



**REPORT TO CONGRESS:
MULTI-AGENCY TASK FORCE
TO PROVIDE COORDINATION AND
DIRECTION FOR USDA FOODS ADMINISTERED
BY THE FOOD AND NUTRITION SERVICE**

July 2016

**United States Department of Agriculture
Food and Nutrition Service
Food Distribution Division
Alexandria, Virginia**



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 a Multi-Agency 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 the Food, Nutrition, and Consumer Services 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 Services 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 through the distribution of domestic agricultural products, the programs support the U.S. farm sector and contributes to the health and well-being of individuals in the United States. 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.

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.

MULTI-AGENCY 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. The 2015 Task Force members included:

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

In 2015, Task Force meetings were held in February, May, August, and November. These meetings included FNCS Under Secretary Kevin Concannon, FNCS Deputy Under Secretary Kathryn Wilson, Task Force Chair Laura Castro, and Agency Representatives from AMS, FNS,



FSA, and FSIS. The Task Force continues to review a series of action items for progress, including:

- producing a white paper or fact sheet defining FSIS enforcement actions;
- developing procedures to pilot mixed-load shipments;
- implementing a pilot project for the procurement of unprocessed fruits and vegetables;
- provide requirements to pilot participants, and thoroughly evaluate outcomes;
- communicating uniform and consistent warranty and temperature information for all products across agencies;
- exploring small volume purchasing for schools; and
- making product label improvements for household programs.

The Task Force also discussed key issues related to USDA Foods in 2015 including:

- USDA Foods Business Management Improvement Initiative;
- traditional/cultural foods procurement for the Food Distribution Program on Indian Reservations (FDPIR);
- ingredient/allergen information on USDA Foods;
- status of AMS/FSA procurement consolidation;
- tuna procurement;
- impact of Avian Influenza on USDA Foods purchases; and
- USDA Foods bonus purchases.

PROGRESS ON ACTION ITEMS

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: The draft paper is undergoing final review within USDA and should be available by the spring of 2016.

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: The existing order and procurement business processes were assessed for suitability in obtaining mixed-product load shipments. The food ordering computer system constraints based on the current business processes confirmed significant challenges supporting the desired process



changes. This initiative will be reviewed during the USDA Foods Business Management Improvement project to identify process changes needed to satisfy requirements.

Implementing a Pilot Project for 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 provides 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, are permitted to competitively solicit a USDA-approved vendor using USDA Foods National School Lunch Program (NSLP) entitlement funds. SDAs or SFAs are also able to use preexisting commercial distribution channels and relationships with growers, produce wholesalers, and distributors. Use of geographic preference, as allowed by Federal regulation, is permitted in the procurement of these products.

Progress: FNS worked closely with AMS to implement the Farm Bill's unprocessed fruit and vegetable program pilot. FNS developed a fair and equitable process to select the States, and eight pilot States were announced in December 2014. FNS held Webinars, issued Q/A documents, and provided technical assistance to individual States. AMS has approved over 65 vendors to participate in the pilot so far, with the number approved increasing monthly. All participating States are now receiving unprocessed fruit and vegetable deliveries under the pilot.

Providing 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. Taskforce members agreed to produce a document that represents uniform and consistent warranty and temperature information on all products across agencies.

Progress: FNS, FSA, and AMS worked collaboratively to compile product temperature and warranty information. Because of the dynamic nature of the information, FNS anticipates the information will be maintained as an internal document. As part of the outreach to stakeholders, FNS is considering other ways to educate stakeholders on available temperature and warranty information such as providing Webinars on important topics of interest. In December 2015 and January 2016, FNS held two complaints Webinars that advised stakeholders of the proper temperature and storage conditions at which to keep commonly used USDA Foods.

Reviewing Small Volume Items for Schools

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: FNS, AMS and FSA reviewed items that are ordered in low volumes to ensure that USDA Foods staff is spending time and resources on items of most use to recipient agencies.



This year, FNS specifically looked at foods for schools. Before this school year, there were about 240 foods available, and even after eliminating some low volume items, there are still over 200 food choices for schools. A few foods were eliminated entirely, and for other foods, the number of product choices went down (e.g., from 10 varieties to 5 or 6). Industry and State representatives were consulted about the changes to ensure eliminating the products from the USDA Foods list would not cause hardship.

Product Label Improvements for Household Programs

Context: Previously, USDA required that vendors of 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. Beginning in fiscal year (FY) 2015, labels are now required to have at least two colors in addition to black and white, and have pictures of the product. Now that labeling issues with canned fruit and vegetable products have been addressed, USDA is also looking at next steps for improving product labeling on additional product groups to improve the appeal of USDA Foods.

Progress: AMS has proposed changes to the specification for dried fruit to improve labeling on future product purchases in FY 2016. The proposed terminology specifies dried fruit labels will have at least two colors in addition to black and white, packaging will have a zip-lock recloseable seal, and nutrition facts panel information will be available. The new language will undergo a vendor review and comment period in spring 2016. If approved, the new requirement could be effective for dried fruit deliveries as early as July through September 2016.

USDA Business Management Improvement Initiative (BMI)

Context: The purpose of the BMI project is to assist USDA in reviewing and updating processes used in ordering, procuring, and receiving commodities in support of food aid domestic and international programs. This project will help USDA identify processes that reflect best practices in food procurement, ordering, and delivery.

Progress: The contract for a Business Management Improvement review of USDA Foods was awarded in September 2015. A project kickoff meeting for the BMI was held on October 22, 2015 in Washington, D.C. Meeting attendees included staff from FNS, Agricultural Marketing Service (AMS), Farm Service Agency (FSA), Foreign Agricultural Service, U.S. Agency for International Development, Cap Gemini (the contractor for the project), the General Services Administration's FEDSIM, and the American Commodity Distribution Association Board President and President Elect. The meeting topics included an overview of the process and methodology of the BMI for the benefit of all stakeholders and contractual requirements review for Cap Gemini, FEDSIM and AMS, FNS, and FSA project management.

Traditional Foods for the Food Distribution Program on Indian Reservations (FDPIR)

Context: FNS held a meeting with its FDPIR food package review committee, which is comprised of stakeholders who provide expertise on Native American nutrition and health issues, participant food preferences, and the Federal procurement and delivery process for USDA Foods,



in December 2014 to gain consensus on how to spend the \$5 million appropriated for traditional food purchases in FY 2015. The group agreed that bison should be the top priority. Blue cornmeal, wild rice and salmon were mentioned as other alternatives to explore in the future.

Progress: AMS issued a solicitation for bison in March 2015 and award was made for three truckloads of bison. AMS issued a second solicitation for bison in August 2015 to determine whether additional bison might be available into FY 2016. An award was made in September 2015 to expend the remainder of the \$5 million planned for traditional foods.

A contract for blue cornmeal was awarded in September 2015, and two truckloads of blue cornmeal were delivered in November 2015.

Ingredient and Allergen Information for USDA Foods

Context: School food service operators especially, have communicated their need for ingredient and allergen information for USDA Foods to facilitate effective menu planning and food ordering. Because multiple vendors may provide the same food item and vendors can change over time, providing this information to recipients prior to their ordering has been very challenging.

Progress: FNS and AMS worked together to develop a voluntary reporting mechanism for USDA Foods vendors to provide information on allergens and ingredients in their products. FNS is working to develop a way for vendors to electronically report and update this information in the Child Nutrition database so that schools can readily access it.

AMS/FSA Procurement Consolidation

Context: In the past, USDA procurement of domestic commodities for Federal food and nutrition assistance programs were conducted by both the Farm Service Agency (FSA) and the Agricultural Marketing Service (AMS). The Department identified an opportunity to eliminate duplicative efforts by consolidating the domestic procurement functions of FSA and AMS into a single agency, and determined that these activities more closely align with the mission of AMS.

Progress: The AMS/FSA procurement consolidation was effective July 26, 2015. FSA will continue participation on the Task Force for the time being and will review future meeting agendas to determine the need for further contributions on pertinent items.

USDA Foods Tuna Procurement

Context: Five years ago, due to lack of domestic suppliers, canned tuna was removed from the catalog as an available USDA Foods option for schools and household programs. AMS has continued working since that time to identify potential tuna vendors in American Samoa.

Progress: Recently, USDA was able to offer canned tuna to schools and household programs for March 2016 – June 2016 delivery. Two vendors located in American Samoa bid on the orders submitted and all orders were awarded.

Impact of Avian Influenza (AI) on USDA Foods Purchases

Context: In School Year (SY) 2015 – 2016, turkey product orders totaled \$91 million. The AI outbreak in FY 2015 had a significant impact on USDA's procurement of egg and turkey products. In the spring of 2015, a small but significant percentage of the U.S. poultry population



was affected by AI, and producers responded in some cases by limiting their sales to USDA Foods. There were shortages of egg and turkey products for the USDA Foods program for spring and fall 2015 deliveries and States were advised to either move orders to January to June 2016 delivery dates or cancel.

Progress: The poultry market rebounded in early FY 2016 with both turkey and egg product availability making a strong recovery. There are currently no AI issues impacting USDA Foods procurement.

ADDITIONAL POLICIES IMPLEMENTED FOR THE IMPROVEMENT OF USDA FOODS PROGRAMS

In addition to the Task Force activities described above, following are some additional improvements that were made in the USDA Foods programs during 2015.

1. FDD purchased nearly \$1.5 billion in food in SY 2015 for NSLP, CACFP and SFSP. FNS, AMS, and FSA ensured that States were offered a variety of healthy foods and domestic agricultural markets were supported. For example, whole-grain, rich-blended pastas were offered to help meet the meal pattern, and high-protein yogurt and unseasoned chicken strips were made available to all States. Bulk peanuts were offered to schools for further processing to increase variety of peanut-based products available to schools and to support peanut producers. Some examples of products introduced for SY 2016-17 purchases include: crinkle cut sweet potatoes, frozen pepper/onion blend, individual packages of dried cranberries, canned tuna, peanut butter in individual portions, a pre-cooked all-beef patty, and medium grain brown rice.
2. FNS initiated a Webinar series aimed at helping schools use their entitlement. Federal staff, State agency directors, school food service personnel, and chefs shared best practices and provided training and technical assistance on 10 Webinars. Over 2,000 individuals participated in these Webinars in real time and thousands more have watched them on the FNS YouTube channel.
3. FNS offered States ordering flexibilities such as combining a half truck of an order for bulk USDA Foods from one State with a half truck from another so that small States/districts could get a wider variety of food from USDA.
4. FNS staff managed National Processing Agreements and inventory protection for over 100 processors that receive and process about half the USDA food purchased for NSLP
5. FNS, FSA, and AMS supported the purchase of about \$700 million of entitlement and bonus food for TEFAP. FNS worked to help TEFAP States fully use new authorities provided by the Farm Bill, including increased funds for food purchases and the ability to carryover TEFAP entitlement from one year to the next, issuing an implementation memorandum and entering regulations into internal clearance. Additionally, FNS conducted technical assistance Webinars for States and regions on the carryover



provision. FNS offered new foods to TEFAP such as single-serving UHT milk for use in backpack programs.

6. The Farm Bill requires USDA to finalize and implement a plan to increase the purchase of kosher and halal foods from certified manufacturers for TEFAP if doing so is cost-neutral as compared to food from manufacturers who are not certified, and to modify the labeling of the list of foods available in a manner that enables kosher and halal food bank operators to identify which foods to obtain from local food banks. In FY 2014, FNS added kosher canned salmon to the TEFAP ordering catalog. In FY 2015, kosher salmon continued to be offered and in addition, kosher/halal tomato sauce and kosher peanut butter will be available for 2016 delivery. In August 2015, kosher and halal tomato sauce was offered to TEFAP.
7. FNS, AMS, and FSA purchased and delivered food to the Federated States of Micronesia to respond to a typhoon that struck the island in March 2015. The agencies also supported disaster feeding in response to the California wildfires in September 2015.