Food Distribution National Policy Memorandum

United States Department of Agriculture

Food and Nutrition Service

3101 Park Center Drive

Alexandria, VA 22302-1500

DATE: February 5, 2003

POLICY NO. FD-002: School and Child & Adult Care Food Programs

SUBJECT: Determining School and Child Care Commodity Entitlements

This memorandum describes how commodity entitlements are determined and allocated to States for meals served in the National School Lunch Program (NSLP) and Child and Adult Care Food Program (CACFP).

The Richard B. Russell National School Lunch Act (NSLA) requires the Department of Agriculture (USDA) to provide a minimum level of commodities to each State for the NSLP. This level of commodities support is referred to as the State's entitlement.

The Food and Nutrition Service (FNS), in conjunction with the Agricultural Marketing Service (AMS) and the Farm Service Agency (FSA), decides which commodities will be available and the amounts to purchase based on a consolidated purchase plan. The purchase plan is developed annually and updated as needed. This level of commodity support takes into consideration overall program entitlements to States, traditional usage in previous years, State and school preferences, anticipated market conditions, and the amounts and types of funds appropriated.

Overall commodity entitlements are determined based on the estimated number of lunches served between July 1 and June 30 of each year in schools participating in the NSLP. The entitlements are obtained by multiplying the estimated number of meals served in the current year by the value of commodities assistance for each lunch. The value per lunch specified by Section 6(c) of the NSLA is a three-month average value of the Price Index for Food Used in Schools and Institutions for March, April, and May of each year, is updated annually and published in the Federal Register. This entitlement level may be increased based on Section 6(e) of the NSLA, which requires that not less than 12% of all school lunch assistance be in the form of commodities.

Each State's entitlement for the NSLP is separated into two commodity groups: Group A and Group B. Group A foods are surplus removal type foods that are generally available seasonally. The Agricultural Marketing Service purchases Group A commodities using primarily Section 6 and 32 funds. Group A commodities include perishable foods such as fruits, vegetables, poultry, fish and meat. Group A foods are generally offered to States when a purchase is expected to be made. The State may choose to accept all or a part of its share, or the State may choose to refuse the item all together. If additional items are available, they will be offered later in place of the refused commodities.

Group B foods are acquired by the Farm Service Agency, primarily using Section 6 funds or provided under Section 416 donation authority. They are generally price support type foods including dairy products, cereals, grains, peanut products, and vegetable oil products.

Group B foods are handled differently from Group A foods. Each year, States choose the percentage of Group B commodities they desire. Normally, this percentage remains the same for the entire school year. However, if unusual situations occur, States are given the opportunity to change their percentage of Group B commodities. States are provided a list of available Group B foods and the estimated cost of each item. States may order these foods throughout the year.

In addition to entitlements, bonus commodities are donated to schools using Section 32 funds and Section 416 authority. Bonus foods are considered those over and above entitlement foods. They are offered periodically, but only as they become available through agricultural surpluses. They are then offered to States on a fair-share basis, and do not count against a State's regular entitlement dollars.

Preliminary entitlements are computed prior to the school year in order to allocate commodities to States, and they are updated by July 1. The entitlements are updated to comply with the NSLA Section 6 (c)(1)(A), which requires FNS to adjust the national average value of donated foods on July 1 each year.

In accordance with Section 6(c)(1)(C), at the end of each school year, FNS reconciles the number of lunches served by schools in each State with the number of lunches served by schools in each State the preceding school year and increases or reduces the subsequent commodity assistance provided to each State.

Rosalind Cleveland

ROSALIND CLEVELAND
Acting Director
Food Distribution Division

Date Originally Issued: 08/04/1989 (FDP Policy Memo. No. 8)