



**Report on Multiagency Task Force to Provide Coordination and Direction  
for USDA Foods Administered by the Food and Nutrition Service  
U.S. Department of Agriculture  
Food and Nutrition Service  
A Report to Congress  
February 2015**

**ISSUE**

The Agricultural Act of 2014 (P.L. 113-79, the Farm Bill) was signed into law on February 7, 2014. Section 4205 of that Act required the establishment of a Multiagency Task Force (the Task Force) to provide coordination and direction for U.S. Department of Agriculture (USDA) Foods administered by the Food and Nutrition Service (FNS), with the following requirements:

The Task Force must have at least four members: a representative from the Food Distribution Division of FNS, appointed by the Under Secretary for Food, Nutrition, and Consumer Services (FNCS) to serve as the Chairperson of the Task Force. Additionally, the committee must include at least one representative from the Agricultural Marketing Service (AMS), appointed by the Under Secretary for Marketing and Regulatory Programs; at least one representative from the Farm Service Agency (FSA), appointed by the Under Secretary for Farm and Foreign Agricultural Services; and at least one representative from the Food Safety and Inspection Service (FSIS), appointed by the Under Secretary for Food Safety.

The Task Force is responsible for evaluating and monitoring USDA commodity programs to ensure that the programs support the U.S. farm sector and contribute to the health and well-being of individuals in the United States through the distribution of domestic agricultural products. The Task Force is further required to review and make recommendations on: specifications used for the procurement of food commodities, the distribution of food commodities, and the degree to

which the quantity, quality, and specifications of procured food commodities align with the needs of producers and the preferences of recipient agencies.

Section 4205 also requires that the Secretary of Agriculture annually submit a report to Congress that describes the findings and recommendations of the Task Force and policies implemented for the improvement of USDA Foods programs. FNS submits this report to the Senate Committee on Agriculture, Nutrition, and Forestry and the House of Representatives Committee on Agriculture in fulfillment of this directive.

### **MULTIAGENCY TASK FORCE MEMBERS**

The Task Force was created in April 2014. Laura Castro, Director of the Food Distribution Division, FNS, is the chair of the Task Force. Other Task Force members include:

- Rex Barnes, Associate Administrator, AMS (primary),
- David Tuckwiller, Director, Commodity Procurement Staff, AMS (alternate),
- Sandra Wood, Assistant Deputy Administrator for Commodity Operations, FSA (primary),
- Mark Overbo, Assistant to the Deputy Administrator for Commodity Operations, FSA (alternate),
- Dr. Soumaya Tohamy, Deputy Assistant Administrator for the Office of Data Integration and Food Protection, FSIS (primary), and
- Mary Frances Lowe, U.S. Codex Manager, FSIS (alternate).

The Task Force is also supported by staff from FNS' Food Distribution and Child Nutrition Divisions and FNS' Office of Food Safety.

The first Task Force meeting was held in May 2014 and included FNCS Under Secretary Kevin Concannon, FNCS Deputy Under Secretary Dr. Janey Thornton, Task Force Chair Laura Castro, and Agency Representatives from AMS, FNS, FSA, and FSIS. The Task Force identified as a first step, a series of action items to address, including:

- developing procedures to pilot mixed-load shipments of USDA Foods;
- implementing a pilot project for the procurement of unprocessed fruits and vegetables;
- offering schools the ability to sample or test new products prior to procurement;
- developing a new labeling requirement in product specifications for household foods to ensure colorful and attractive labels are used;
- producing a white paper or fact sheet defining FSIS enforcement actions;
- producing a document that presents uniform and consistent warranty and temperature information for all products across agencies;
- reviewing purchase volume of individual USDA Foods items; and
- engaging in business processing reengineering to determine needed improvements in the ordering, procurement, and receiving of USDA Foods.

Additional action items were described in subsequent meetings, and all action items are discussed below, with context for the item followed by progress in meeting the goals for that item.

## **PROGRESS ON TASK FORCE ACTION ITEMS**

### *Developing Procedures to Pilot Mixed-Load Shipments of USDA Foods*

Context: USDA Foods have historically been available by the truckload only, which can pose problems for smaller States and recipient agencies. Purchasing full truckloads of product can result in having excessive inventory that takes up warehouse space and may discourage States and recipient agencies from trying new products. Task Force members discussed ways to allow mixed-load (i.e., multiple products on a single truck) or less than full truckload shipments.

Progress: USDA piloted allowing States to submit orders of partial truckloads for certain USDA Foods in 2014, and USDA staff consolidated orders to make full truckloads for purchasing. This allowed States to order smaller quantities of some food items. In addition, USDA is exploring development of a pilot project to introduce mixed-load shipments. Testing is underway to determine how to account for such loads in the Web-Based Supply Chain Management System (WBSCM), which State agencies use to order food. AMS and FSA have suggested that certain canned fruits and vegetables and pasta may make good candidates for this project. Assuming WBSCM testing demonstrates that mixed loads can be supported, USDA expects to pilot mixed trucks with selected States during 2015.

### *Implementing a Pilot Project for the Procurement of Unprocessed Fruits and Vegetables*

Context: Section 4202 of the Agricultural Act of 2014 (P.L. 113-79) amended section 6 of the Richard B. Russell National School Lunch Act (42 U.S.C.1755(1)) to provide for a pilot project for the procurement of unprocessed fruits and vegetables in not more than eight States receiving funds under section 6. The pilot project will provide State Distributing Agencies (SDAs) in selected States additional flexibility in the procurement of unprocessed fruits and vegetables. School food authorities (SFAs) in selected States, or SDAs acting on behalf of participating SFAs, will be permitted to competitively solicit a USDA-approved vendor using USDA Foods National School Lunch Program (NSLP) entitlement funds. SDAs or SFAs will also be able to use preexisting commercial distribution channels and relationships with growers, produce wholesalers, and distributors. Use of geographic preference, as allowed by FNS regulation, is permitted in the procurement of these products.

Progress: Throughout the year, Task Force members discussed the importance of ensuring that information about the pilot was clearly communicated to States and vendors to encourage participation. Task Force members also discussed the importance of assessing the impact of the pilot to determine whether objectives were met.

On July 21, 2014, FNS released a Request for Applications to all State agencies administering the USDA Foods program for schools. Applications were due by September 30, 2014. On December 8, 2014, FNS announced that California, Connecticut, Michigan, New York, Oregon, Virginia, Washington, and Wisconsin had been selected for participation in the pilot. On December 15, 2014, FNS and AMS staff held an introductory conference call with participating States to discuss next steps and information that will need to be provided in order to operate and

assess the pilot. AMS is conducting ongoing outreach to encourage vendors to participate in the pilot. Vendors are being approved on a rolling basis; there is no deadline for vendors.

*Offering Schools the Ability to Sample or Test New Products Prior to Procurement*

Context: USDA is continually working on providing new or reformulated foods for schools, and this has been especially true since the recent changes in school lunch nutrition standards. Schools, however, may be resistant to order these new products because they are generally required to order items by the truckload. Rather than purchase a large quantity of untested products that may not meet their consumers' needs, schools may choose not to order these foods at all. Task Force members discussed the benefits and challenges of providing limited quantities of products to schools for testing before schools place an order.

Progress: USDA continues to conduct taste tests of products at its facilities prior to offering them to schools. For example, USDA tested blended whole grain-rich pasta in August 2014, and based on that testing, offered the pasta to schools for delivery in 2015. For the high-protein yogurt pilot, FNS and FSA worked together to allow less than full truckload quantities to be purchased. USDA will continue to evaluate ways to allow schools to sample these products.

*Developing a New Labeling Requirement in Product Specifications for Household Foods to Ensure Colorful and Attractive Labels are Used*

Context: Previously, USDA required that vendors providing USDA Foods use their commercial label or a USDA-developed equivalent on canned fruits and vegetables. Some vendors' commercial labels use few colors or black and white only. Stakeholders in the Commodity Supplemental Food Program (CSFP), The Emergency Food Assistance Program (TEFAP), and the Food Distribution Program on Indian Reservations (FDPIR) have voiced concern that these labels imply the quality of the food is substandard. Furthermore the lack of pictures of food content on a label can make it difficult for recipients with literacy issues to know what product they are getting. Adding color and pictures to product labels would improve the appeal of USDA Foods and help consumers.

Progress: Beginning in fiscal year 2015, AMS' solicitation for canned fruits and vegetables requires more colorful and attractive labels on household products. The labels are now required to have at least two colors in addition to black and white, and have pictures of the product. Recipients should start seeing these labels in the coming months after current inventories of products labeled before the requirement went into effect are depleted.

*Producing a White Paper or Fact Sheet Defining FSIS Enforcement Actions*

Context: Stakeholders have communicated to the Department that it would be beneficial to have a fact sheet on FSIS' enforcement actions to help explain terms, such as market withdrawal or withdrawal of inspection. Task Force members agreed to produce a White Paper or other guidance clarifying FSIS procedures affecting stakeholders.

Progress: FSIS has drafted a glossary to help explain the terms FSIS uses in enforcement and inspection actions. The Task Force reviewed an initial draft of the glossary, and a subgroup of AMS, FNS, and FSIS staff agreed to continue to refine the document in order to make it more useful to stakeholders.

*Producing a Document that Presents Uniform and Consistent Warranty and Temperature Information for All Products across Agencies*

Context: Stakeholders have communicated to the Department that it would be beneficial to have further guidance on warranty periods and receiving temperatures for USDA Foods. At present, this information is not available in a consolidated form. Task Force members agreed to produce a document that presents uniform and consistent warranty and temperature information on all products across agencies.

Progress: AMS and FSA have provided temperature and warranty information to FNS for the products it purchases. A team from FNS, FSA, and AMS is working on reviewing the information for consistency and completeness.

*Reviewing Purchase Volume of Individual USDA Food Items*

Context: USDA Foods catalog offerings are assessed periodically, with attention to items that may not be purchased at the same level of demand as other products and new products that might be added. Task Force members discussed priorities for adding new products or removing current products from the list of foods available. New product development requires an investment of resources.

Progress: To look at cost effectiveness of some current product offerings, FNS has awarded a contract to review the full cost to schools of receiving USDA Foods. FNS, AMS, and FSA are also in the process of evaluating which foods are being ordered in lower quantities and have observed that increased processing has led to fewer orders of products for on-site baking or cooking. FNS, AMS, and FSA will work together over the next few months to identify new product priorities that balance potential product demand with the costs of product development.

*Engaging in Business Processing Reengineering*

Context: FNS, AMS, and FSA are preparing to assess the business process for USDA Foods to determine needed improvements in ordering, procurement, and receiving. This project will allow USDA to provide new and innovative ways to meet the needs of its internal and external stakeholders.

Progress: Task Force members committed to support this project. USDA is developing a statement of work for the project and expects to initiate the review during 2015.

**ADDITIONAL POLICIES IMPLEMENTED FOR THE IMPROVEMENT OF USDA FOODS PROGRAMS**

In addition to Task Force activities described above, following are some additional improvements that were made in the USDA Foods programs during 2014.

1. USDA provided new, healthy options to schools to support the National School Lunch Program (NSLP) meal pattern, including frozen broccoli, frozen spinach, string cheese, high-protein yogurt, and bulk mushrooms for processing into foods such as lower fat hamburgers. USDA also developed specifications for additional offerings for school year (SY) 2015, including unseasoned chicken strips, blended whole grain-rich pasta, a white/whole wheat flour blend, and whole-grain breaded catfish strips.

2. USDA used new contracting methods to procure fruits and vegetables, which supported a record purchase of these products in SY 2014 (50 percent more than the previous year).
3. In response to section 4207 of the Agricultural Act of 2014, USDA purchased kosher canned salmon for TEFAP and began exploring additional kosher and halal products.
4. USDA conducted an unprecedented level of training and technical assistance on the USDA Foods program, including five face-to-face training sessions for State Distributing Agencies (SDAs), webinars on various USDA Foods topics, participation in stakeholder conferences, and many hours of individual State support. The support resulted in many benefits, including some States reducing fees charged to schools for the distribution of USDA Foods, and most States using 95 percent or more of their USDA Foods entitlement in SY 14.
5. USDA published a proposed rule entitled, “Requirements for the Distribution and Control of Donated Foods,” on October 22, 2014, to revise and clarify requirements to ensure that USDA-donated foods are distributed, stored, and managed in the safest, most efficient, and cost-effective manner, at State and recipient agency levels. The rule would also reduce administrative and reporting requirements for SDAs; revise or clarify regulatory provisions relating to accountability for donated foods; and rewrite much of the regulations in a more user-friendly “plain language” format.