A222/A20	Sweet Potatoes	456,000	\$31,196	0.04%

When bonus commodities are considered in addition to commodities obtained via entitlement dollars, meats and cheeses decline from 82 percent to 62 percent of the total commodity food servings procured by California schools in SY 2005-06. In comparison, when bonus commodities are considered, fruits and vegetables increase from 13 to 25 percent of total commodity food servings obtained by California schools in SY 2005-06. The bonus commodities in SY 2005-06 were: potato products, cranberries, apple products, cherries, fruit mix, peach products, pineapple, and strawberries. Most fruits were packed in juice, light syrup, or water.

Nutritional Content of Commodity Foods Offered and Ordered

To understand which nutrients commodities contribute to school meals, this study examined National School Lunch Program (NSLP) Commodity Fact Sheets²⁹ to assess the fat and added sugars content of commodity foods and to determine whether grains in commodity foods are whole or refined.

Meat: Of the 44 meat items offered in SY 2005-06, NSLP fact sheets described six (14 percent) as lean. According to the Food and Drug Administration (FDA) food label guidelines, products can be labeled lean only if they contain less than 10 g of fat, 4.5 g or less of saturated fat, and less than 95 mg of cholesterol per serving and per 100 g. Less than 12 percent of the entitlement dollars spent by California school districts on commodity meats were used to obtain lean meat items in SY 2005-06.

In addition to FDA-defined lean meats, USDA offers reduced-fat meat commodities that do not meet the standards listed above. The majority of meat and cheese items offered by USDA during the 2005-06 school year were not identified as reduced-fat. All of the commodity ground beef available in SY 2005-06 was reduced-fat with an average fat content of 15 percent or lower. Twenty-six percent of California's total entitlement dollars were spent on ground beef in SY 2005-06.

Cheese: Of the 17 commodity cheese items offered in SY 2005-06, four (23.5 percent) were reduced-fat products. In contrast, 10 (59 percent) of the offered cheese items were full fat or lacked nutritional information. Fifty-one percent of commodity cheeses ordered by California school districts in SY 2005-06 were reduced-fat. California school districts spent 13 percent of their SY 2005-06 entitlement funds on reduced-fat mozzarella cheese.

Fruit: Thirteen percent of fruit items *offered* by USDA in SY 2005-06 contained added sugars. An additional 24 percent of the items may have contained added sugars, but this could not be unequivocally determined from the USDA NSLP fact sheets. USDA requires that most commodity canned fruits be packed in light syrup, water, or natural

juices to reduce or eliminate added sugars. Four percent of the fruit ordered by California school districts contained added sugars. An additional 88 percent may have contained added sugars. Many of the products comprising this 88 percent are described by NSLP fact sheets as being packed in one of several liquids including syrup, sweetened and unsweetened fruit juice, and water. It is not possible to determine which liquid was used in the specific fruit products delivered to California school districts.

Whole Grains: Of 16 grain products *offered* to California schools in the 2005-06 school year, only three (less than 20%) were whole grain products. Whole grains comprised less than 5 percent (\$36,000) of the \$770,000 in entitlement funds used by California school to obtain commodity grains and grain products during SY 2005-06.

Comparison of Commodity Items Offered³⁰ to Items Ordered

Target Foods	Food Category	Target Foods as a Percent of All Food in the Same Food Category	Percent of Total Commodity Dollars Spent in the Food Category
Lean Meat	Meat	14% of 44 meat offerings	12%
Reduced-Fat Cheese	Cheese	41% of 17 cheese offerings	52%
Fruit without Added Sugars	Fruit	11% of 34 fruit offerings	8%
Whole grains	Grains & Grain Products	19% of 16 grains	5%

Most Processed Items

Meats and cheeses comprised the majority of food processed for California schools during the 2005-06 school year. The majority of processed meat was chicken and beef, although smaller amounts of turkey and pork were processed as well.

Top 10 Processed Commodity Foods

Product Code	Product	Entitlement Dollars Spent	% of All Processed Commodities
A594	Coarse Ground Raw Beef	\$17,792,759	38%
A522, A521	Small and Large Chilled Chickens	\$9,063,139	19%
B042, B077	Low Moisture Part Skim Mozzarella	\$8,401,021	18%
B072, B049, B071, B065	500lb Barrels, 40lb Blocks, and Slices of Yellow or White Cheddar Cheese	\$6,003,538	13%
A632	(Boneless) Pork Picnic	\$1,083,187	2%
A534	Bulk Turkey	\$1,020,003	2%
B035	Lite Shredded Mozzarella	\$822,241	2%
B480	Peanut Butter	\$801,151	2%
A537	Roast Turkey	\$505,429	1%
A566	Whole Eggs	\$219,506	0.5%

COMMODITIES AND THE DIETARY GUIDELINES FOR AMERICANS

Another means of measuring the nutritional quality of commodity foods is to assess how well commodities align with USDA's 2005 Dietary Guidelines for Americans (DGA).

Dietary Guidelines Recommendation: Consume a variety of nutrient-dense foods and beverages within and among the basic food groups while choosing foods that limit the intake of saturated, trans fats, cholesterol, added sugars, salt, and alcohol.

Commodities offer a variety of nutrient-dense foods. These include meats, cheeses, nuts, fruits, and vegetables. However, most (82 percent) of the commodity foods ordered and utilized by California school districts in SY 2005-06 were products of animal origin, specifically, meats and cheeses. Many animal-based foods contain significant amounts of saturated fat.

Canned foods, which are available through the commodity program, are often a source of added salt and sugars. Nearly one-third (31 percent) of the fruit offered outside of the DOD Fresh Program contains added sugar. Study participants were concerned that commodity processing often adds sugar, salt, and trans fat to food items. Processing frequently involves frying, which is a source of added fats and oils. The commodity items processed in the largest amount for California schools in SY 2005-06 contained added sodium, fat, and sugar.

Dietary Guidelines Recommendation: Choose a variety of fruits and vegetables each day. In particular, select from all five vegetable subgroups (dark green, orange, legumes, starchy vegetables, and other vegetables) several times a week.

The commodity program offers a variety of fruits and vegetables in the different subgroups. Fruits and vegetables are available through both regular commodity offerings and the DOD Fresh program. Fresh fruits and vegetables offered outside of the DOD Fresh program include apples, oranges, pears, and potatoes, with a number of others that are frozen or canned. Dark green vegetables are more limited. USDA has noted that purchasing items (like canned or frozen collard greens or kale) that are known to have low demand does not make fiscal sense for the commodity program.

Dietary Guidelines Recommendation: Consume three or more ounce-equivalents of whole-grain products per day, with the rest of the recommended grains coming from enriched or whole-grain products. In general, at least half the grains should come from whole grains.

Commodity whole grain offerings include such items as brown rice and whole-wheat flour. Whole-wheat pasta and quick brown rice will soon be offered. Refined grain products, the majority of commodity grain products offered, include rice, flour, baking mix, and pasta. The few whole grain products that are available are not frequently ordered. As mentioned above, in SY 2005-06, California districts ordered \$770,000 of grain products from the commodity program, but less than 5 percent of these dollars (\$36,000) were used to obtain whole grain products. Given this small expenditure for whole grains, it is likely that commodity products contribute little to school meals' meeting DGA whole grain recommendations.

Dietary Guidelines Recommendation: Keep total fat intake between 20 and 35 percent of calories, with most fats coming from sources of polyunsaturated and monounsaturated fatty acids, such as fish, nuts, and vegetable oils.

A number of commodity foods such as beans, nuts, and vegetable oil are rich in polyunsaturated and monounsaturated fats. However, sources of saturated fats are ordered in much greater quantities. For example, in SY 2005-06, California schools obtained approximately 632 million servings of meat and cheese through the commodity program compared to 42 million servings of beans, nuts and vegetable oil.

Dietary Guidelines Recommendation: Choose fiber-rich fruits, vegetables, and whole grains often.

While the commodity program offers a number of fiber-rich foods, including fruits, vegetables, whole grains, legumes and nuts, the majority of foods ordered by California schools in the 2005-06 school year were not fiber-rich.

KEY FINDINGS

1. The commodity food program is an essential source of the food served through the school meal programs.

Focus group participants and interviewed stakeholders repeatedly emphasized the importance of the commodity program. The program is valuable because it supplies a significant portion of calories for school meals, often at prices advantageous to school districts with tight budgets.³¹ All the stakeholders agreed that the commodity program is an important cost savings to school districts that extends food service department dollars allotted for food and allows food service directors to purchase items that they otherwise could not. USDA reports that school districts receive only 15-20 percent of their food needs from the commodity program. However, some school food service directors report that with careful planning and utilization, this percentage can be considerably larger. For instance, some school districts report obtaining all or the majority of their meat and cheese supplies from the commodity program. Generally, food service directors are pleased with the program because it allows them to obtain sufficient amounts of food while leaving more food service funds available for non-commodity foods, equipment, and labor. One stakeholder noted, *“It helps them to reduce their meal costs if they use it wisely and helps them to provide well-balanced meals to children.”*

The rapid increase in food prices that occurred – and continues to occur-- since this study was completed makes commodity foods all the more important as a supplement to cash reimbursement for school meals. At the same time, higher food prices will diminish the benefit of commodity entitlements unless the entitlement is increased.

2. Districts determine what commodity foods to receive; no items are forced upon a district.

One important outcome of this research is puncturing the misconception that commodity foods are unhealthy, unwanted items school districts are forced to accept. School districts in California have virtually complete discretion in selecting the commodity food items they receive. The convenience and cost of food items were identified by stakeholders as major determinants of the commodity selections made by school districts. One food service director in Southern California noted, *“We don’t build the menus around the commodities; we order commodities around our menus. It used to be that you had to build your menu around your commodities but now [as] the director... I could in theory spend all my entitlement money on cheese.”*

3. *USDA has improved the nutritional quality of the commodity program by raising nutrient standards for products purchased as commodities.*

USDA's improvement of commodities' nutritional quality began decades ago with a requirement that all canned fruits be packed only in light syrup or natural juices. Over the years, tropical oils were eliminated from all commodity products. In addition, USDA lowered the fat content of commodity meats and increased offerings of commodity poultry products.³² Fat content was reduced in products such as bakery mix, processed potatoes, canned beans, and cheese. USDA also modified sodium and sugar levels in some foods.

USDA continues to work toward aligning the commodity program with the 2005 Dietary Guidelines for Americans. As a result, USDA reduced sodium in commodity canned vegetables and, in FY 2009, will increase whole grain offerings such as pasta and quick-cook brown rice. In 2008, USDA will eliminate trans fats from commodity potato products and add trans fat information to commodity product labels. Recently, USDA announced the elimination of lard and shortening in commodity products.³³ In addition, commodity applesauce will only be offered as an unsweetened product.³⁴

Stakeholders discussed a number of other changes that would improve the nutritional quality of commodity foods. Examples of such changes include a USDA revision of commodity nutrition specs/fact sheets and additional funding for commodity fruits and vegetables through the Farm Bill. USDA is considering a food distribution rule that will require all states to offer the full list of commodities to school districts, as California already does.

4. *Operation of the commodity program has improved in recent years.*

A variety of study participants reported that operation of the commodity program has improved considerably in the past decade. The program is now more responsive to school districts. A food service director in the Central Valley noted, "*The commodity program has improved tremendously in the last 15 years.*" A number of stakeholders observed that USDA has addressed many challenges to participation in the program by, for example, implementing automated systems like the Electronic Commodity Ordering System (ECOS) to decrease time and paperwork burdens. In addition, USDA is improving customer service and offering certain school districts the opportunity to bypass their states' procurement system to purchase directly from USDA. One stakeholder noted, "*USDA is attempting to address logistics by improving customer service and technology...*" It is not surprising that increased ease of navigating the commodity program encourages districts to exhaust their commodity entitlements.

5. School districts participating in the commodity program face a number of challenges.

While stakeholders generally applauded improvements to the commodity program's nutritional quality and operations, several stakeholders emphasized the complexity of the program, extensive program paperwork, and the occasional canceling of commodity orders by USDA as key barriers to school districts' effective participation in the commodity program. Stakeholders also reported that schools are limited in the sale of commodity items (or the preparation of food with commodity items) when those commodities, often processed products, have salt and fat content that exceed state competitive food standards. Under these circumstances, schools cannot offer the same commodity foods (or foods containing commodities) as both a part of a school meal and a competitive (a la carte) food item. This is another key barrier to schools' participation in the commodity program. Respondents specifically noted:

Some commodities conflict with healthier options – in sodium and fat – especially for states that have nutrient standards for school meals. Processing of commodities also adds in sodium, fat, and other items that are not healthy and conflict with healthier standards/policies.

If you are a small, remote school district it is hard to participate. Cheese comes in 40-pound bricks and they do not have the time or the skills or the equipment to deal with the 40-pound brick. Entitlement money is usually not enough to send (the product) to a processor, so even if they join a state co-op, which gives them some strength, if they are that remote it will not cover transportation costs.³⁵

6. Some California school districts do not utilize commodities and others do not use their full entitlement.

Two hundred forty-five public, private, and charter school districts in California did not participate in the commodity program during the 2005-06 school year. Six percent of California school districts did not use their entire commodity entitlement in 2005-06. These school districts, therefore, have fewer resources with which to bring healthy meals to their students. One food service director noted during a focus group:

There are so many districts in the state that don't utilize commodities. A lot of them don't even know how to utilize them. I've gone and talked to so many districts on what [the program] is—you use it to offset your food costs. And they don't understand and they think it's too much of a hassle. Smaller districts have a difficult time taking commodities... A lot of times they can't meet

manufacturers' minimums to get a delivery if they are not in a co-op. A manufacturer may require a 2,000 to 3,000 pound minimum finished product to get it delivered to your site, and they might not be able to make it and that may be a full year's supply for them. So they can not ship it off to a manufacturer, so there are a lot of challenges for smaller districts if they are not in a co-op; that's why co-ops came about to just help them out. ³⁶

Districts that do not exhaust their full commodity entitlement credit lose it permanently. This is so because under California regulations, districts cannot roll entitlement dollars over from one year to the next. However, NSD uses one district's unspent entitlement dollars to compensate for other districts that exceed their entitlement. (Note: Since the private co-ops are recognized by the State as a single entity, the lead district does not report individual member district's expenditures. Thus, it is difficult to determine which districts in the co-op do not utilize their full entitlement.)

7. Focus group participants were concerned about the limited nutrition information and technical assistance available through the commodity program.

While USDA offers nutrition information for commodities, some food service directors report that the information is not sufficient. Nutrition Fact Sheets are available online from USDA (<http://www.fns.usda.gov/fdd/schfacts/default.htm>), but accessing these can sometimes be difficult for food service directors. In the past, directors were given a printed copy of nutrition information. One food service director in Northern California noted:

The issue with online is if you are a large school district, you have a lot of assistance. If you are in a... smaller district, you can't make a decision real quick, and for you to make a decision whether that is low fat or reduced fat or it needs to meet the saturated fat content, you have to go online and search that.

The director noted that it would be helpful if commodity order sheets sent by the state included basic nutrition information for the items listed.

With current staffing and budget constraints, neither USDA nor CDE provides nutrition guidance, training, or education to food service directors as a means of influencing school districts' commodity selections or use of commodities in food preparation. USDA representatives noted that the agency would welcome funds with which to provide training to states about the effective selection and use of commodities. In recent years, the state has not taken an active role in training school districts to use

commodities as a tool for improving the nutritional quality of school meals. This may be changing. Currently, the state's major function is to administer the transfer of products from USDA to school districts. NSD's Food Distribution Program is charged with this administrative duty.

One food service director noted of the state's involvement:

They are not teaching the business part. They are not teaching the nutrition part. They are not teaching the commodity part... We are not getting too much help from the state... they don't have enough people. They are overworked... We used to have four workshops per year around the state. The state came, the directors came, they stated their presentation, and some of it was awful, some of it was good, but the most important thing was there was always an hour's time to ask questions.

8. School food service directors offer several explanations for spending the majority of entitlement dollars on meats and cheeses.

California school districts spend the majority of their entitlement dollars to obtain meats and cheeses. This raises concern because meats and cheeses are high in saturated fats, the type of fats implicated in coronary heart disease.

Stakeholders reported that high-cost protein items tend to be ordered as commodity items because they are the most expensive items for school districts to purchase on the open market. It does not cost school districts more to ship heavy commodity items such as meat and cheese: districts pay the same charge per box for shipping, handling, and storage. Meat and cheese products, which can be tightly packed, can minimize such costs.

A food service director in the Central Valley noted in regards to meat and cheese:

It's the best value in commodities to use with our entitlement dollars. I can get a commodity product cheaper than I can buy them from the outside market in protein items. That is where the highest dollar is on our plate and...directors are generally going in that direction.

Study participants reported several other reasons why meat and cheese commodities are so frequently selected by school districts. These reasons include:

1. Food service directors often plan meals around a meat and cheese-based entrée because these items are calorie-dense. Using them helps ensure that meals fulfill USDA's minimum calorie requirement. Meeting this requirement is a central concern for food service directors.
2. Allocating the majority of their entitlement dollars to meat and cheese items, which are high-priced, helps ensure that districts utilize their entire entitlement.
3. There is a perceived or actual preference of students for meat and cheese-oriented meals. A traditional school meal emphasizes meat and cheese ingredients.
4. Commodity meat and cheese items offer the greatest cost savings. Generally, meats and cheeses are cheaper through the commodity program than on the open market. Thus, food service directors report that meat and cheese can, at times, cost substantially more on the open market compared to the USDA-set fair market value established for the commodity program.

9. Processing is an important part of the commodities program.

Commodities purchased with approximately 55 percent of the entitlement dollars spent in California undergo additional processing before being delivered to school districts. Study participants reported a number of benefits from the processing system:

- Reduced labor costs – school districts can employ less skilled workers if jobs essentially entail only to heating and serving meals
- Decreased food safety and liability concerns – the risks of food preparation stay with commodity processors.
- Less construction and maintenance of cooking facilities – without scratch cooking, the need for food preparation equipment is diminished.
- Minimized storage space and costs, as processors generally will make more frequent deliveries than the state.

A food service director in Northern California noted:

We used to make our own pizzas years ago and then we realized...it was costing us more and didn't even taste as good as what we could buy processed.... We used to make our own grilled cheese sandwiches; we used to toast it—I'm not kidding, toast all that bread, we would get the cheese...Why would you do that when your manufacturers have the top of the line equipment that can do a great product?

There are disadvantages to processed foods as well, including the industrial, institutional nature of the food, the lack of freshness, the potential for higher levels of

preservatives, negative environmental impacts of transporting food, and additional costs inherent to introducing one more link in the food service chain. Some school food service directors are convinced that it is less costly to prepare food items and meals in district facilities rather than to use a processor.

10. Cooperatives help districts manage the use of commodities.

Private co-ops were first created approximately 15 years ago, partly in response to districts' frustration with the commodity program. Districts decided to band together in order to use the commodity program more effectively. Co-op participation helps districts manage the use of commodities. Some benefits of cooperative membership are detailed below. For school districts belonging to private co-ops, commodities are delivered to the co-op's distributor before being shipped to the districts themselves. This allows districts more flexibility as to when and in what quantity commodities will arrive at district sites. Some distributors hold commodities for the first 30 days without charge, applying a storage fee only if the commodities are not delivered to the intended district within that time period. Also, because districts within a co-op are considered one recipient agency, it is easy for districts to trade and share commodities with other districts in the co-op.

A particularly important benefit of private co-ops is that members (school districts) jointly request bids from commodity processors and receive lower prices associated with higher volume orders. Co-ops have more leverage than most individual school districts. Subsequently, in addition to competitive pricing co-ops can negotiate more stringent nutrition specifications and better service from commodity processors.³⁷ One stakeholder noted, *"We have co-ops that are made up of about 80 different school districts – the co-ops can go together and place orders and can deal with truckload and carload issues."*

Co-op participation also provides benefits unrelated to the commodity program, for instance, acquiring, storing, delivering, and occasionally processing non-commodity foods. In addition, co-ops can provide management services for small districts that are hard put to navigate the commodity system with their own staff.

11. In some instances, processing undermines the nutritional quality of commodity foods.

Several focus group participants reported that processing has the potential to detract from the nutritional profile of commodity foods. They correctly assert that processing can decrease the nutritional quality of foods through the addition of sugar, salt, oils, or preservatives. Several stakeholders noted that processing commodities has a more

negative than positive impact on the quality of commodity foods, specifically by increasing the sodium and fat content of foods.

Study participants also cited some examples in which processing can be used to reduce the fat content of products like beef patties or beef crumbles. The following excerpt from one of the focus groups conveys some positive results of processing commodity foods:

I can't make a chicken nugget. I get a great product, which is whole white muscle meat; it's not chopped and formed. Thirty percent of calories from fat and the kids love it. It's just good product. I would rather send my raw chickens. I'll send three truckloads to one chicken manufacturer, and they do all the processed chicken: chicken chunks, chicken tenders, chicken patties, and they are good products. The kids like it. They meet all the dietary guidelines.

12. Federal and state agencies do not directly regulate the nutrition profile of processed commodity foods.

Spokespersons for both USDA and CDE/NSD stated that their agencies do not oversee commodity processing for purposes of regulating nutritional quality. One stakeholder noted that the outcome of processing “depends on the contract. I mean there are a lot of contracts out there where they are not looking at limits on fat, sodium. There are not specifications that states make on processors.”

To an extent, school districts choose the characteristics of the products they receive from processors. A stakeholder noted, “The processor has to respond to what the school district wants, and in California we are getting into the trans fat and the sugars. Processors are trying to make sure all products are meeting the 35-10-35 requirements.” Study participants reported that co-ops and large districts can negotiate particular nutrition specifications into large contracts for processed commodities. However, this is not as feasible for small school districts,³⁸ which have little bargaining power and seem to be subject to processors’ preferences.

Agency administrators and school food service directors agreed that oversight of nutritional quality is best accomplished by regulating the nutritional quality of food actually served to students, not by attempting to regulate nutritional quality at the processing stage. The assessment of served food, they assert, would occur through the nutrition reviews required by USDA’s School Meals Initiative (SMI). As discussed below in the Policy Recommendations section, the SMI assessment is ill equipped for this purpose.

13. Many districts report satisfaction with the DOD Fresh program while some do not.

Those districts that are satisfied with the DOD Fresh program report that it is an important way to procure additional produce. Almost all stakeholders felt the DOD Fresh program was a welcome innovation that had a positive impact on the availability of fruits and vegetables in school meals. Most stakeholders thought the produce was of high quality and good variety. They were also pleased with the customer service of the program. One stakeholder noted:

One level of impact was more fruits and vegetables reaching kids through school meal programs, and the second was a creeping awareness of the potential for procurement at crucial markets...I think a number of light bulbs went on for food service directors about the alternative routes to procurement.

A few school districts, however, particularly those in or near agricultural areas, reported not participating in DOD Fresh because they could obtain lower prices and higher quality on the open market. A stakeholder stated, “Schools would like to use it but cost is a barrier...they can get things at a cheaper price. Maybe they have a relationship directly with producers, so DOD is not as good of a value.”

14. DOD Fresh program funding is limited and the program's future is uncertain.

Nationally, the DOD Fresh funding is limited to \$50 million per year. Currently, all but three states participate. As more districts utilize their full allotment of DOD Fresh produce, each district's share of the total entitlement is reduced. California is limited to about \$5-6 million of the total DOD Fresh entitlement. This limited funding often forces school districts to place multiple produce orders – one through DOD Fresh and others through the regular DOD procurement system, using 4-11 funds or the regular commodity system using normal entitlement dollars. Stakeholders specifically stated:

DOD funds are capped at \$50 million across the United States...it is not enough money... as more states are participating, every state is getting less. There is a limit on the number of dollars and the amount of their [school districts'] entitlement that they can apply to DOD. It is the biggest limiting factor.

Finally, as previously noted, it seems possible that DOD Fresh will change dramatically or perhaps be terminated entirely if the Department of Defense closes its fresh produce

procurement program due to the loss of the armed services commissaries, which were, collectively, the program's largest customer.

ANALYSIS and DISCUSSION

The USDA commodity food program is an essential resource for school meal programs and represents an excellent opportunity for schools to serve nutritious food, helping to shape students' taste preferences and habits toward lifelong healthy diets.

The USDA commodity program contributes more than \$1 billion of food to the nation's school meal programs each year. School food service budgets, already meager, would be sorely depleted by the loss of the program.

As this report is being completed, in June 2008, commodity entitlements have become even more important. Rapidly escalating food prices are impinging on school food budgets, increasing the difficulty of serving healthy meals. There is a triple threat to children's nutritional health: soaring food prices tax family food budgets, already tight school food budgets are stretched even more, and commodity entitlements provide less food as commodity items become increasingly expensive. A serious crisis is brewing, reinforcing the importance of high quality commodity foods and making it imperative that all schools utilize their full commodity entitlement.

USDA commodities comprise nearly 20 percent of the food in school meals. The commodity program offers a broad range of food items, and districts in California choose freely from 180 commodity items. USDA has taken steps to align commodity foods with the 2005 Dietary Guidelines for Americans, and the nutritional quality of many items is improved: less fat, less sugar, less sodium. New items added to the USDA commodities list, including whole grain products and fresh fruits and vegetables, are highly nutritious. USDA should continue working towards aligning commodity foods with the DGA, particularly by offering a greater variety and higher quality of fruits, vegetables, and whole grains.

While not the focus of this nutritional quality study, USDA's operational and administrative improvements, for example, the introduction of the Electronic Commodity Ordering System (ECOS), make it easier for states and districts to navigate the commodity program.

Claims that commodity foods are unhealthy surplus foods forced on schools do not acknowledge the full nature of the current commodity program in California. A small number of advocates inaccurately criticize the commodity program, contending that the program is a means of eliminating the surpluses created by agribusiness. One newspaper commentary, for example, states:

*The USDA buys hundreds of millions of pounds of excess beef, pork, milk and other high-fat meat and dairy products to bolster or normalize dropping prices. It then turns around and dumps those raw commodities into the National School Lunch Program.*³⁹

Because USDA usually arranges to purchase commodity foods prior to food production, the procured food is not “excess.” In fact, most commodity foods are not in surplus. Commodities are not “dumped” on schools. In California and many other states, no district is required to accept food that it does not solicit.

The commodity program can improve its contribution to healthy school meals.

There are three broad strategies through which the nutritional quality of commodities can be improved:

1. The nutritional quality of individual commodity foods should be further improved to align more closely with recommendations in the 2005 Dietary Guidelines for Americans.
2. New, healthy items should replace less healthy items on the USDA’s list of offered commodities to more closely align the collection of commodity foods with the 2005 Dietary Guidelines for Americans.
3. School districts should be encouraged and assisted to participate in the commodity program, order healthy commodity foods, and prepare commodity foods in ways that align school meals with the 2005 Dietary Guidelines for Americans.

Two perceived barriers to the improvement of school commodities. The first barrier involves the observation that commodities comprise only 20 percent of the average student meal. This seems to imply that changing this small fraction of the food will make little difference in school meal quality. However, such an implication overlooks the central role of that 20 percent of food.

Given the calendar of school food service operations, federal commodities are likely to be the first school meal components considered and ordered. If schools regularly order high-fat (e.g. meat and/or cheese) commodities, then overall meals will be high in fat,

even if 80 percent of the food served in those meals originates from non-commodity sources.

Because 20 percent of food in school meals comes from USDA through the commodity program, the agency has a unique opportunity to provide nutrition guidance to the people in the school districts who make the decisions about school food purchasing and preparation. Many of these district decision-makers are relatively new to the job and substantial turnover is projected for the next five years. These employees may have no formal training in nutrition. In smaller districts, there may be only a paucity of business support, as well. The interviews and meetings conducted for this study revealed a strong appetite among school nutrition directors for guidance about participating in the commodities program and using commodities to create healthy meals that students will like.

The second and more significant perceived barrier to the improvement of school commodities is how to reconcile healthy food choices, supported by healthy commodity foods, with the imperative that school food service departments must not lose money (i.e. encroach on the general fund). This mandate for fiscal health initiates the following chain of faulty reasoning: the food service department cannot lose money; so the department must be run like a business; businesses operate to enhance revenue; revenue growth requires strong sales (i.e. participation); participation depends on appeal; appeal reflects familiarity; and familiarity means serving foods to which students are accustomed. Students are accustomed to fast food. This type of food, with its notoriously high levels of calories, fats, sugars, and sodium, fostered the current epidemic of childhood obesity. To follow this chain of reasoning is to realize the need for a different approach to a healthy school meal solution. The solution must incorporate the fiscal and nutritional benefits of the commodity program in order to make schools a place where children experience healthy foods and develop healthy, lifelong food habits.

Changing the ordering practices of school districts

As this study's nutrition analysis shows, a significant challenge lies not with what commodities are offered, but which commodities are ordered. To change what districts choose to order, there may be a need for financial incentives, technical assistance, and training which teaches school districts why they should order more fruits and vegetables, how to store and prepare fruits and vegetables, and how to market healthy foods to students. Schools may also need assistance addressing the space, equipment, and labor costs associated with storing and preparing fresh fruits and vegetables.

Perhaps the biggest opportunity to improve the nutritional quality of the commodities ordered by school districts is to expand the supply of fresh fruits and vegetables. Means to accomplish such expansion are discussed in the Policy Recommendations of this report.

The future of the DOD Fresh Program does not appear promising.

Although certain proposals in the 2007 Farm Bill called for increased funding of the DOD Fresh Program (not part of the final statute) and for removing restrictions on local procurement (these provisions were enacted), it appears, instead, that the program may be rolled back. Although many California schools can regularly obtain quality produce at favorable prices from private vendors, a compelling reason to improve and expand the DOD Fresh program still exists. Study participants noted that in small districts, or in states where fresh produce production is less common, procuring fresh fruits and vegetables can be difficult. DOD Fresh is an important resource in that it serves small or rural districts that might not be able to procure fresh produce through other sources. With the extensive health benefits offered by fresh produce consumption, USDA has a compelling reason to ensure that schools can obtain sufficient produce.

Potential exists to strengthen both the private co-op system and the state co-op system.

In this study's stakeholders convening, different participants gave conflicting opinions about what role the state should play in the commodity system. Some argued that the state should have no role in commodity distribution, that much of the state's function should be performed by USDA, and that the remainder should be privatized. The state agency participants disagreed; pointing out that the state serves an important function, particularly in ensuring that commodities are available to small and rural schools. Recently, a number of investments were made to improve the state's commodity distribution system. It appears that both the state and private co-op systems have additional potential for growth. The two systems may usefully co-exist. Encouraging more districts to participate either in the state cooperative or private cooperatives could help to maximize the positive impact of commodities on the nutritional quality of school meals. The state cooperative currently serves only 36 school districts.

Oversight and leverage in the commodity processing system need to be examined.

The nutrition content of processed commodity foods is not regulated by the states or by the federal government. Study participants noted that large districts or co-ops may have

the power to ensure that food processors provide healthy nutrition specifications. Participants also report that the processing industry is trending towards healthier items.

School food service directors in the focus groups also suggested that smaller or medium-sized districts have limited capacity to demand healthy products from commodity processors. They noted that even when healthier versions of a processed commodity exist, they are often cost prohibitive or may not be available through all processors

USDA suggested, however, that commodity processed foods are regulated indirectly through USDA's nutrition standards and the SMI review. Unfortunately, the SMI nutrition review has some notable limitations: it occurs only once every five years, neither the NSLP meal nor the review requirements have been updated to incorporate benchmarks from the 2005 Dietary Guidelines for Americans (DGA); the review assesses the items listed on a district's menus rather than items that students choose; and, unless the review reveals dramatic shortfalls, there is little follow up and enforcement.

Stakeholders had few suggestions for changing the processing program to improve the nutritional quality of processed foods offered in school meals. Stakeholders primarily suggested focusing on state legislation and policies affecting overall meal quality standards. The stakeholders said that if states were to demand healthier products, that demand would change the nutrition profile of foods produced by processors and influence the bids made by USDA. Large states, like California, would then have a greater impact on commodity processing.⁴⁰

POLICY RECOMMENDATIONS

Note: A number of these recommendations could be implemented at more than one level (USDA, CDE/NSD, school district).

ENSURE COMMODITIES SUPPORT THE DIETARY GUIDELINES FOR AMERICANS.

The most effective way to align commodities with students' nutrition needs is to raise the nutrition standards for all foods served in the National School Lunch and Breakfast Programs. All participants interviewed for this study indicated that school districts make commodity decisions in order to accommodate USDA-prescribed menu planning requirements and students' taste preferences. Therefore, commodity foods will change

most rapidly in response to improvements in standards used to guide the nutritional quality of school meals.

- 1. USDA should strengthen the School Meals Initiative nutrition review by:**
 - a. Quickly aligning the SMI standards with those of the current Dietary Guidelines and rapidly updating the SMI standards as future versions of the Guidelines appear.**
 - b. Performing the review on a weighted average of foods chosen by students rather than treating all offered foods equally.**
 - c. Performing the review more frequently than the current 5 year cycle prescribes.**
 - d. Include more schools within each school district's SMI review.**

Virtually all of the agency administrators and school district food service directors who participated in the study asserted that direct regulation of processing would be a mistake. They were concerned that regulation would stifle continued nutrition improvements and unduly complicate commodity processing, leading to price repercussions. Participants urged reliance upon the nutrition review prescribed by the School Meals Initiative, arguing that the need to pass SMI reviews will lead school districts to insist processors provide foods that support SMI standards. Unfortunately, there are many serious problems in relying on SMI reviews for the nutrition oversight of processing:

1. SMI standards are not aligned with the Dietary Guidelines. Although Congress, in the 2004 reauthorization, explicitly required that school meal standards be aligned with the 2005 Dietary Guidelines by June 30, 2006, the alignment is still pending. In fact, the most recent estimate for implementation of the alignment is not until 2012, two years after the release of the 2010 Dietary Guidelines for Americans. This implementation date is not satisfactory; school meals should be aligned with the 2005 (and later) Dietary Guidelines with much greater speed.
2. The SMI nutrition analysis calls for the assessment to be made on the basis of "weighted averages." This means that the frequency with which certain foods are selected by students would affect the assessment's calculation. One student's selection of low fat cottage cheese would not be equivalent to 100 students' choice of the ubiquitous pepperoni pizza. The requirement to use weighted averages has been waived. Congress should end this waiver no later than September 30, 2009, when the waiver is due to expire.

3. SMI nutrition analyses occur only once every 5 years using only a small number of schools within each school district. Given the severity of the obesity epidemic and the key role that school meals play in students' daily nutrition (particularly low-income students'), Congress should consider increasing the frequency of the SMI reviews and the number of schools involved.

Looking to a strengthened SMI, and not a commodity-specific remedy, for improving the nutritional quality of school meals makes sense because commodities supply less than 20 percent of most school districts' meals. Though, as previously stated, this 20 percent is central to school meal quality, only an improved SMI can address the remaining 80 percent of the foods served in school meals.

- 2. USDA should continue to improve the nutritional quality of individual commodities, aligning them with the Dietary Guidelines for Americans.**

This study confirmed the improvements in nutritional quality USDA has achieved over the past 20 years for a broad range of individual commodity foods. USDA should continue with this process, using alignment with the Dietary Guidelines as the standard for nutritional quality. The most important commodity modifications would include further reductions to fat and saturated fat, additional offerings of whole grains, substitution of fresh and frozen fruit and vegetables for canned, and reduced levels of sodium and added sugars.

- 3. USDA and CDE, as appropriate, should establish and implement nutrition guidelines for processors to align processed commodities with the Dietary Guidelines for Americans.**

Nationally, over 50 percent of commodities (approximately 55 percent in California) are directed to processors before shipment to school districts. Currently, neither USDA nor CDE oversees the nutritional quality of these processed commodities. Given its magnitude, likely future growth, and contribution to the nutritional deficits reported by SNDA-III, processing cannot be ignored. (Suggestions that problems with processed commodities can be cured by the School Meals Initiative review are addressed in the first recommendation.)

The elements identified by SNDA-III as excessive in school meals, sodium, sugar, fat, saturated fat, and discretionary calories, are likely added to commodity foods during processing. The elimination of trans fat and the restriction of elements

identified above should be feasible, particularly in the most commonly processed commodity items – various forms of animal protein and cheese. More research regarding processing is amply warranted and will supply guidance to the development of standards and regulations that will support steady improvement of nutritional quality in commodities.

- 4. Congress should set a required proportion among the major food groups (like USDA food based meal patterns) to which school districts must adhere when ordering federal commodities.**

School districts often center their school meal menus on commodity procurements. If the commodity orders consist mainly of meat and cheese, the meals incorporating those commodities will provide excessive fat, saturated fat, sodium, and added sugar. Requiring that fresh fruits and vegetables comprise a set proportion of a school district's commodity procurements will displace at least some of the less healthy commodity items in school meals.

- 5. Congress should provide financial incentives to school districts to promote purchases of healthier foods, particularly fresh fruit and vegetables.**

Given school districts' tendency to order high-fat commodity items, USDA should consider a financial incentive to districts that begin or increase selection of healthy commodity items. The incentive might be in the form of a rebate that makes the healthy choices the financially advantageous ones, as well.

- 6. USDA should retain and strengthen the Department of Defense Fresh Fruit and Vegetable Program (DOD Fresh) or develop a substitute service that provides fresh fruit and vegetables, crucial components of the commodity program.**

While DOD Fresh is not problem-free, it is an appreciated, widely popular element of the commodity program, bringing fresh fruit and vegetables to school meals. This program is a particular boon to small and rural districts, which otherwise struggle to be served by private produce vendors. Unfortunately, DOD Fresh's future seems uncertain. If the program is withdrawn, it should be replaced in order to maintain the stream of fresh produce to schools. In any event, DOD Fresh's \$50 million per year funding is inadequate, particularly as most states and districts now participate in the program. High levels of participation translate into each school district's receiving an inadequately small share of the total funding.

7. Congress should increase funding for commodity fresh fruit and vegetables by giving school districts entitlement credits to obtain fresh fruit and vegetables for School Breakfast Program meals.

This recommendation combines two important goals. The first is simply to increase the funds available for fresh fruit and vegetables within the commodity program. One appealing way to accomplish this goal is to provide school districts with an entitlement credit for each student breakfast served, in exactly the same way entitlement credit is currently awarded for each school lunch served. This proposal encompasses an additional benefit: encouraging school districts to expand their generally underutilized breakfast programs.

Borrowing from a remarkably successful state experiment, California Fresh Start (CFS), additional entitlement credits earned from serving school breakfasts should be spent to provide fresh fruit and vegetables for the School Breakfast Program. CFS, enacted in 2005, relied upon state funds, amounting to \$18.2 million, to reimburse schools 10 cents for every additional serving of fresh fruit and vegetables provided by the breakfast program. A rigorous external evaluation found that CFS dramatically increased the servings of fresh fruit offered and selected in school meals, provided new markets for California growers, slightly expanded participation in school breakfast, and was very popular with school administrators, teachers, and students. Exhaustion of state funds ended this exceptionally effective pilot, but its success is unequivocal.

(As an alternative to this recommendation, Congress could choose to increase the general commodity entitlement and specify that any increase be spent on fresh fruit and vegetables.)

8. Congress should create a fund to supply school districts with grants for one-time-only infrastructure costs, such as the creation or expansion of refrigeration and freezing capacity, incurred to support the storage and preparation of fruit and vegetables.

Study participants reported that a lack of adequate facilities often prevents districts from offering fresh or frozen fruits and vegetables. Formerly, federal infrastructure grants were available to start or improve commodity programs, and they should be resumed. Alternatively, the California Legislature should provide funds for such grants.

ENSURE MAXIMUM UTILIZATION OF COMMODITIES

- 9. USDA should broadly publicize the scope and benefits of the commodity program. In addition, USDA should highlight the nutritional and operational improvements it has made to the program.**

The commodity program has historically been a “black box.” A dearth of available information led to a lack of understanding among school districts and communities. Even worse, this lack of information led to injurious misconceptions. Recently, USDA began to publicize the importance and effectiveness of the child nutrition commodity program. We urge the agency to continue this campaign. It will help ensure that all school districts participate in the commodity program. It will also help teach the school community (administrators, staff, students, and parents) that school meals can contribute to a healthy diet.

- 10. CDE/NSD should take steps to ensure that all California school districts participate in the commodity program and that each district utilizes its entire commodity entitlement.**

USDA permits states to “roll over” unspent entitlement dollars from one fiscal year to the next. CDE should similarly permit individual districts to overspend or roll over a specific portion of their commodity entitlement. This would prevent districts from facing the impossible task of spending a precise amount of entitlement dollars in an imprecise commodity procurement system.

Implementation of this recommendation may require that CDE be provided with additional funds and staff to identify and subsequently contact each district that does not participate in the commodity program or does not utilize a specified threshold portion of its entitlement (e.g. 90 percent). CDE should develop a plan with these districts to facilitate participation and full utilization. CDE should monitor commodity program participation as a part of the regular Coordinated Review Effort (CRE).

- 11. CDE/NSD should strongly encourage each district to participate in either the state co-op or a private co-op and should develop a plan to strengthen these entities.**

Some school districts, particularly small districts, are not participating in the commodity program because they find the prospect complicated and daunting.

Though cooperatives can simplify and support participation in the commodity program, less than half of California school districts currently belong to a co-op. Cooperatives can broaden the selection of commodities available to participating districts, use high volume orders to leverage healthier nutrition specifications for processed items, track commodity orders, and provide members with technical assistance in using commodities to prepare healthy school meals.

12. CDE/NSD should provide nutrition education, training and technical assistance to school districts to promote full use of the healthiest commodity items.

Many school districts, particularly those without registered dietitians, lack the expertise to use commodities in maximizing the nutritional quality of school meals. Nutrition education and training could help to solve this problem.

One means of providing such education and training would be to resume annual commodity workshops. California school food service directors voiced a strong appreciation of previous years' commodity workshops, both for the formal training provided and for the chance to learn informally from their peers. The workshops can be of particular assistance to the districts having difficulty navigating the commodity program. The California Legislature should provide funding to enable these workshops as well as staff to deliver trainings and technical assistance.

Appendix A

State Operations

California State Ordering and Distribution

In California, the commodity program is administered by the Food Distribution Program of the California Department of Education's Nutrition Services Division (NSD). School districts can order and receive commodity foods through three main channels: 1) the State Distribution Center, 2) the State Cooperative, or 3) Direct Shipment and/or private cooperatives.

State Distribution Center (SDC) agencies receive periodic USDA offerings from which they order non-processed commodities based on the quantity available at the SDC.

SDC school districts that are not members of a cooperative receive four or five offerings per year through the SDC. Agencies are offered bi-monthly, monthly, or weekly deliveries. The state also offers extended storage services in its warehouses for an extra per box fee. .⁴¹

The SDC agencies that have an Average Daily Participation (ADP) of 250 or more and receive regular USDA offerings may participate in the Advance Order Program, which allows districts to directly divert their USDA commodities to approved processors

- State Co-op members submit a food preference survey prior to the start of each school year. The survey lists both non-processed (formerly referred to as brown box) items and processed items.
- Some very large districts, known as Direct Shipment agencies, have their commodities shipped directly to them from USDA. Direct Shipment agencies and Private Co-ops submit a food preference survey prior to the start of each year and receive commodities directly from USDA.

Private Cooperatives are purchasing groups comprised of multiple districts that have a combined ADP of 50,000 or more. A school district decides how it will receive commodities based on its specific needs and characteristics. In a Private Cooperative, one district leads all of the cooperative members and assumes administrative responsibilities for the co-op. Cooperatives allow districts to receive commodities more frequently and to pool their resources for other purchasing and storage functions.

Commodities can be distributed via several different pathways between USDA and school districts:

- In California, the State’s Nutrition Services Division administers two SDCs, one in Sacramento and the other in Pomona, which distribute commodities to districts and other agencies.⁴² Districts receiving commodities and DOD Fresh through the SDC are invoiced \$3.25 (cash) per case.
- Advance Order Processors coordinate with districts to deliver end products directly to districts or at designated destinations. The State invoices agencies \$1.00 per case (cash) for processed items.
- State Co-op members receive commodities through the SDC depending on districts' delivery needs (i.e., bi-monthly, monthly, or weekly). The SDC invoices co-op members \$3.25 (cash) per case. Processors coordinate with co-op members to deliver end-products directly to district sites or designated destinations. The State invoices co-op members \$1.25 (cash) per case for processed items.
- Private Co-ops receive commodities through private distributors. The distributor charges a cash fee for delivery. If a management company is involved, other fees may be incurred.
- Direct Shipment agencies receive USDA commodities directly to their warehouses. The CDE FDP (Food Distribution Program) invoices Direct Shipment agencies and Private Co-ops \$1.00 (cash) per case for administrative fees.

2006-2007 Commodities Distribution Routes in California

<u>Number and Percent of School Districts</u>	<u>Distribution Route</u>
548 60%	State Distribution Center
36 11%	State Co-op
325 36%	Private Co-op
<u>4</u> 0.0%	Direct Shipment ⁴³
All districts: 913	

Appendix B

USDA list of available commodities for 2009

USDA FOODS AVAILABLE FOR SCHOOL YEAR 2009 - SCHOOLS and INSTITUTIONS

List subject to change. Please reference applicable ECOS surveys or contact your State Distributing Agency for the most recent product availability and information

USDA GROUP (A) PRODUCTS — Section 6 and 32 Type Donated Commodities (Meat/Fish/Poultry/Fruits/Vegetables)

USDA GROUP (B) PRODUCTS — Section 416 Type Donated Commodities (Grains/Cereals/Cheese/Milk/Oils/Peanut Products)

Can ONLY be diverted for processing. Any other product may be eligible to divert for processing.

COMMODITY	PACK SIZE	COMMODITY	PACK SIZE
USDA GROUP (A) PRODUCTS — Section 6 and 32 Type Donated Commodities (Meat/Fish/Poultry/Fruits/Vegetables)			
BEEF PRODUCTS		PORK PRODUCTS	
Beef, Ground, Frozen (A608)	40 lb. cartons	Ham, Cooked, Water-added,Frozen(A693)	4/10 lb Hams per carton
Beef, Patties, Frozen, 100% (A626)	40 lb. cartons	Ham, Cooked, Frz, Thin Slc (A726)	8/5 lb pkg/ctn
Beef, Patties, Frozen, VPP (A616)	40 lb. cartons	Ham, Cooked, Frz, Cubed (A727)	8/5 lb pkg/ctn
Beef, Patties, Lean (A627)	40 lb. cartons	Pork Leg Roast (A672)	32-40 lb. cartons
Beef Patty, Cooked (A706)	40 lb cartons	Pork, Canned 24 Ounce (A722)	24/24 oz can
Beef, Crumble (A717)	4/10 lb carton	Pork, Cooked Sloppy Joe Mix (A712)	4/10 lb carton
Beef, Irrad Patties (A578)	40 lb. cartons	Pork, Cooked, Crumbles (A720)	4/10 lb carton
Beef Irrad (A579)	40 lb. cartons		
Beef, Canned 24 Ounce (A721)	24/24 oz can		
FISH PRODUCTS		FRUITS (canned, dry, frozen)	
Tuna, Canned, Chunk,Light,Water(A742)	6/66.5 oz cans	Apple Slices, Canned, Unsweetened (A345)	6##10 cans
Tuna, pouch 43 (A745)	8/43 oz pouches	Apple Slices, Frozen, Unsweetened (A346)	30 lb carton
POULTRY/EGG PRODUCTS		Applesauce, Canned (A350)	6##10 cans
Chicken, Breaded, Frozen, 7 Piece (A526)	30 lb cartons	Apricots, Canned (A360,A382)	20 lb box
Chicken, Canned, Boned (A507)	12/50 oz cans	Apricots, frozen (A358)	20 lb carton
Chicken, Cut-up, Frozen (A515)	40 lb cartons	Apricots, frozen (A447)	40 lb carton
Chicken, Diced, Frozen (A517)	40 lb cartons	Apricots, Cups, Diced, Frozen (A449)	96/4.4 oz
Chicken, Fajita Strips (A563)	30 lb cartons	Blackberries, Ever., Puree, Frozen (A376)	6/5.75
Chicken, Burgers Frz (A528)	30 lb cartons	Blackberries, Marion., Puree, Frozen (A377)	6/5.75
Egg Mix (A575)	4/10 lb bags	Blueberries, Frozen, Cult (A367)	30 lb carton
Eggs, Frozen, Whole 5# (A568)	6/5 lb cartons	Blueberries, Frozen, Wild (A366)	30 lb carton
Turkey Hams, Frozen (A548)	40 lb cartons	Blueberries, Frozen, Dry (A309)	10 lb carton
Turkey Roast, Frozen (A537)	32-48 lb cartons	Blueberries, Frozen, Wild (A310)	25 lb carton
Turkey, Deli Breast, Frozen (A549)	40 lb container	Cherries Red 10 (A363)	6##10 cans
Turkey, Deli Breast, Smoked (A550)	40 lb container	Cherries IQF (A364)	40 lb carton
Turkey, Taco Filling (A565)	30 lb cartons	Cherries Frz (A365)	30 lb carton
Turkey, Whole, Frozen (A529)	30-60 lb cartons	Cherries, Dry ## (A293)	4/4# ctn
		Cranberries, Frozen (A306)	40 lb bag
		Cranberries, Dried (A291)	5# ctn
		Cranberry, Sauce, Canned (A288)	6##10 cans
		Fruit Mix, Canned (A470)	6##10 cans
		Juice, Orange, Singles (A299)	70/4 oz ctn
		Pineapple, Canned, Tidbits (A443)	6##10 cans
		Raisins, 144 (A504)	1.33 oz box
		Raisins, 30 (A500)	30 lb ctn
		Raisins 24 (A501)	24/ 15 oz pkg
		Raspberries, Puree (A373)	6/5.75 ctn
		Raspberries, Frozen, Drum (A390)	400 lb drum (processing)
		Raspberries, Frozen, Pail (A391)	28 lb pails
		Peaches, Canned, Clingstone,Slc(A408)	6##10 CAN
		Peaches, Canned, Clingstone,Dice(A409)	6##10 cans
		Peaches, Cups, Freestone, Frozen(A416)	96/4 oz cups
		Peaches, Frozen, Freestone(A424)	20 lb carton
		Pears, Canned, Sliced (A433)	6##10 cans
		Pears, Canned, Diced (A434)	6##10 cans
		Pineapple, Canned, Chunks (A448)	6##10 cans
		Pineapple, Canned, Crushed (A444)	6##10 cans
		Strawberries, Sliced (A380)	30 lb ctn
		Strawberries, Frozen (A375)	30 lb ctn
POULTRY PRODUCTS FOR SOC PROGRAM			
Chicken Nuggets, SOC (A519)	30 lb cartons		
Chicken Patties, SOC (A561)	30 lb cartons		
BULK MEAT/POULTRY PRODUCTS FOR PROCESSING			
Beef, Bulk, Coarse (A594)	60 lb cartons		
Beef, Boneless Fresh (A704)	Combos		
Beef Special Trim Frozen (A602)	60 lb cartons		
Chicken, Drumsticks, Chilled (A573)	Bulk Pack		
Chicken, Thighs, Chilled (A531)	Bulk Pack		
Chicken, Small & Large Bulk, Chilled(A521,A522)	Bulk Pack		
Chicken, Light Bulk Fowl Fresh (A510)	Bulk Pack		
Chicken, Chilled, Legs (A518)	Bulk Pack		
Eggs, Liquid, Whole, Bulk (A566)	Bulk Tankers		
Pork, Boneless Picnic, Frozen (A632)	60 lb cartons		
Turkey, Bulk, Chilled (A534)	Bulk		
Turkey, Bulk, Ground (A535)	Bulk Pack		

Additional offerings:
Applesauce Shelf Stable Cups (pending code)

USDA FOODS AVAILABLE FOR SCHOOL YEAR 2009 - SCHOOLS and INSTITUTIONS

COMMODITY	PACK SIZE	COMMODITY	PACK SIZE
USDA GROUP (A) TYPE COMMODITIES --- Cont'd			

FRESH FRUITS	
Apples, Fresh (various types) (A343)	37-40 lb cartons
Apples, Fresh (various types)-Pilot (A349)	37-40 lb cartons
Oranges, Fresh (A357)	34-39 lb cartons
Pears Bosc, Fresh (A442)	45 lb cartons
Pears D-Anjou, Fresh (A444)	45 lb cartons

VEGETABLES (canned, dry, frozen)	
Beans, Canned, Baby Lima(A082)	6##10 cans
Beans, Canned, Black Turtle(A908)	6##10 cans
Beans, Canned, Blackeye Pea(A084)	6##10 cans
Beans, Canned, Garbanzo(A089)	6##10 cans
Beans, Canned, Great Northern (A088)	6##10 cans
Beans, Canned, Pink (A083)	6##10 cans
Beans, Canned, Pinto (A079)	6##10 cans
Beans, Canned, Red Kidney (A086)	6##10 cans
Beans, Canned, Refried (A085)	6##10 cans
Beans, Canned, Small Red (A087)	6##10 cans
Beans, Canned, Vegetarian (A091)	6##10 cans
Beans, Dry, Great Northern (A925)	25 lb bags
Beans, Dry, Navy Pea (A924)	25 lb bags
Beans, Dry, Pinto (A942)	25 lb bags
Beans, Dry, Small Red (A948)	25 lb bags
Beans, Canned, Green (A061)	6##10 cans
Beans, Frozen, Green (A070)	30 lb cartons
Carrots (A099)	30 lb cartons
Carrots, Canned (A100)	6##10 cans
Corn Cobs, Frozen (A129)	96-ear case

FRUIT JUICES	
Juice, Orange, Drums (A305)	55 Gal Drum (processing)
Juice, Orange, Tankers (A303)	Tankers (processing)
Grape Juice (pending code)	
Apple Juice (pending code)	

VEGETABLES (canned, dry, frozen) Cont'c	
Corn, Canned, Liquid, Whole Kernel (A110)	6##10 cans
Corn, Frozen (A130)	30 lb cartons
Peas, Canned (A140)	6##10 cans
Peas, Frozen (A160)	30 lb cartons
Potatoes, Oven, Frozen (A210)	6/5 lb packs
Potatoes, Rounds, Frozen (A204)	6/5 lb packs
Potatoes, Wedges, Fat Free (A173)	6/5 lb packs
Potatoes, Wedges, Frozen (A174)	6/5 lb packs
Salsa, Canned (A237)	6##10 cans
Spaghetti Sauce (Meatless), Canned (A243)	6##10 cans
Sweet Potatoes, Canned, Syrup (A220)	6##10 cans
Sweet Potatoes, Canned, Mashed (A222)	6##10 cans
Sweet Potatoes, Frozen, Mashed (A225)	6/5 lb packs
Sweet Potatoes, Frozen, Random Cut (A224)	6/5 lb packs
Tomato Paste, Canned (A252)	6##10 cans
Tomato Paste, Drum (A249)	55 Gal Drum (processing)
Tomato Sauce, Canned (A239)	6##10 cans
Tomatoes, Canned, Diced (A241)	6##10 cans
Tomato Totes (A245)	14 totes (processing)

FRESH VEGETABLES	
Potatoes, Russet, Fresh (A214)	50 lb. cartons
Potatoes, White, Fresh (A215)	50 lb. bags
Potatoes, Bulk, Dehy (A213)	Bulk (for processing)
Potatoes, Bulk (A232)	Bulk (for processing)
Sweet Potatoes, Bulk (A230)	Bulk (for processing)
Sweet Potatoes, Fresh (A212)	40 lb. Cartons

USDA GROUP (B) PRODUCTS --- Section 416 Type Donated Commodities (Grains/Cereals/Cheese/Milk/Oils/Peanut Products)

CHEDDAR CHEESE PRODUCTS	
Cheddar, Red Fat, Shred, White (B027)	6/5 lb
Cheddar, Red Fat, Shred, Yell (B028)	6/5 lb
Cheddar, Reduced-Fat, Yellow (B034)	4/10 lb
Cheddar, Shred., Yellow (B031)	6/5 lb
Cheddar, Shred., White (B032)	6/5 lb
Cheddar, White, 10# (B087)	4/10 lb
Cheddar, White, 40# block (B071)	40 lb block (processing)
Cheddar, Yellow, 10# (B088)	4/10 lb
Cheddar, Yellow, 40 # block (B072)	40 lb block (processing)

PROCESS CHEESE PRODUCTS	
Cheese, Process, Sliced, Yellow (B065)	6/5 lb Sliced Yellow
Cheese, Process, Block (B030)	40 lb block (processing)

CEREALS	
Oats 3, Rolled (B445)	12/3 lb pkg
Oats 25, Rolled (B444)	25 lb bags
Oats 50, Rolled (B450)	50 lb bags

GRAINS/FLOUR PRODUCTS	
Cornmeal, Degermed 40, Yellow (B142)	4/10 lb bags
Cornmeal, Degermed 8/5, Yellow (B138)	8/5 lb bags
Flour, All Purpose 40, BL. (B183)	4/10 lb bags
Flour, All Purpose 40, Unbl. (B188)	4/10 lb bags
Flour, All Purpose 50, BL. (B190)	50 lb bags
Flour, All Purpose 50, Unbl. (B191)	50 lb bags
Flour, All Purpose, BL. (B182)	8/5 lb bags
Flour, All Purpose, Bulk (B200)	8/5 lb bags

USDA FOODS AVAILABLE FOR SCHOOL YEAR 2009 - SCHOOLS and INSTITUTIONS

COMMODITY	PACK SIZE	COMMODITY	PACK SIZE
USDA GROUP (B) PRODUCTS Cont'd			
NATURAL AMERICAN CHEESE		GRAINS/FLOUR PRODUCTS Cont'd	
Cheese, Nat Amer, Barrel 500 (B049)	500 lb FBD BBL (processing)	Corn, Yellow (B136)	2700 lb tote
CHEESE BLEND PRODUCTS		Flour, Bakers Hard Wheat 100, BL. (B280)	100 lb bags
Cheese 30 LVS (B064)	6/5# loaves	Flour, Bakers Hard Wheat 50, BL. (B275)	50 lb bags
Cheese Blend, Amer/Skim Milk Y (B119)	6/5# Sliced Yellow	Flour, Bakers Hard Wheat 50, Unbl. (B276)	50 lb bags
Cheese Blend, Amer/Skim Milk W (B133)	6/5# Sliced White	Flour, Bakers Hard Wheat Bulk, BL. (B285)	Bulk
Cheese, Pasteurized Amer, Sliced Wh (B066)	6/5# Sliced White	Flour, Bakers Hard Wheat Bulk, Unbl. (B286)	Bulk
MOZZARELLA PRODUCTS		Flour, Bakers Hard Wheat Hearth 100, BL. (B300)	100 lb bags
Mozzarella, Light, Shred. Frozen (B035)	30 lb box	Flour, Bakers Hard Wheat Hearth Bulk, BL. (B301)	Bulk
Mozzarella, LMPS, Shred., Frozen (B037)	30 lb box	Flour, Whole Wheat 40 (B351)	4/10 lb bags
Mozzarella, LMPS, Frozen (B042)	8/6 lb loaves	Flour, Whole Wheat 50 (B360)	50 lb Bags
Mozzarella, LMPS, Unfrozen (B077)	Processor Pack (processing)	Flour, Bakers Hard Wheat (B321)	Bulk
PEANUT PRODUCTS		Flour, Bakers Hard Wheat 50, Hearth Bulk, Unbl. (B303)	Bulk
Peanut Butter, Smooth, Drum (B480)	500 lb drum (processing)	Flour, Bakers Soft Wheat, BL (B323)	50 lb bags
Peanut Butter, Smooth 5 (B473)	6/5 lb (cans or jars)	Flour, Bakery Mix (B367)	6/5 lb bags
Peanuts, Roasted Runner (B498)	6/#10 can	Flour, Bakery Mix, Low Fat (B368)	6/5 lb bags
Peanuts, Roasted, Canned (B500)	6/#10 can	Flour, Bread 40, Bleached (B233)	4/10 bags
RICE PRODUCTS		Flour, Bread 40, Unbleached (B238)	4/10 bags
Rice, Brown 25 (B545)	25 lb bags	Flour, Masa 50 Yellow (B345)	50 lb bags
Rice, Medium 50 (B521)	50 lb bags	Grits, Corn, White 40 (B382)	8/5 lb bags
Rice, Medium 25 #1 (B522)	25 lb bags	Grits, Fine, Yellow (B384)	8/5 lb bags
Rice, Medium 25 #2 (B513)	25 lb bags	OIL/SHORTENING PRODUCTS	
Rice, Milled, Long-Grain 25 (B505)	25 lb bags	Oil, Soybean, Low Saturated Fat (B664)	6/1 gal
Rice, Milled, Long-Grain 50 (B506)	50 lb bags	Oil, Vegetable 48 (B665)	9/48 oz
Rice, Parboiled 25 (B507)	25 lb bags	Oil, Vegetable 48 (B666)	8/48 oz
Rice, Parboiled 50 (B508)	50 lb bags	Oil, Vegetable, Bottle (B670)	6/1 gal bottle
Rice, Brown, Long-Grain, Quick Cook 24/2 (B537)	24/2 lb bags	Oil, Vegetable, Bulk (B672)	Bulk (processing)
Rice, Brown, Long-Grain, Quick Cook 30/2 (B538)	30/2 lb bags	MISCELLANEOUS PRODUCTS	
PASTA PRODUCTS		Sunflower Butter (B477)	6/5 lb
Rotini, Spiral (B435)	20 lb cartons		
Whole Grain Rotini 20 (B428)	20 lb cartons		
Spaghetti 20 (B840)	20 lb cartons		
Whole Grain Spaghetti 20 (B836)	20 lb cartons		

Appendix C

RWJ California Commodity Program Project: Stakeholder Survey

Stakeholder Name:

Title/Role:

Name of Organization:

Phone Number:

Date/Time of Interview:

Introduction: Robert Wood Johnson (RWJ) awarded a grant to California Food Policy Advocates (CFPA) to examine the role of the child nutrition commodity food program in creating healthy school meals. As part of this grant, CFPA and Samuels & Associates are working together to identify any policy strategies that might affect the administration of the Child Nutrition Commodity Food Program and/or the foods offered.

To gather the policy information, we are conducting a survey of key federal and state stakeholders familiar with the Child Nutrition Commodity Food Program. The survey will cover: benefits and challenges to participation in the Child Nutrition Commodity Food Program, issues related to program administration, and potential policy changes to the program that address administrative barriers and food quality. We would like you to participate in this survey, and look forward to hearing your opinions and thoughts.

This survey will take approximately 30 minutes and all responses will be kept confidential.

Questions for the survey:

Background of the Child Nutrition Commodity Food Program

1. Please describe your familiarity with the Child Nutrition Commodities Food Program.
2. What benefits does the Commodity Program offer schools?
3. What are the most significant disadvantages or challenges of participating in the Program?
4. How have these challenges been addressed, if at all?
5. What are the most important pieces of information that policymakers should consider when exploring making changes to the Program?

Program Administration and Ordering

6. What are the main determinants of what is offered in the Program? What are the main determinants of what is ordered in the Program?
7. What are the most important issues that affect the administration of the Program?

For the next two questions please think about the impact of the program at the state level.

8. What changes could be made at the federal level to improve administration of the program by states?
9. What changes could be made at the state level to improve administration of the program?

Quality and Nutrition

10. What do you think are the most important influences in the quality or nutrition of foods in the Child Nutrition Commodity Foods Program?
11. What changes could be made to the program that might improve the nutrition or quality of the foods served in school meals?

12. Are there any changes currently underway that might affect the foods available through the Child Nutrition Commodity Food Program?

DOD Fresh Produce Program

13. Are you familiar with the DOD fresh produce program?
*(If yes, continue with the next question.
If no, skip to question 19.)*
14. How would you describe the importance and impact of the DOD program?
15. How would you rate the quality of foods and the administration of the DOD program?
16. What are the top 3 barriers to school districts using the DOD Program?
17. What are some possible policy solutions to address these barriers?

Commodity Processing Program

18. Please describe your familiarity with the Commodity Processing Program.
19. How do you think the Commodity Processing Program affects the quality and nutrition of foods offered in the school meal program?
20. What changes could be made to the Commodity Processing Program that might improve quality and nutritional content of the foods served in school meals?

Additional Information:

21. We will be conducting a focus group with California food service directors to get their opinion about the usefulness of the Child Nutrition Commodity Program in enabling school districts to prepare healthy school meals. Are there any particular questions you think would be important to ask in the focus group?
22. Are there any champions or organizations that have been instrumental in improving the Child Nutrition Commodity Food Program?

23. Is there any additional information (research, reports, other data) you think is needed to inform any future policy changes to the Child Nutrition Commodity Food Program to make school meals healthier?
24. Is there anything else that you think is important for us to know in order to understand the Child Nutrition Commodity Food Program?

Appendix D

RWJ Commodities Project Focus Groups Among Food Directors Los Angeles (5/1), Fresno (5/2), Richmond (5/3)

1. Introduction

10 mins

- Moderator introduction: *We are part of a team with California Food Policy Advocates (CFPA) and Samuels and Associates that has been funded by the Robert Wood Johnson Foundation to learn more about what you think of the Commodity Food Program. We are particularly interested to learn how you think the commodities affect the nutrition quality of the meals you serve your students.*
- *We are interested in your thoughts and will carefully listen to all of your comments. I want to underline that here are no right or wrong answers – everything you have to say will be helpful to us .We will use our discussion to write a report that will help California Food Policy Advocates (CFPA) in their efforts to reduce hunger in California and make policy changes to the federal food programs to increase access to healthy foods for Californians.*

We will be tape recording our conversation and I want to let you know that this is only so that we have a record in addition to notes. Everything you say will be important and we don't want to miss a word. None of the recorded comments will be associated with your name. All of your identities and opinions are being kept strictly confidential.

- Participant introduction
 - Name, description of school district – grade levels, number of students, sites (# schools and grade levels (elementary, middle, high), central kitchen.

II. Basic Information About Use of Commodity Program

45 mins

I want to start out by asking some general questions about how you use the commodity program.

1. First, how much do you use the program? What proportion of food comes from the commodity program? What are the other sources?

2. Who has the most influence in ordering commodities – is it you, another administrator?
3. What are some of the commodity items that you order most? Can you name, say, 5?
4. HANDOUT. Here is a list of commodities – take a second and mark the items that you usually order. What did people mark?
5. Why did you order these particular items?
6. Are there other things that influence what commodities items you choose?
 PROBE:
 - Price? Price relative to what the items would cost on the open market (price differential between USDA price and open market price)?
 - Convenience (or lack of convenience) in terms of delivery, storage, sizes of shipment or quantity of item per shipment?
 - Student preference?
 - Nutrition? What role do the School Meal Initiative requirements play? Dietary Guidelines for Americans?
 - Other influences?
7. Are there other commodities items that you would like to order but don't or can't? Why?
8. Are there any items that you wish were on the list? What? Why?
9. Anything you think should not be on the list? What, why?
10. How does nutritional content of commodities factor into your purchasing decisions?
 - Do you look at the nutritional content? Where do you find it?
 - How much help do you get from the nutrition specs? What do you look for?
 - Is there anything you would like to see different about the way the nutritional information is presented?
 - Where else do you get information about nutrition? Does the USDA or CDE help?
 - Do you feel you have enough guidance? What would you like to learn more about?
 - Does anyone have an educational background in nutrition? What is your background?
11. Going back to the list, is there anything you think could be done to improve the nutritional content of these items?
12. When do you order commodities in relation to your other food ordering?
13. How often do you place orders? Why?

14. How do you use commodities in planning your menus? PROBE: Is it the central piece around which other things are planned?
15. Do you always get what you order?
16. What about bonus commodities?
 - What do you get?
 - When do you get them?
 - Any changes recently in either quantity or quality?
 - Any problems with delivery dates, quantities, other logistics?
 - Are they useful?
 - Are they nutritious?
 - How could they be more nutritious?

IV. Use of Processors

25 mins

17. Can your district do scratch cooking? In all/any sites?
18. To what extent? What kind of space, equipment, staff do you have?
19. Would you prefer scratch cooking? Why or why not?
20. What are the advantages and disadvantages of it? Barriers?
21. Does your ability to do scratch cooking influence what commodities you order? In what way?
22. Do you use processors? What are some reasons why? What is the driving reason?
23. How much of your commodities comes through processors? Do you use processors more or less than you did five years ago? How come?
24. What foods do you send to processors?
25. Does nutritional standards ever come into play when making decisions about processing? How so?
26. Who sets the specifications (nutrition standards) for processed items with the processors? You or your coop, if you belong to one, the California Department of Education or USDA?
27. Are you satisfied with these arrangements? Would could be better?
28. How does processing affect nutritional standards?

V. Other Sources

15 mins

29. Are you in a co-op?
30. What are advantages and disadvantages of being in a co-op? Does it limit what you can order?
31. Does being in a co-op affect the nutrition quality?

32. Do you use DOD Fresh? Why/why not?
- How is the quality?
 - Convenience?
 - Price?
 - Should it grow or shrink?
 - To what level?
 - Do you use commodities program to get any fresh fruit and vegetables outside the DOD program? How else do you get fresh fruit and vegetables except through the commodities programs?

III. Attitudes Toward Commodities and Trends and Improvement 15 mins

33. How are commodities changing? Have you noticed changes in the past few years? PROBE EACH: Good thing, bad thing? Why?
- Different selection/items?
 - Different quality? Better or worse?
 - Different nutrition profile?
 - Are different foods more available or less available?
34. What opportunities are there to change available items or to improve the nutrition profile of available items?
35. What is being done now, if anything, by USDA, NSD and/or any other entity to change the available items or to improve the nutrition profile of available items?
36. What barriers are there to improving the selection?
37. If the commodities program sharply increased the availability of fresh fruit and vegetables and lowered the availability of meat and cheese, what would the impact be on your district?
38. If the commodities program made it a smarter financial benefit to select fresh fruit and vegetables, as compared to meat and cheese, what would be the impact on your district?
39. Did you hear about the USDA's announcement last week that all shortenings are being eliminated from the commodities program? What do you think about that?
40. How will that affect you?
41. Are there any features of how USDA operates the commodities program that could be changed to help your district serve healthy meals?
42. Are there any features of how CDE operates the commodities program that could be changed to help your district serve healthy meals?

VI. Conclusion

10 mins

43. How could USDA/CDE improve the nutrition quality of the commodity program?
44. Do you feel there is anything you can do, or your school district?
45. TRESA WILL INVITE KEN ET AL. FOR CLOSING QUESTIONS.
46. Any final thoughts?

Thank you for coming.

Appendix E

October 19, 2007 Stakeholders Meeting

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Appendix F

October 19, 2007 Stakeholders Meeting Agenda

10:00 – 10:05	Welcome: Ken Hecht, CFPA, and Sarah Samuels, S&A: Purpose of meeting, agenda review and discussion questions
10:05 – 10:20	Introductions: Name, organization, connection to commodities
10:20 – 10:35	Jan Poppendieck, Professor of Sociology, Hunter College: History of Commodities Program
10:35 – 10:50	Report summary: David Beller, CFPA, and Maria Boyle, S&A
10:50 – 10:55	State and federal perspective: Eric Steiner, Deputy Administrator, Special Programs, USDA, FNS
10:55 – 11:00	Phyllis Bramson-Paul, Director, California Department of Education, Nutrition Services Division
11:00 – 11:20	Discussion of state and federal role
11:20 – 11:50	Improving the nutritional quality of individual commodity items.
11:50 – 12:15	Improving processing to strengthen nutrition quality
12:15 – 1:15	Lunch
1:15 – 1:30	Lynn Parker, Director of Child Nutrition Programs and Nutrition Policy, Food Research Action Center
1:30 – 2:00	Expanding DOD Fresh
2:00 – 2:30	Improving the mix of commodities ordered, by focusing on changes within the commodity program
2:30 – 3:00	Improving the mix of commodities, by focusing on changes outside the commodity program, such as NSLP and the School Meal Initiative.
3:00 – 3:30	Remaining items, discussion and closing comments.

¹ Simultaneously, Food Research and Action Center is releasing a study of school commodities with a focus on the national program. FRAC's study can be found at www.frac.org.

² In fact, an opportunity to address issues raised and recommendations offered already has occurred. On March 4, 2008, a representative from CFPA and Samuels & Associates was invited to testify in Washington, DC, before the US House Committee on Education and Labor. The hearing was entitled: *Challenges and Opportunities for Improving School Nutrition* and the testimony can be found at <http://edlabor.house.gov/testimony/2008-03-04-KennethHecht.pdf>. While the recommendations made to the House Committee and contained more fully in this report are significantly informed by the excellent discussion and suggestions offered at the convening on October 19, 2007, the final recommendations are those of CFPA and Samuels & Associates.

³ In 2007 USDA published a White Paper on the Child Nutrition Commodity Program. The White Paper, distributed to all the October 19 meeting participants in advance, contains a description of the Program's statutory provenance, funding, purposes, structure, and operation, and that information will not be repeated here. The White Paper illuminates a program that has seemed notoriously obscure to many practitioners and observers. The document has been posted at <http://www.fns.usda.gov/fdd/ppt-slides/WhitePaper08-29-07.pdf>. Also, since this study was completed, USDA has substantially revised and enriched its Schools/CN Commodity Program web site: <http://www.fns.usda.gov/fdd/programs/schcnp/>

⁴ California Department of Education, 2004

⁵ <http://www.mathematica-mpr.com/nutrition/schoolmealsstudy.asp>

⁶ SNDA-III: Summary of Findings, p. 11.

⁷ <http://www.fns.usda.gov/fdd/ppt-slides/WhitePaper08-29-07.pdf> at p. 7 (\$1.029 billion, SY 2006)

⁸ "Federal law currently requires the USDA to purchase commodity foods -- meat, dairy products, eggs, and other unhealthy foods -- and dump them into school lunch programs."

"These foods are not selected for nutritional value but are designed to support agricultural businesses by removing surpluses and providing price supports. That's why lunch menus are loaded with cheeseburgers, roast beef with gravy, and sausage-and-cheese pizza, while low-fat and vegetarian options are virtually absent." This is excerpted from a statement of the Physicians Committee for Responsible Medicine, which can be viewed at <http://www.madison.com/wsj/home/forum/index.php?ntid=254801&ntpid=3>. In addition to this version, which appeared on November 9, 2007, the same statement has appeared in other publications on other dates.

⁹ Economic Research Service. "National School Lunch and Breakfast Program Reforms: Policy Development and Economic Impacts." Chapter 18, *Americas Eating Habits*, 371-383. And *USDA School Meals: Healthy Meals, Healthy Schools, Healthy Kids*. Available at: http://www.fns.usda.gov/cga/FactSheets/school_meals.htm

¹⁰ E.g., School Nutrition Dietary Assessment Study-III, <http://www.mathematica-mpr.com/nutrition/schoolmealsstudy.asp>

¹¹ California Department of Education Press Release. *Schools Chief Jack O'Connell Releases Data on School Lunch Nutrition: Calls for Healthy Options for Students, April 23, 2004.*
<http://www.cde.ca.gov/nr/ne/yr04/yr04rel37.asp>

¹² Family child care homes do not receive commodities. Their size prevents them from using efficiently typically large shipments of commodities. In California, the departments of education decided a few years ago not to provide commodities to any child care centers; all centers now receive cash in lieu of commodities. This decision ought to be reconsidered in the current period of swiftly rising food prices: the commodities may provide more food than the equivalent cash.

¹³ USDA. "Schools/Child Nutrition Commodity Programs." Food and Nutrition Service Food Distribution Facts Sheet, August 2006.

¹⁴ USDA "From the Farm to the Schools." Food and Nutrition Service. Federal Register. Monday July 18, 2005. 41200.

¹⁵ Program administration by the California Department of Education's Nutrition Services Division (NSD) is described in Appendix A. A much more thorough description of the commodity program's history and operation can be found in FRAC's excellent commodity report. www.frac.org

¹⁶ California Department of Education. "The Food Distribution Program: Commodity Processing," March 2005.

¹⁷ California Department of Education. "The Food Distribution Program: Commodity Processing," March 2005.

¹⁸ Meeting at Sacramento Warehouse, California Department of Education, Nutrition Services Division, June 28th, 2007. And, Food Links America, October 27, 2006. And, Correspondence, US Department of Agriculture.

¹⁹ California Department of Education. "CDE 2005/2006 Commodity Offerings List"; 2006.
www.fns.usda.gov/fdd/ppt-slides/ACDA06/UsdaAcda06_TriAgencyOverview-CM3.ppt

²⁰ Figure provided by this study's nutrition analysis

²¹ USDA Food Distribution Programs. "Department of Defense Fresh Fruit and Vegetable Program." March 2006.

²² California Department of Education. "The Department of Defense Fresh Fruit and Vegetable Program,"

²³ Changes to the DOD Fresh Program. Available at:
http://www.fns.usda.gov/fdd/programs/dod/DoD_FreshChanges2-7-06.pdf

²⁴ School districts may also obtain fresh fruits and vegetables with their regular commodity entitlement dollars. In fact, a provision of the 2008 Farm Bill increases the USDA's minimum Section 32 purchase of fruits, vegetables, and nuts from \$390 million per year (FY 2008) to \$406 million per year (FY 2012). USDA must use at least \$50 million per year of these funds to purchase fresh fruits and vegetables for schools and other institution.

²⁵ It should be noted that the FDP follows up with school districts that do not return their commodity offering orders. Oftentimes, the school district's response is that they cannot use the quantity offered, the institutional pack size is too much, they do not want to waste the food, and they have difficulty storing the commodities.

²⁶ Meeting at Sacramento Warehouse, California Department of Education, Nutrition Services Division, June 28th, 2007. Correspondence, California Department of Education, Nutrition Services Division, May 2007.

²⁷ This does not include fruits and vegetables obtained through the DOD program. Order information for these products was not available at the time of analysis.

²⁸ An additional 18% of fruits and vegetables were obtained by school districts through bonus commodities; however, these bonus items were "free" to the state and therefore did not require entitlement dollars to be obtained. Because entitlement dollars were not used, they cannot be compared based on the fair market value or spending.

²⁹ <http://www.fns.usda.gov/fdd/schfacts/>

³⁰ This analysis does not include products ordered through the DOD Fresh Program.

³¹ Determining what commodities are worth to a district, and what they cost, is complicated. Districts, of course, do not pay cash for commodity foods; they spend down their commodity entitlement credit toward the price of the food, and spend cash only for shipping and handling. But, assuming that a district will spend all its entitlement credits and then spend cash for additional foods needed for the students' meals, the entitlement credits take on real value, saving cash expenditures for food. The credits are far from funny money, and a food's entitlement credit cost ought to be the equivalent of the cash market price or close to that before a district selects it. Fortunately, USDA prices almost always compare favorably to market prices.

³² USDA. "Improving Commodities. 1995 Tri-Agency Commodity Specification Review Support, October 1995.

³³ Correspondence, Melisa DiTano, USDA, Food and Nutrition Service, April 25, 2007.

³⁴ USDA. School Programs Commodity Update. December 2005.
USDA. School Programs Commodity Update. April 2007.

³⁵ It should be noted that Nutrition Services Division's Food Distribution Program is partnering with the Small School District Association to better meet the commodity needs of small districts.

³⁶ According to the Nutrition Services Division, FDP staff is educating districts to use the SDC extended storage program for end products to eliminate storage issues. The end-product items from the processor(s) are delivered by the SDC with their regular brown box delivery.

³⁸ Thus the benefit of their being in co-ops.

³⁹ Amy Dillard & Lisa Holmes "Rethinking School Lunch" The San Francisco Chronicle, May 10, 2007

⁴⁰ NSD observes that in order to remain competitive, most processors are already moving in the direction of more healthy processed foods, for example: reducing fat, lowering sodium, and eliminating trans fat.

⁴¹ Correspondence, California Department of Education, Nutrition Services Division

⁴² Meeting at Sacramento Warehouse, California Department of Education, Nutrition Services Division, June 28th, 2007.

⁴³ Correspondence, California Department of Education, Nutrition Services Division March 20, 2007