



2021 Position Paper

Preserve USDA Foods entitlements and State Administrative Expense (SAE) funds, impacted by COVID-19.

School meal programs depend heavily on USDA Foods, or commodities, to reduce meal costs and offer students a wide range of U.S. grown foods. Likewise, State agencies, charged with overseeing the administration of child nutrition programs statewide, rely on State Administrative Expense (SAE) funds to conduct reviews and provide training and support to ensure programs are in compliance with federal regulations.

USDA Foods entitlements and SAE funds are calculated based on National School Lunch Program (NSLP) meal participation rates. Since March 2020, USDA has [allowed](#) schools to serve meals through the Summer Food Service Program (SFSP), which is simpler and safer to operate during the pandemic. As a result, few meals have been served through NSLP during the pandemic, threatening a near total loss of future SAE funds and USDA Foods entitlements if Congress or USDA fail to act. **To address the impact of the pandemic, Congress should direct USDA to utilize Fiscal Year 2019 participation data when calculating future USDA Foods entitlement and SAE fund values.** *Note: On January 15, 2020, USDA issued a [waiver](#) allowing the use of pre-pandemic participation data when calculating USDA Foods entitlements for School Year 2021-22, but the waiver does not cover SY 2022-23, as needed, or address SAE funds.*

USDA Foods: Supporting students, schools and farmers

The USDA Foods program purchases high-quality domestic agricultural commodities and distributes them to states for use in preparing school meals. USDA Foods include fruits and vegetables, lean protein, low-fat dairy foods, whole grains and oils and they account for approximately *15-20 percent of the foods served as part of school lunch*. USDA Foods benefits:

- **Students** by allowing children to enjoy a wider variety of American-grown foods as part of school meals.
- **Schools** by reducing their food expenditures, allowing them to manage rising costs and invest limited foodservice dollars into menu improvements for students. Thanks to USDA's large volume purchasing power, schools can order USDA Foods at a lower price point than in the commercial market, allowing schools to stretch their food dollars further.
- **Farmers** by increasing purchases of 100% American-grown foods and creating a larger market for high quality surplus agricultural products.

School meal programs already face significant [financial losses](#) due to the pandemic and cannot afford a cut to their USDA Foods entitlements.

State Administrative Expense funds: Guaranteeing oversight of federal programs

State agencies serve as a critical link between USDA and child nutrition programs. State level oversight and implementation of the federal child nutrition programs is supported entirely by SAE funds. A loss of future SAE funds would threaten to end oversight of federal child nutrition programs to ensure program compliance and integrity.