

*School Food 101 is planned as a series of briefs describing the operating realities of food service in the nation's largest school districts. This idea emerged from FOCUS stakeholders, who need succinct, straightforward ways to talk about the complexities of their world with an increasingly interested and involved lay audience. These materials will explain school food for a wide spectrum of interest groups, including parents, teachers, legislators, and members of the press. It is being written in collaboration with FOCUS membership—food service professionals and their community partners—and FOCUS national partners.*

*The first two pieces, [The Cost of School Lunch](#) and [USDA Commodity Foods in School Lunch](#), have been developed in collaboration with the C.S. Mott Group for Sustainable Food Systems at Michigan State University. Future topics will include portion and nutrition standards, institutional kitchens and cooking, regional food systems, wellness policy, and more.*

*The item below is still in draft form. Underscored text indicates where hyperlinks will eventually connect readers to glossary entries and other School Food 101 briefs.*

## USDA COMMODITY FOODS IN SCHOOL LUNCH

Nationwide, 15 to 20 percent of the food on school lunch plates is government commodity, supplied through a program called USDA Foods, administered by the [USDA's Food and Nutrition Service](#) (FNS). Originally conceived during the 1930s to help stabilize the farm economy, it was installed in the [National School Lunch Program](#)\* (NSLP) in 1946 and has been a fixture ever since. In 2009, USDA Foods provided nearly 1.2 million dollars worth of commodity food to schools<sup>1</sup> via state and regional administrative agencies.

Today, USDA Foods still has the dual purpose of meeting both the economic needs of farmers and the nutritional needs of children. This does not mean that schools are restricted to the excess product the government wants to keep out of the marketplace. In fact, most of the food that goes to schools through the program, so-called "entitlement commodity," is carefully ordered and planned for. A second, much smaller supply of "bonus commodities" is an offloading of unexpected agricultural surplus. These foods, offered to districts in addition to their regular entitlement, comprise less than two percent of total commodity distributed to schools.

The distribution of commodity foods to schools is highly complex, with procedures and practices that vary widely at state and local levels. The Food Research and Action Center (FRAC) calls USDA Foods "a kind of 'black box,' one of the least understood nutrition programs among the public, anti-hunger advocates, public health professionals, and children's health advocates."<sup>2</sup> This brief is designed as a departure point for further exploration, and as an introduction to the most important facts, terminology, and issues.

### *How does it work?*

While lay people often use the word "donation" in reference to commodity foods, school food service directors don't think of them that way. Every participating district is assigned its entitlement amount annually, based on the total number of lunches served the previous year. This amount has a dollar value and functions as an account against which districts can draw. Commodity entitlement is a critical part of the much bigger NSLP funding package upon which school lunch service depends. Most NSLP support comes in the form of cash reimbursement, largely from the federal government with some supplementary funding (in most districts) from state and local sources. School districts use this cash to buy 80-85% of their food on the open market.

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\* The NSLP was founded in 1946 as a way to provide permanent federal support to longstanding state and local efforts to provide meals to schoolchildren in need. Today almost all schools participate. Some 60 percent of American children aged 5-18 eat school lunch at least once a week, more than half qualifying for free or reduced-priced meals.

The [USDA Foods master list of commodities \[PDF\]](#) available to schools includes some 180 items.<sup>3</sup> It's typical fare for the institutional kitchen—beans and grains, beef and poultry, cheese, fresh, frozen, and canned fruits and vegetables, and staples such as pasta sauce, peanut butter, and oils. Some processed meats are also available directly through USDA Foods, including beef patties, chicken fajita strips and breaded pieces, and turkey taco filling. In recent years, the program has emphasized its growing supply of healthy choices that are in keeping with the [Dietary Guidelines for Americans](#), including whole grains, extra-lean ground beef, low-fat dairy, low-sodium poultry, and fruit packed in light syrup, water or juice. Butter was eliminated from the program more than ten years ago, and trans fat will soon be entirely phased out.

Individual school districts do not choose from this entire list, but from a shorter one provided by their state distributing agency. Based on surveys of food director preferences, this selection is meant to reflect what districts want and the timeline they want it on. States communicate these preferences back to USDA Foods, which uses this information to plan its buying strategies in agricultural markets.

All commodity foods are domestically grown. FNS issues specifications and makes its buying decisions on the basis of price. School districts are not able to request commodity food produced in a specific region; nor can they place orders for preferred brands or producers. Loosely written specifications optimize the system for competitive purchasing, and USDA Foods is at liberty to replace familiar products with different, less costly ones without advance notice to recipients. This can be an issue when a changed ingredient requires recipe reformulation—for instance, when a new type of mozzarella cheese has very different melting properties than the old one. But the economy achieved by such thrift-first practices is regarded as essential.

### *What do schools order?*

With such a straightforward, largely wholesome larder as its starting point, why is it that USDA Foods is sometimes seen as emphasizing animal protein? Why doesn't USDA Foods distribute more fresh produce? Why is USDA Foods implicated in the proliferation of high-sodium, high-fat processed food in school lunches? The reasons have to do not so much with what the program offers as it does with the realities faced by food service on the receiving end.

- Most of the animal protein served to children in the NSLP comes through USDA Foods; and most school districts devote a substantial percentage of their commodity share to the purchase of meat, poultry, and dairy. This does not reflect an emphasis on animal protein by USDA Foods. It's simply logical strategy on the part of food service directors. They tend to get the best value from their entitlement dollars when they use them to buy animal protein, which is generally more expensive on the open market.
- Entitlement purchasing is heavily skewed towards items that travel well and have a long shelf life. This is because the USDA Foods ordering and distribution system, which calls for long lead times and extensive warehousing of product in state or regional facilities, is hard on highly perishable foods like peaches, tomatoes, and salad greens. Hardy items such as apples and pears fare better, but canned and frozen fruits and vegetables are the safest bet. A more nimble produce distribution program managed by the Department Defense ("DOD Fresh"), introduced in the mid-1990s, has boosted consumption of fresh commodity fruit and vegetables. A growing number of districts now use entitlement dollars to purchase through DOD Fresh; however, some still prefer the selection, quality, and price they get on the open market.
- Fifty percent of commodity food provided to schools is "diverted" to manufacturers at considerable cost to districts, which pay for transportation, processing, and storage. This is necessary for districts that can no longer afford to employ skilled cooks. Without funding to repair or replace aging equipment or install cooking facilities in new buildings, many no longer even have full kitchens. Some commercially processed foods are wholesome and relatively "clean label"—FOCUS districts offer many encouraging examples. But many are not. Poultry products such as nuggets and patties often come with lengthy ingredient lists that include texturized vegetable protein and hydrolyzed soy protein fillers, stabilizing starches, color-enhancing sugars, and chemical flavor boosters.

Commodity food is used to make a wide variety of branded products for schools, from Tyson Mini Snackers Pizza Stuffed Meatball Bites to Smuckers Uncrustables sandwiches. A single serving of Land O Lakes Zesty Cheese Roll made with commodity cheddar contains more than 40 ingredients and nearly a quarter of the daily RDA for sodium.

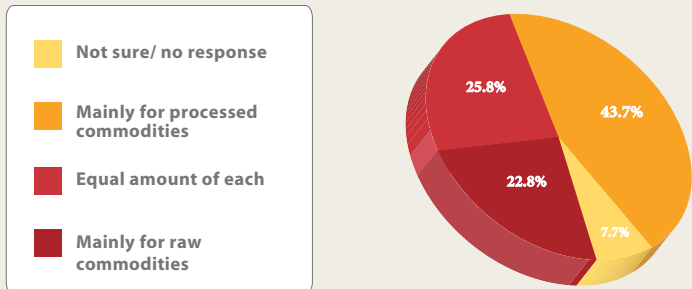
#### Ingredients in:

##### Land O Lakes Zesty Cheese Roll<sup>6</sup>

**Filling:** Reduced Fat American Cheese [Cultured Pasteurized Milk and Skim Milk, Sodium Phosphate, Whey Protein Concentrate, Contains Less Than 2% of Salt, Lactic Acid, Potassium Sorbate (preservative), Apo Carotenal and Beta Carotene (color), Enzymes, Vitamin A Palmitate], Water, Taco Seasoning [Spices, Dehydrated Onions, Dehydrated Garlic, Salt, Enriched Wheat Flour (with malted barley flour, niacin, iron, thiamin mononitrate, riboflavin, folic acid), Sugar, Paprika, Disodium Inosinate & Disodium Guanylate, Malic Acid, Yeast Extract, Corn Syrup Solids, Dextrose, Soy Sauce (wheat, soybeans, salt), Maltodextrin, Beef Extract, Contains 2% or Less of Silicon Dioxide and Soybean Oil (added to prevent caking)], Vegetable Oil (Soybean, Corn, Sunflower, and/or Canola), Microcrystalline Cellulose.

**Tortilla:** Enriched Flour (bleached wheat flour, niacin, iron, thiamin mononitrate, riboflavin, folic acid), Water, Vegetable Oil (Soybean, Corn, Sunflower, and/or Canola), Salt, Baking Powder (sodium acid pyrophosphate, sodium bicarbonate, cornstarch, monocalcium phosphate), Whey Powder, Dough Conditioner (sodium metabisulfite, cornstarch, microcrystalline cellulose, dicalcium phosphate), Fried in Vegetable Oil (Soybean, Corn, Sunflower and/or Canola).  
Contains: Milk, Soy, Wheat

#### How Commodity Funds Are Used by School Nutrition Programs (SNA)<sup>5\*</sup>



\*School Nutrition Association, School Nutrition Operations Report 2009, page 62, Usage of Commodity Allotment

- Newer, healthier options, still unfamiliar to many, are not yet fully integrated into many school menus. Janet Poppendieck, in describing a 2007 California Food Policy Advocates study of entitlement purchasing, comments: "... lean meats constituted a larger proportion of the meats offered by the federal agency than they did of the meats actually ordered by California districts. Similarly, while whole grain products represented 19 percent of the grain and grain product category offered by USDA, they were only 5 percent of the grain and grain products ordered through the commodity system by California schools."<sup>7</sup> FRAC suggests that more aggressive USDA promotion of underutilized, nutritionally superior commodity foods, including training in how to use them, could go a long way in raising awareness and acceptance.<sup>2</sup>

Among FOCUS school districts, many examples of enlightened use of wholesome commodity ingredients stand out. In Saint Paul, an annual entitlement of approximately \$1 million gets the district a year's supply of ground beef and diced chicken, mozzarella cheese and cheddar cheese, bread flour, and canned fruits and vegetables—building blocks for an appealing variety of healthful scratch-cooked dishes, from beef tacos to apple crisp. This is possible because the district has a central kitchen staffed by a team of trained food professionals. The district's exemplary meal program strongly emphasizes fresh produce as well, but very little of it is purchased with entitlement funds.

#### Is it effective?

Over the last two decades, many school food professionals have questioned the overall value and efficiency of the commodity system. Some argue that making all of their purchases with cash would give them more freedom and choice, including the choice to purchase more foods locally. Freed from the program's significant overhead costs, they ask, might they actually have *more* money to spend on feeding children? One recent economic analysis of school purchasing across Minnesota in 2008-09 supports this view. It found that once *full* procurement costs—including processing, handling, transportation, administrative labor, warehousing, inventory investment, and cost of risk to hold inventory—were assessed, commercial products on average were estimated to be 9% less expensive than equivalent USDA commodity products.<sup>8</sup>

But with strong, time-honored support from agricultural interests and members of Congress from farm states and districts, USDA Foods appears here to stay—with some very strong arguments in its favor. According to FRAC, “... USDA can take advantage of national bulk purchases and is watching the marketplace all year for good buys. In addition, commodities may be relatively safer from a food safety perspective than their marketplace counterparts because of more stringent specifications and inspection procedures.” Finally, and most importantly, is “the financial contribution of commodities to the economic feasibility of offering school lunches... in today’s world of rising food costs, rising labor costs, decreasing local and state financial support for ‘non-essential’ education-related school district costs, and increasingly limited federal resources.”<sup>2</sup> In other words, we might continue to regard commodity foods in schools much as Americans did during the Great Depression, as a bulwark against malnutrition in tough economic times.

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*School Food FOCUS is a national initiative that helps large school districts (with 40,000 or more students) procure more healthful, more sustainably produced and regionally sourced food, so that children may perform better in school and be healthier in life. Funded by the W.K. Kellogg Foundation and launched in late 2008, FOCUS works with food service and other stakeholder groups to collect, analyze, and use food system data and peer-tested research to spur change in procurement methods.*  
[www.schoolfoodfocus.org](http://www.schoolfoodfocus.org)

<sup>1</sup> United States Department of Agriculture, Food and Nutrition Service. *National School Lunch Program: Commodity Costs*. (2010) Retrieved March 2010 from [www.fns.usda.gov/pd/07slcomm\\$.htm](http://www.fns.usda.gov/pd/07slcomm$.htm)

<sup>2</sup> Food and Research Action Center. *Commodity Foods and the Nutritional Quality of the National School Lunch Program: Historical Roles, Current Operations and Future Potential*, September 2008.

<sup>3</sup> United States Department of Agriculture, Food and Nutrition Service. *USDA Foods Available for School Year 2010*.

<sup>4</sup> California Food Policy Advocates. *The Federal Child Nutrition Commodity Program: A Report on Nutritional Quality*, September 2008.

<sup>5</sup> School Nutrition Association. *School Nutrition Operations Report: The State of School Nutrition 2009*.

<sup>6</sup> Land O Lakes Foodservice data (2010). Retrieved March 2010 from [www.landolakesfoodservice.com/products/viewproductsku.aspx?s=43241](http://www.landolakesfoodservice.com/products/viewproductsku.aspx?s=43241)

<sup>7</sup> Janet Poppendieck, *Free for All: Fixing School Food in America*. University of California Press, 2010.

<sup>8</sup> Peterson, C. (2009). A comparative cost analysis of commodity foods from the U.S. Department of Agriculture in the National School Lunch Program. *Journal of Policy Analysis and Management*, 28(4), 626-654.