

FOOD AND NUTRITION SERVICE

2009 Explanatory Notes

Table of Contents

	PAGE
Purpose Statement.....	27-1
Statement of Available Funds and Staff Years.....	27-7
Permanent Positions by Grade and Staff Years.....	27-8
Passenger Motor Vehicle Data.....	27-9
Food Stamp Program:	
Appropriations Language.....	27-10
Justifications.....	27-14
Geographic Breakdown of Obligations and Staff Years.....	27-24
Classification by Object.....	27-25
Status of Program.....	27g-1
Child Nutrition Programs:	
Appropriations Language.....	27-26
Justifications.....	27-32
Geographic Breakdown of Obligations and Staff Years.....	27-42
Classification by Object.....	27-43
Status of Program.....	27g-23
Special Supplemental Nutrition Program for Women, Infants and Children (WIC):	
Appropriations Language.....	27-45
Justifications.....	27-48
Classification by Object.....	27-50
Status of Program.....	27g-49
Commodity Assistance Program:	
Appropriations Language.....	27-51
Justifications.....	27-55
Classification by Object.....	27-59
Status of Program.....	27g-56
Nutrition Programs Administration:	
Appropriations Language.....	27-60
Justifications.....	27-63
Geographic Breakdown of Obligations and Staff Years.....	27-66
Classification by Object.....	27-67
Status of Program.....	27g-75
Statement of Goals and Objectives.....	27-68
Key Performance Outcomes and Measures.....	27-71
Full Cost by Strategic Objective.....	27-74

FOOD AND NUTRITION SERVICE

PURPOSE STATEMENT

The Food and Nutrition Service (FNS) was established August 8, 1969, by Secretary's Memorandum No. 1659 and Supplement 1 pursuant to the authority contained in 5 U.S.C. 301 and the Reorganization Plan No. 2 of 1953.

FNS is the Federal agency responsible for managing the domestic nutrition assistance programs. Its mission is to increase food security and reduce hunger in partnership with cooperating organizations by providing children and low-income people access to food, a healthful diet, and nutrition education in a manner that supports American agriculture and inspires public confidence.

Over the past half-century – beginning with the National School Lunch Program in 1946 – the Nation has gradually built an array of nutrition assistance programs designed to help the most vulnerable populations meet their food needs. Taken together, the current programs form a nationwide safety net supporting low-income families and individuals in their efforts to escape food insecurity and hunger and achieve healthy, nutritious diets. Currently, the programs administered by FNS touch the lives of one in five Americans over the course of a year.

Descriptions of Programs:

The nutrition assistance programs described below work both individually and in concert with one another to improve the Nation's nutrition and health by improving the diets of children and low-income households.

- *Food Stamp Program (FSP):* Authorized by the Food Stamp Act of 1977, the FSP serves as the primary source of nutrition assistance for over 26 million low-income people. It enables participants, about 50 percent of whom are children, to improve their diets by increasing food purchasing power using benefits that are redeemed at retail grocery stores across the country. State agencies are responsible for the administration of the program according to national eligibility and benefit standards set by Federal law and regulations. Benefits are 100 percent Federally-financed, while administrative costs are shared between the Federal and State governments.

The FSP provides the basic nutrition assistance benefit for low-income people in the United States, other FNS programs supplement this program with benefits targeted to special populations, dietary needs and delivery settings. (Puerto Rico, the Commonwealth of the Northern Mariana Islands, and American Samoa receive grant funds with which to provide food and nutrition assistance in lieu of the FSP.)

- *Food Distribution Program on Indian Reservations (FDPIR):* The Food Stamp Act of 1977 authorized the distribution of agricultural commodities to eligible needy persons residing on or near Indian reservations. FDPIR serves as an alternative to the FSP for Indian households on or near reservations. Indian Tribal Organizations (ITOs) that operate the program are responsible for certifying recipient eligibility, nutrition education, local warehousing and transportation of commodities, distribution of commodities to recipient households, and program integrity. The Federal government pays 100 percent of the cost of commodities distributed through the program, as well as cash payments for administrative expenses.
- *Child Nutrition Programs (CNP):* The National School Lunch (NSLP), School Breakfast (SBP), Special Milk (SMP), Child and Adult Care (CACFP), and Summer Food Service (SFSP) Programs provide reimbursement to State and local governments for nutritious meals and snacks served to approximately 30 million children in schools, child care institutions, adult day care centers, and after-school care programs. FNS provides cash and commodities on a per-meal basis to offset the cost of food service at the local level as well as offset a significant portion of State and local administrative expense and provides training, technical assistance, and nutrition education.

Payments are substantially higher for meals served free or at a reduced price to children from low-income families.

- *Special Supplemental Nutrition Program for Women, Infants and Children (WIC)*: WIC addresses the supplemental nutritional needs of at-risk, low-income pregnant, breastfeeding and postpartum women, infants and children up to five years of age. It provides participants monthly supplemental food packages targeted to their dietary needs, nutrition education, and referrals to a range of health and social services – benefits that promote a healthy pregnancy for mothers and a healthy start for their children. Appropriated funds are provided to States for food packages and nutrition services and administration for the program; States operate the program pursuant to plans approved by FNS. WIC is augmented in some localities by the Farmers' Market Nutrition Program, funded within the Commodity Assistance Program account, and authorized by the WIC Farmers' Market Nutrition Act of 1992, which provides fresh produce to WIC participants.
- *The Emergency Food Assistance Program (TEFAP)*: This program supports the emergency food organization network by distributing Federally-purchased commodities for use by emergency feeding organizations including soup kitchens, food recovery organizations, and food banks. TEFAP also provides administrative funds to defray costs associated with processing, repackaging, storage, and distribution of Federal and privately donated commodities. The allocation of both Federal commodities and administrative grants to States is based on a formula that considers the States' unemployment levels and the number of persons with income below the poverty level.
- *The Commodity Supplemental Food Program (CSFP)*: This program provides foods purchased by USDA to low-income infants and children up to age six, low-income pregnant, postpartum and breastfeeding women, and to low-income senior citizens who are residing in approved project areas. In recent years, there has been a shift towards low-income elderly in this program; in FY 2007, elderly participation comprised approximately 90 percent of total participation. Foods are distributed through State agencies to supplement food acquired by recipients from other sources. The CSFP is operated as a Federal/State partnership under agreements between FNS and State health care, agricultural or education agencies. Currently, 32 States, the District of Columbia, and two Indian reservations operate CSFP.
- *Senior Farmers' Market Nutrition Program (SFMNP)*: This program provides coupons to low-income seniors that can be exchanged for fresh, nutritious, unprepared, locally grown fruits, vegetables and herbs at farmers' markets, roadside stands, and community-supported agriculture programs.
- *Pacific Island and Disaster Assistance*: Pacific Island Assistance includes assistance to the nuclear-affected zones of the Republic of the Marshall Islands in the form of commodities and administrative funds and is authorized under the Compact of Free Association Amendments Act of 2003, (P.L. 108-188). Disaster Relief funds are provided for use in non-Presidentially declared disasters.

Federal nutrition assistance programs operate as partnerships between FNS and the State and local organizations that interact directly with program participants. States voluntarily enter into agreements with the Federal government to operate programs according to Federal standards in exchange for program funds that cover all benefit costs, as well as a significant portion of administrative expenses.

Under these agreements, FNS is responsible for implementing statutory requirements that set national program standards for eligibility and benefits, providing Federal funding to State and local partners, and monitoring and evaluating to make sure that program structures and policies are properly implemented and effective in meeting program missions. State and local organizations are responsible for delivering benefits efficiently, effectively, and in a manner consistent with national requirements.

FNS Staff:

The public servants of FNS are an important resource for advancing the key outcomes sought through the nutrition assistance programs. The agency staff serves to ensure and leverage the effective use of the other program appropriations.

FNS staff is funded primarily out of the Nutrition Programs Administration account, which represents approximately one-third of one percent of the total FNS budget. The agency employment level represents less than two percent of the total employment within USDA and is similarly small in proportion to the total State-level staff needed to operate the programs. The agency employs people from a variety of disciplines, including policy and management analysts, nutritionists, computer and communication experts, accountants, investigators, and program evaluators. Because of the small size of the agency's staff relative to the resources it manages, FNS has created clear and specific performance measures and must focus its management efforts in a limited number of high-priority areas.

Program operations are managed through FNS' seven regional offices and 68 field offices/satellite locations. A regional administrator directs each regional office. These offices maintain direct contact with State agencies that administer the FNS programs. The agency's regional offices also conduct on-site management reviews of State operations and monitor the 160,000 stores authorized to redeem food stamp benefits.

As of September 30, 2007, there were 1,270 full-time permanent and 34 part-time and temporary employees in the agency. There were 468 employees in the Washington headquarters office; and 836 in the field, which includes seven regional offices; 68 field offices; four food stamp compliance offices in Illinois, Texas, New Jersey, and Tennessee; one computer support center in Minneapolis, Minnesota; and one administrative review office in Hayward, CA. The chart below displays staff year utilization.

STAFF YEAR DISTRIBUTION (From All Sources of Funds)				
Project	2007 Actual	2008 Estimated	Change	2009 Requested
Food Stamp Program	64	98	0	98
Child Nutrition Programs	154	164	0	164
Nutrition Programs Administration	1,076	1,026	35	1,061
Center for Nutrition Policy and Promotion	23	24	0	24
Total Available	1,317	1,312	35	1,347

Audit Reports of National Significance Issued for Fiscal Year 2007OIG Audits Issued

Agency-wide	27401-31-HY	11-06	Food and Nutrition Service Financial Statements for Fiscal Years 2006 and 2005
WIC	27004-4-AT	5-07	Special Supplemental Nutrition Program for Women, Infants, and Children, Puerto Rico
FSP	27099-49-TE	9-07	Disaster Food Stamp Program for Hurricanes Katrina and Rita

FSP	27099-69-HY	9-07	JPMorgan EFS Oversight of Electronic Benefits Transfer Operations
SFSP	27099-34-SF	8-07	Summer Food Service Program-California and Nevada

GAO Audits Issued

FSP	GAO-07-53	10-06	Food Stamp Trafficking: FNS Could Enhance Program Integrity by Better Targeting Stores Likely To Traffic and Increasing Penalties
FSP	GAO-07-210	2-07	Hurricanes Katrina and Rita: Federal Actions Could Enhance Preparedness of Certain State-Administered Federal Support Programs
FSP	GAO-07-465	3-07	Food Stamp Program: FNS Could Improve Guidance and Monitoring to Help Ensure Appropriate Use of Noncash Categorical Eligibility
FSP	GAO-07-573	5-07	Food Stamp Program: Use of Alternative Methods to Apply for And Maintain Benefits Could Be Enhanced by Additional Evaluation And Information on Promising Practices

THE CENTER FOR NUTRITION POLICY AND PROMOTION

As the lead Federal agency in human nutrition, the USDA is charged with developing national nutrition policy and designing and disseminating science-based nutrition promotion programs for all Americans. The Center for Nutrition Policy and Promotion (CNPP) is USDA's focal point for linking scientific research to the nutrition needs of consumers.

Overview of Program Development

CNPP develops integrated nutrition research, education, and promotion programs and is a recognized authority for providing science-based dietary guidance for the American public (including consumers and professionals in health, education, industry, and the media). CNPP also helps devise better cost-effective strategies to target nutrition programs to different customers by analyzing consumer dietary needs, socio-economic characteristics, behaviors, and lifestyles. To meet its mission, CNPP performs the following functions:

Advances and Promotes Food and Nutrition Guidance for All Americans

CNPP oversees improvements in and revisions to Departmental nutrition guidance, while ensuring the consistency of all guidance with the *Dietary Guidelines for Americans*, the cornerstone of Federal nutrition policy. The MyPyramid food guidance system illustrates current Departmental nutrition guidance.

Coordinates Nutrition Promotion and Education Policy Within USDA

CNPP is the focal point for advancing and coordinating nutrition promotion and education policy within USDA. CNPP serves as Acting Chair of the USDA Dietary Guidance Working Group. This working group reviews all of USDA's and the Department of Health and Human Services' (DHHS) nutrition publications and materials to ensure consistency with the *Dietary Guidelines*. CNPP leads the USDA team for the joint USDA/DHHS development, review, and clearance of the *Dietary Guidelines* policy document and previously organized and coordinated an interagency working group on the State of Nutrition Education to assess and maximize the effectiveness of Departmental nutrition education programs. CNPP also chairs the Diet Appraisal Research Working Group, which provides an interagency forum for improved assessment of diet quality and related factors.

Promotes Consumer-Oriented Nutrition Messages

CNPP continues to develop and update science-based dietary guidance for healthy Americans two years of age and older. In addition, CNPP and the Department continue to work to promote food choices that foster good health and help prevent disease. CNPP uses the most recent food consumption survey data available to target its nutrition messages for the public. Translating nutrition guidance for consumers in a way that educates and motivates change in dietary behavior will ultimately lead to improved health status. In addition to its efforts to disseminate the print materials related to the *Dietary Guidelines for Americans*, CNPP is working diligently to reach a larger number of Americans with relevant and motivating nutrition promotion messages delivered through a wider array of communication channels.

Collaborates With Public/Private Groups to Promote Nutrition

Nutrition messages must be disseminated through existing information sources that influence consumers' food choices and preparation. CNPP will continue to lead USDA's efforts to integrate nutrition messages into existing communication channels, including those within nutrition assistance programs, commodity and agricultural groups, food industry, trade associations, and public health organizations. CNPP will continue to collaborate with public, private, and nonprofit groups to expand access to USDA's nutrition promotions. Collaboration with the public and private sectors is used to encourage widespread participation in nutrition education efforts based on the *Dietary Guidelines for Americans*.

Uses Policy-Focused Analyses to Advance Nutrition and Consumer Economic Knowledge

CNPP's science-based research supports national policy, Departmental policy, and the promotion of healthful eating in America. CNPP staff members conduct policy analyses of socio-economic, food behavior, and food disappearance data. Some large-scale analyses are performed cooperatively with other Federal agencies and outside experts. This work supports policymaking for domestic nutrition assistance, setting a national agenda for nutrition security, and representing domestic nutrition policy to the international community, as well as contributing to activities related to nutrition monitoring of foods and nutrients available for consumption.

Measures of diet quality that gauge the nutritional well-being of our population are developed and used in health and nutrition policymaking. CNPP updates the Healthy Eating Index (HEI) by obtaining stakeholder input and publishing a report that outlines revisions to the HEI. The HEI is the summary measure of overall diet quality that the Department uses to determine the degree to which the population's eating habits are consistent with the *Dietary Guidelines for Americans*.

Eating patterns and their behavioral determinants are analyzed to gauge the effect of policy on consumers' food behavior and to help devise more efficient means of helping people improve their diet. Scientific research is made available to policymakers and published for the research community and the public. CNPP is reaching the public more effectively than ever before through a combination of print materials, news releases, interactive tools, its website, and presentations at professional conferences.

FOOD AND NUTRITION SERVICE

Available Funds and Staff Years
2007 Actual and Estimated 2008 and 2009

Item	Actual		Estimated		Estimated	
	2007		2008		2009	
	Amount	SY	Amount	SY	Amount	SY
Food Stamp Program.....	\$34,990,890,559	64	\$38,534,261,000	98	\$40,388,304,000	98
Child Nutrition Program:						
Appropriation.....	7,675,111,785	130	7,744,095,000	140	8,179,289,000	140
Permanent Appropriation.....	21,969,354	24	45,767,000	24	19,250,000	24
Transfers from Section 32.....	5,731,073,000		6,253,548,000		6,529,983,000	
Total - Child Nutrition Program.....	13,428,154,139	154	14,043,410,000	164	14,728,522,000	164
Special Supplemental Nutrition Program.....	5,547,776,650	0	6,205,280,000	0	6,251,277,000	0
Commodity Assistance Program.....	199,206,856		233,757,000		77,370,000	
Nutrition Programs Administration.....	139,654,532	1,099	141,581,000	1,050	150,251,000	1,085
Total, Food and Nutrition Service Funds.....	54,305,682,736	1,317	59,158,289,000	1,312	61,595,724,000	1,347
<u>Obligations under other</u>						
<u>USDA Appropriations:</u>						
Congressional Relations.....	266,000		0		0	
OCIO.....	68,356		0		0	
Office of Operations.....	47,220		0		0	
Foreign Agricultural Service.....	180,761		0		0	
Office of the Inspector General.....	17,915		0		0	
National Appeals Division.....	37,130		0		0	
Farm Service Agency.....	182,166		0		0	
Rural Development.....	26,260		0		0	
Total, Agriculture Appropriations.....	825,808		0		0	
<u>Other Federal Funds:</u>						
Health and Human Services.....	11,840		0		0	
Interior.....	2,217		0		0	
Army Audit.....	11,317		0		0	
Total, Other Federal Funds.....	25,374		0		0	
Total, Food and Nutrition Service.....	54,306,533,918	1,317	59,158,289,000	1,312	61,595,724,000	1,347

Note: For additional explanation of specific program figures, please see the supporting project statements.

FOOD AND NUTRITION SERVICE

Permanent Positions by Grade and Staff Year Summary
2007 Actual and Estimated 2008 and 2009

Grade	2007			2008			2009		
	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
Senior Executive Service	9	7	16	8	7	15	8	7	15
GS-15	26	6	32	23	6	29	23	6	29
GS-14	64	40	104	63	40	103	64	40	104
GS-13	195	85	280	186	87	273	195	84	279
GS-12	98	241	339	100	241	341	102	246	348
GS-11	36	375	411	31	373	404	37	371	408
GS-9	15	35	50	16	36	52	19	37	56
GS-8	7	7	14	10	10	20	8	7	15
GS-7	25	25	50	19	25	44	26	30	56
GS-6	15	15	30	9	2	11	10	3	13
GS-5	3	10	13	2	9	11	3	10	13
GS-4	3	15	18	2	4	6	4	4	8
Other Graded Positions.....				1	1	2	1	1	2
Ungraded Positions				1		1	1		1
Total Permanent Positions.....	496	861	1,357	471	841	1,312	501	846	1,347
Unfilled Positions End-of Year.....	16	24	40						
Total, Permanent Full-Time Employment End-of Year.....	449	821	1,270	453	851	1,304	480	842	1,322
Staff Year Estimate	480	837	1,317	471	841	1,312	501	846	1,347

FOOD AND NUTRITION SERVICE
 SIZE, COMPOSITION AND COST OF MOTOR VEHICLE FLEET

The FNS fleet consists largely of sedans. Retailer Investigations Branch officials employ the majority of these vehicles in field audits as part of the Food Stamp Program. Additionally, and to a much lesser extent, vehicles are assigned to FNS regional offices and used for business travel among their field offices and remote worksites. Lastly, FNS uses three 15-passenger vans at Headquarters in Alexandria, Virginia, for all-day shuttle service to the agencies in the proximity of the Department in downtown Washington, D.C.

Size, composition and cost of agency motor vehicle fleet as of September 30, 2007 are as follows:

**Size, Composition, and Annual Cost
 (in thousands of dollars)**

Fiscal Year	Number of Vehicles by Type *						Total Number of Vehicles	Annual Operating Cost (\$ in thous)	
	Sedans and Station Wagons	Light Trucks, SUVs and Vans		Medium Duty Vehicles	Ambulances	Buses			Heavy Duty Vehicles
		4X2	4X4						
FY 2006	51	10	0	4	0	0	0	65	\$272
Change from 2006**	6	-1	0	0	0	0	0	5	
FY 2007	57	9	0	4	0	0	0	70	\$274
Change from 2007**	0	0	0	0	0	0	0	0	
FY 2008	57	9	0	4	0	0	0	70	\$280
Change from 2008**	0	0	0	0	0	0	0	0	
FY 2009	57	9	0	4	0	0	0	70	\$286

NOTES:

* These numbers include vehicles that are owned by the agency, leased from commercial sources, and leased from GSA.

** There are no significant changes. All significant year-to-year changes would be discussed in a narrative provided separately.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Food Stamp Program:

- For necessary expenses to carry out the Food Stamp Act (7 U.S.C. 2011 et seq.), [~~\$39,782,723,000,~~ \$43,348,804,000 of which \$3,000,000,000 to remain available through September 30, [~~2009~~]2010, shall be placed in reserve for use only in such amounts and at such times as may become necessary to carry out program operations: *Provided*, That funds provided herein shall be expended in accordance with section 16 of the Food Stamp Act: *Provided further*, That this appropriation shall be subject to any work registration or workfare requirements as may be required by law: *Provided further*, That funds made available for Employment and Training under this heading shall remain available until expended, as
- 1 authorized by section 16(h)(1) of the Food Stamp Act: [*Provided further*, That notwithstanding section 5(d) of the Food Stamp Act of 1977, any additional payment received under chapter 5 of title 37, United States Code, by a member of the United States Armed Forces deployed to a designated combat zone shall be excluded from household income for the duration of the member's deployment if the additional pay is the result of deployment to or while serving in a combat zone, and it was not received immediately prior to
- 2 serving in the combat zone: *Provided further*, That funds made available under this heading may be used to enter into contracts and employ staff to conduct studies, evaluations, or to conduct activities related to food stamp program integrity provided that such activities are authorized by the Food Stamp Act.] *Provided*
- 3 *further*, That immediately upon termination of the Commodity Supplemental Food Program (CSFP), notwithstanding section 5 of the Food Stamp Act, CSFP participants who are 60 years of age or older and not already receiving food stamp benefits, shall be eligible to receive food stamp benefits equaling \$20 per month either for six months or until they are determined eligible under section 5 of the Act and begin to participate in the Food Stamp Program, whichever occurs first.
- 4 For making after May 31 of the current fiscal year, benefit payments to individuals and payments to States or other non-Federal entities for the necessary current year expenses of carrying out the Food Stamp Act above the anticipated level, such sums as may be necessary.

The First Change deletes language related to special military pay for servicemen deployed to a designated combat zone. This proposal is included as part of the President's Farm Bill Proposals. Please refer to page FSP-21 through FSP-23 for more information.

The Second Change deletes language related to studies, evaluations and program integrity.

The Third Change includes language that provides funding as a monthly transitional benefit to CSFP participants upon the elimination of CSFP funding. This benefit will continue for six months or until the former CSFP participant is determined eligible and begins to participate in the Food Stamp Program, whichever occurs first.

The Fourth Change provides indefinite funding authority for carrying out the Food Stamp Act above the anticipated level of program benefits and other non-Federal expenses.

FOOD AND NUTRITION SERVICE
LEAD-OFF TABULAR STATEMENT
AND SUMMARY OF INCREASES AND DECREASES

FOOD STAMP PROGRAM

Appropriations Act, 2008	\$39,782,723,000
Budget Estimate, 2009	<u>43,348,804,000</u>
Increase in Appropriation	<u>+3,566,081,000</u>

Adjustments in 2008:

Appropriations Act, 2008	\$39,782,723,000
Rescission under P.L. 110-161 <u>a/</u>	<u>-169,000</u>

Adjusted base for 2008	39,782,554,000
Budget Estimate, Current Law, 2009	<u>43,348,804,000</u>
Increase from adjusted 2008	<u>+3,566,250,000</u>

a/ The amount is rescinded pursuant to Division A, Title VII, of Section 752 of Division A of P.L. 110-161.

Summary of Increases and Decreases – Current Law
(On basis of adjusted appropriation)

Item of Change	2008 Estimated	Pay Costs	Program Changes	2009 Estimated
Benefit Costs	\$31,869,570,000	0	\$3,382,948,000	\$35,252,518,000
Contingency Reserve	3,000,000,000	0	0	3,000,000,000
Administrative Costs:				
State Administrative Costs	2,620,000,000	0	103,000,000	2,723,000,000
Employment and Training	353,594,000	0	9,013,000	362,607,000
Other Program Costs	67,024,000	\$293,000	11,634,000	78,951,000
Total Administrative Costs	3,040,618,000	293,000	123,647,000	3,164,558,000
Nutrition Assistance for Puerto Rico	1,622,521,000	0	55,165,000	1,677,686,000
Food Distribution Program on Indian Reservations	88,477,000	0	3,640,000	92,117,000
TEFAP Commodities	140,000,000	0	0	140,000,000
American Samoa	6,516,000	0	222,000	6,738,000
Commonwealth of the Northern Mariana Islands	9,852,000	0	335,000	10,187,000
Program Access	5,000,000	0	0	5,000,000
Total Adjusted Appropriation	39,782,554,000	293,000	3,565,957,000	43,348,804,000
Rescission	169,000	0	-169,000	0
Total Appropriation	39,782,723,000	293,000	3,565,788,000	43,348,804,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	2007		2008		Increase or	2009	
	Actual	SY	Estimated	SY	Decrease	Estimated	SY
Benefits:	\$30,444,219,000		\$31,869,570,000		\$3,310,948,000 (1a)	\$35,180,518,000	
Disregard Special Military Pay for Deployed	1,000,000		0		0	0	
CSFP Transitional Benefits	0		0		20,000,000 (1b)	20,000,000	
Food Stamp Benefits Due to CSFP Elimination	0		0		52,000,000 (1b)	52,000,000	
Administrative Costs	2,551,000,000		2,620,000,000		103,000,000 (2)	2,723,000,000	
Employment and Training:							
Federal Funds 100%	110,000,000		110,000,000		0	110,000,000	
Federal Funds 50%	148,429,000		188,528,000		6,976,000	195,504,000	
Participant Costs 50%	52,887,000		55,066,000		2,037,000	57,103,000	
Subtotal, Employment and Training	311,316,000		353,594,000		9,013,000 (3)	362,607,000	
Other Program Costs:							
Mandatory:							
Benefit & Retailer Redemption and Monitoring	16,687,000		16,954,000		288,000 (4a)	17,242,000	
Certification of SSI Recipients for Food Stamps	10,250,000		10,414,000		177,000 (4b)	10,591,000	
Subtotal, Mandatory	26,937,000		27,368,000		465,000	27,833,000	
Discretionary: <u>1/</u>							
Payment Accuracy and Cooperative Services	3,637,000		6,655,000		151,000	6,806,000	
Retailer Integrity and Trafficking	6,673,000		6,744,000		90,000	6,834,000	
Computer Support	6,975,000		6,944,000		30,000	6,974,000	
Electronic Benefit Transfer Systems	5,449,000		5,381,000		117,000	5,498,000	
Nutrition Education and Program Information	9,955,000		11,932,000		2,074,000	14,006,000	
Program Evaluation and Modernization	0		2,000,000		9,000,000 (4c)	11,000,000	
Subtotal, Discretionary	32,689,000		39,656,000		11,462,000 (4d)	51,118,000	
Total, Other Program Costs	59,626,000	64	67,024,000	98	11,927,000 (4)	78,951,000	98
Total, Administrative Costs	2,921,942,000	64	3,040,618,000	98	123,940,000	3,164,558,000	98
Contingency Reserve	3,000,000,000		3,000,000,000		0	3,000,000,000	
Subtotal, Food Stamp Program	36,367,161,000	64	37,910,188,000	98	3,506,888,000	41,417,076,000	98
Nutrition Assistance for Puerto Rico	1,551,167,000		1,622,521,000		55,165,000 (5)	1,677,686,000	
Food Distribution Program on Indian Reservations:							
Commodities in lieu of Food Stamps	50,538,000		53,771,000		2,044,000	55,815,000	
Distributing Agencies Expenses and Nut. Ed.	27,019,000		34,706,000		1,596,000	36,302,000	
Subtotal, FDPIR	77,557,000		88,477,000		3,640,000 (6)	92,117,000	
TEFAP Commodities	140,000,000		140,000,000		0	140,000,000	
American Samoa	6,230,000		6,516,000		222,000 (7)	6,738,000	
Commonwealth of the Northern Mariana Islands	9,419,000		9,852,000		335,000 (8)	10,187,000	
Community Food Project	5,000,000		0		0	0	
Program Access	5,000,000		5,000,000		0	5,000,000	
Total Adjusted Appropriation	38,161,534,000	64	39,782,554,000	98	3,566,250,000	43,348,804,000	98
Rescission <u>2/</u>	0		169,000		-169,000	0	
Total Appropriation	38,161,534,000	64	39,782,723,000	98	3,566,081,000	43,348,804,000	98
Proposed Legislation	0		60,000,000		6,000,000	66,000,000	
Total Available or Estimated	38,161,534,000	64	39,842,723,000	98	3,572,081,000	43,414,804,000	98

1/ Total pay cost distribution among line items is \$49,000 in FY 2007, \$136,000 in FY 2008 and \$293,000 in FY 2009.

2/ Appropriated funds are adjusted to reflect a rescission of \$168,959 in FY 2008 pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

PROJECT STATEMENT
(On basis of available funds)

Project	2007		2008		Increase or Decrease	2009	
	Actual	SY	Estimated	SY		Estimated	SY
Benefits:	\$30,318,569,235		\$33,616,777,000		\$1,598,741,000	\$35,215,518,000	
Disregard Special Military Pay for Deployed	1,000,000		0		0	0	
CSFP Transitional Benefits	0		0		20,000,000	20,000,000	
Food Stamp Benefits Due to CSFP Elimination	0		0		52,000,000	52,000,000	
Administrative Costs	2,508,553,167		2,620,000,000		103,000,000	2,723,000,000	
Employment and Training:							
Federal Funds 100%	110,247,065		114,500,000		0	114,500,000	
Federal Funds 50%	148,429,000		188,528,000		6,976,000	195,504,000	
Participant Costs 50%	52,846,435		55,066,000		2,037,000	57,103,000	
Subtotal, Employment and Training	311,522,500		358,094,000		9,013,000	367,107,000	
Other Program Costs:							
Mandatory							
Benefit & Retailer Redemption and Monitoring	16,687,000		16,954,000		288,000	17,242,000	
Certification of SSI Recipients for Food Stamps	9,358,974		10,414,000		177,000	10,591,000	
Subtotal, Mandatory	26,045,974		27,368,000		465,000	27,833,000	
Discretionary: <u>1/</u>							
Error Reduction and Cooperative Services	3,626,003		6,655,000		151,000	6,806,000	
Retailer Integrity and Trafficking	6,672,783		6,744,000		90,000	6,834,000	
Computer Support	6,975,000		6,944,000		30,000	6,974,000	
Electronic Benefit Transfer Systems	5,434,525		5,381,000		117,000	5,498,000	
Nutrition Education and Program Information	9,955,000		11,932,000		2,074,000	14,006,000	
Program Evaluation and Modernization	0		2,000,000		9,000,000	11,000,000	
Subtotal, Discretionary	32,663,311		39,656,000		11,462,000	51,118,000	
Total, Other Program Costs	58,709,285	64	67,024,000	98	11,927,000	78,951,000	98
Total, Administrative Costs	2,878,784,952	64	3,045,118,000	98	123,940,000	3,169,058,000	98
Subtotal Food Stamp Program	33,198,354,187	64	36,661,895,000	98	1,794,681,000	38,456,576,000	98
Nutrition Assistance for Puerto Rico	1,551,167,000		1,622,521,000		55,165,000	1,677,686,000	
Food Distribution Program on Indian Reservations:							
Commodities in Lieu of Food Stamps	50,537,116		53,771,000		2,044,000	55,815,000	
Distributing Agencies Expenses and Nut. Ed.	27,016,782		34,706,000		1,596,000	36,302,000	
Subtotal, FDPIR	77,553,898		88,477,000		3,640,000	92,117,000	
TEFAP Commodities <u>2/</u>	139,999,671		140,000,000		0	140,000,000	
American Samoa	4,650,000		6,516,000		222,000	6,738,000	
Commonwealth of the Northern Mariana Islands	9,419,000		9,852,000		335,000	10,187,000	
Community Food Project	4,746,843		0		0	0	
Program Access	5,000,000		5,000,000		0	5,000,000	
Total Obligations	34,990,890,599	64	38,534,261,000	98	1,854,043,000	40,388,304,000	98
Recoveries	-13,937,709		0		0	0	
Unobligated Balance Start of Year	-3,033,049,110		-3,035,581,000		15,000,000	-3,020,581,000	
Unobligated Balance End of Year	3,035,580,965		3,020,581,000		-4,500,000	3,016,081,000	
Balance Lapsing	3,190,509,426		1,287,793,000		1,712,207,000	3,000,000,000	
Rescission Employment & Training Funds <u>3/</u>	11,200,000		10,500,000		-10,500,000	0	
Collections from Reimbursable Obligations	-19,660,171		-35,000,000		0	-35,000,000	
Total Adjusted Appropriation	38,161,534,000	64	39,782,554,000	98	3,566,250,000	43,348,804,000	98
Rescission <u>4/</u>	0		169,000		-169,000	0	
Total Appropriation	38,161,534,000	64	39,782,723,000	98	3,566,081,000	43,348,804,000	98
Proposed Legislation	0		60,000,000		6,000,000	66,000,000	
Total Available or Estimate	38,161,534,000	64	39,842,723,000	98	3,572,081,000	43,414,804,000	98

1/ Total pay cost distribution among line items is \$49,000 in FY 2007, \$136,000 in FY 2008 and \$293,000 in FY 2009.

2/ The Food Stamp appropriation request provides \$140,000,000 for The Emergency Food Assistance Program (TEFAP) for the procurement of commodities. Up to \$10 million of that amount is permitted to be used for TEFAP administrative costs.

3/ Appropriated Employment & Training funds are adjusted in FY 2007 to reflect a rescission of \$11,200,000 in available funds pursuant to Division B, Title III, Chapter 8 of P.L. 109-148 and in FY 2008 a rescission of \$10,500,000 pursuant to Division A, Title VII, Section 749 of P.L. 110-161.

4/ Appropriated funds are adjusted to reflect a rescission of \$168,959 in FY 2008 pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

Justification of Increases and Decreases

The FY 2009 request for the Food Stamp Program (FSP) reflects an increase of \$3,566,250,000.

(1a) An increase of \$3,310,948,000 for Benefit Costs (\$31,869,570,000 available in FY 2008).

Explanation of Change. In FY 2009, participation overall is estimated to increase to an average level of 27.983 million participants due to changing economic conditions. The additional funding needed for benefits in the program is also driven by an increase in the maximum allotment and the average benefit per person per month, which are estimated to be \$560 and \$104.88, respectively.

A comparison of key program performance and cost indicators for FY 2007 through 2009 is presented below:

Program Performance Cost Indicators			
Program Performance Indicators	2007 Estimate	2008 Estimate	2009 Estimate
Average participation (000)	26,466	27,796	27,983
Average unemployment rate (percent)	4.5	4.9	4.9
Thrifty Food Plan (TFP)	\$518.10	\$542.10	\$560.80
Maximum Allotment (4 person hh)	\$518.00	\$542.00	\$560.00
Average benefit per person per month	\$95.64	\$100.79	\$104.88

Because FSP statute and regulations require complex individual and household calculations to determine eligibility and benefit levels, erroneous or false information can result in the overpayment or under payment of benefits. Some households may intentionally or inadvertently misreport their circumstances that affect eligibility and benefits (e.g., income, resources, household composition); other households may fail to report changes in their circumstances. Eligibility workers may fail to act promptly on reported changes, may fail to correctly apply Federal policies, and may make arithmetic errors. FNS works with States to keep all of these errors to a minimum. FNS activities include sponsoring National, regional, and State conferences; providing direct technical assistance to individual States; and facilitating the exchange of effective payment accuracy strategies among States.

The actual total baseline error rate for FY 2006 rose slightly to 5.99 percent from 5.84 percent in FY 2005. Previous to FY 2006, the rate fell each year since FY 1998, when the rate was 10.69 percent. A comparison of reported overpayment/underpayment error rates for FY 2006 and estimated erroneous benefits for FY 2007 through FY 2009 follows:

	2006 Actual	2007 Estimate	2008 Target	2009 Target
Amount of Overpayments (\$ millions)	\$1,453	\$1,389	\$1,513	\$1,559
Overpayment Error Rate (percent)	4.82	4.58	4.50	4.42
Amount of Underpayments (\$ millions)	\$353	\$370	\$403	\$416
Underpayment Error Rate (percent)	1.17	1.22	1.20	1.18
Total Benefits Over/Under Issued in Error (\$ millions)	\$1,806	\$1,759	\$1,916	\$1,975
Total Error Rate (percent)	5.99	5.80	5.70	5.60
Amount of Combined Errors Offset (\$ millions)	\$1,100	\$1,019	\$1,110	\$1,143

- (1b) An increase of \$72,000,000 for CSFP transition and regular FSP benefits.

Explanation of Change. The FY 2009 budget proposes to provide temporary benefits to assist individuals 60 years of age and older who transition from the Commodity Supplemental Food Program (CSFP) to the FSP. This transition will be completed prior to FY 2010. Upon the elimination of funding for CSFP, former participants will qualify for transitional benefits of \$20 per month up to six months or until the former CSFP participant is determined eligible and begins to participate in the FSP, whichever occurs first. The estimated cost of the transitional benefits is \$20,000,000 in FY 2009, and no cost in FY 2010. In addition, in FY 2009 an increase of \$52,000,000 in program costs is the result of former CSFP participants applying for benefits under regular program rules. This amount would increase to \$63,000,000 in FY 2010.

- (2) An increase of \$103,000,000 for State Administrative Expenses (SAE) (\$2,620,000,000 available in FY 2008).

Explanation of Change. The FY 2009 estimate of \$2,723,000,000 for SAE is based on the State obligations of \$2.5 billion in FY 2007. The offset for Food Stamp obligations, which are funded from Temporary Assistance for Needy Families (TANF) and mandated in the Agriculture Research Act, is added and new performance bonus payments are deducted. The resulting base of \$2.658 billion is inflated by the State and local purchase deflator through FY 2009, the TANF offset is deducted and the estimated new performance bonus payments are added to estimate the SAE in FY 2009. A chart showing the planned program level for SAE follows:

State Admin. Expense (million)	FY 2007	FY 2008	FY 2009
State & Local Expenditure Index	3.7%	4.2%	3.7%
Estimated Federal Obligations	\$2,658	\$2,769	\$2,872
Agriculture Research Reduction	-197	-197	-197
Performance Bonus	48	48	48
Total SAE Estimate	\$2,509	\$2,620	\$2,723

- (3) An increase of \$9,013,000 for Employment and Training (\$353,594,000 available in FY 2008).

Explanation of Change. The estimated increase is based on the following items: In FY 2009 the 50 percent State administrative costs increased to \$195,504,000, due to inflation (\$188,528,000 available in FY 2008). The 50 percent participants' dependent care and transportation costs increased to \$57,103,000 in FY 2009 due to inflation (\$55,066,000 available in FY 2008). The total estimated need for these two activities is \$252,607,000 (\$243,594,000 available in FY 2008).

- (4) An increase of \$11,927,000 for other program costs as shown below (\$67,024,000 available in FY 2008.)

Other Program Costs			
	Mandatory	Discretionary	Total Request
FY 2008 Estimate	\$27,368,000	\$39,656,000	\$67,024,000
Change	465,000	11,462,000	11,927,000
Total Request, FY 2009	27,833,000	51,118,000	78,951,000

The overall increase consists of the following:

Mandatory:

- (a) **Benefit & Retailer Redemption and Monitoring:**

Explanation of Change. An inflationary adjustment resulted in an increase of \$288,000 for benefit & retailer redemption and monitoring (\$16,954,000 available in FY 2008).

(b) Certification of Supplemental Security Income (SSI) Recipients for Food Stamps:

Explanation of Change. An increase of \$177,000 for inflation in certifying SSI recipients for food stamps and the cost for utilizing Social Security Administration (SSA) data to ensure accurate FSP benefit determination (\$10,414,000 available in FY 2008).

Discretionary:

(c) An increase of \$9,000,000 for Program Evaluation and Modernization.

Explanation of Change. An increase of \$9,000,000 for current law proposals is requested in the Food Stamp Program to aid in Program Evaluation and Modernization (2,000,000 available in FY 2008).

- Request of \$2.5 million to test and assess alternative strategies to increase participation among elderly and working poor. For more information, please refer to the issue paper on page FSP-18.
- Request of \$4.5 million for demonstration and rigorous evaluation of alternative strategies to modernize the application and re-determination process. For more information, please refer to the issue paper on page FSP-19.
- Request of \$2 million for demonstration and rigorous evaluation of promising food stamp nutrition education (FSNE) practices. For more information, please refer to the issue paper on page FSP-20.

(d) An increase of \$2,462,000 for Discretionary Other Program Costs excluding Program Evaluation and Modernization as discussed above (\$37,656,000 available in FY 2008).

Explanation of Change. The increase consists of the following:

- An increase of \$462,000 to support the estimated spending levels for these activities including \$293,000 for salaries and benefit pay cost.
- An increase of \$2,000,000 to assist former CSFP States to engage in outreach to encourage enrollment of former CSFP participants in the FSP.

(5) An increase of \$55,165,000 for Nutrition Assistance for Puerto Rico (\$1,622,521,000 available in FY 2008).

Explanation of Change. The Farm Security and Rural Investment Act of 2002 (P.L. 107-171), provides for an inflationary increase for Nutrition Assistance for Puerto Rico based on the percent change in the TFP.

(6) An increase of \$3,640,000 for Food Distribution Program for Indian Reservations (FDPIR) (\$88,477,000 available in FY 2008).

Explanation of Change. The increase consists of the following:

- An overall increase of \$2,044,000 in funding is needed for commodity procurement resulting from higher food costs (\$53,771,000 available for commodity procurement in FY 2008); and
- An increase of \$1,596,000 for inflation (the FY 2008 base adjusted for inflation by the State and local purchase indicator) in administrative expenses for ITOs (\$34,706,000 available for Distributing Agency Expenses in FY 2008).

FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS

Program Performance Data	2007 Actual	2008 Estimate	Difference	2009 Estimate
Resources (\$000):				
Appropriation	\$77,557	\$88,477	\$3,640	\$92,117
Beginning Inventory (Federal and Local)	19,592	18,300	1,632	19,932
Total Resources	97,149	106,777	5,272	112,049
Program Demand:				
Average Monthly Participation	86,637	87,937	700	88,637
Average Monthly Food Packages:				
FNS Purchased	\$44.40	\$49.02	\$2.11	\$51.13
Free Substitute	2.54	1.35	0.03	1.38
Total Monthly Food Package	46.94	50.37	2.14	52.51
Demand: (\$000)				
FDPIR Food Costs <u>1/</u>	46,160	51,728	2,656	54,384
Commodity Purchases Admin.	406	411	8	419
Demand, Commodities	46,566	52,139	2,664	54,803
State Administration	27,019	34,706	1,596	36,302
Total Demand	73,585	86,845	4,260	91,105
Use of Resources:				
Program Demand	73,585	86,845	4,260	91,105
Inventory Change	-1,292	1,632	-620	1,012
Lapsed Funds	5,264	0	0	0
Total Funds Available	77,557	88,477	3,640	92,117
Balance End of Year:				
Ending Inventory	18,300	19,932	1,012	20,944
Purchases	45,274	53,771	2,044	55,815

1/ Inventory costs include additional storage and transportation costs for food moving from Federal inventories.

- (7) An increase of \$222,000 for American Samoa (\$6,516,000 available in FY 2008).

Explanation of Change. The Farm Security and Rural Investment Act of 2002 (P.L. 107-171), provides for an inflationary increase to fund the food stamp grant program in American Samoa based on the percent change in the TFP.

- (8) An increase of \$335,000 for Commonwealth of the Northern Mariana Islands (CNMI) (\$9,852,000 available in FY 2008).

Explanation of Change. Inflation based on the percent change in the TFP is provided for the CNMI Nutrition Assistance Program in order to maintain current program food assistance levels.

**FNCS PRESIDENT’S BUDGET FISCAL YEAR 2009
CURRENT LAW**

Program: Food Stamp Program

Proposal: Use \$2.5 million from the FSP account to test and assess alternative strategies to increase participation among two populations that are historically underserved: the low-income elderly and working poor.

Rationale: During the last ten years, USDA’s commitment to reaching eligible non-participants has resulted in many initiatives, ranging from media campaigns to grant awards for community-based organizations that serve this population. Although the overall food stamp participation rate continues to grow, both the elderly and working poor participate at rates that are consistently and measurably below the national average.

We know that it is possible to increase participation substantially given the results of the Elderly Nutrition Demonstration Evaluation. However, only three program variations were tested. They were all small scale, and some were costly to implement. It would be a natural outgrowth of the Department’s outreach commitment to test more feasible program models on a larger scale. Moreover, investing in strategies for increasing participation rates among the elderly and working poor increases the likelihood of meeting the overall FSP participation rate targets identified in the Department’s Strategic Plan.

Funds would be used to competitively solicit demonstration projects designed to appeal to the elderly or working poor and to be implemented in multiple sites. An independent evaluation of program costs, participation effects, and customer satisfaction would also be carried out.

Goal: USDA Strategic Goal 5: Improve the Nation’s Nutrition and Health; Objective 5.1: Ensure Access to Nutritious Food.

Budget Impact:
(\$ in millions)

	FY 2009
Budget Authority	\$2.5

**FNCS PRESIDENT'S BUDGET FISCAL YEAR 2009
CURRENT LAW**

Program: Food Stamp Program

Proposal: Provide \$4.5 million in the FSP account for the demonstration and rigorous evaluation of alternative strategies to modernize the application and re-determination processes.

Rationale: Food stamp modernization encompasses a variety of organizational, technology, policy and partnership components that States package and implement in many different ways. These efforts include making greater use of on-line applications and automated data sharing; simplifying interview and reporting procedures; and expanding the use of private sector and community and faith-based organizations in the application process. These changes have the potential to reduce administrative costs, improve access, and improve payment accuracy. In addition, food stamp modernization is consistent with the President's Management Initiative to expand e-Government.

This proposal would inform Federal, State and local policymakers and program managers in updating services to meet participants' needs most effectively. FNS studies underway will track changes in program administrative costs, error rates, and participation for a set of States who are early implementers. However, well-controlled experiments are necessary to attribute observed changes to modernization rather than economic or other external factors, such as natural disasters. Such research is also pre-requisite to untangling the relative impacts of different modernization components – for example, the comparative effectiveness of automated response units versus call center staff.

The GAO recently reported on food stamp modernization initiatives, concluding that little information is available to identify best practices among the variety of strategies that States are pursuing. Although GAO acknowledges the significant costs and other challenges in obtaining such information, they recommend that this research be conducted.

The FY 2008 budget includes a \$2 million request to support a demonstration and evaluation partnership with a select set of States and local communities. This proposed project would expand this partnership to fund an evaluation that systematically assesses impacts of multiple modernization dimensions in different combinations.

Goals: USDA Strategic Goal 5: Improve the Nation's Nutrition and Health; Objective 5.1: Ensure Access to Nutritious Food.

Budget Impact:
(\$ in millions)

	FY 2009
Budget Authority	\$4.5

**FNCS PRESIDENT'S BUDGET FISCAL YEAR 2009
CURRENT LAW**

Program: Food Stamp Program

Proposal: Use \$2 million in the FSP account to test and rigorously evaluate promising food stamp nutrition education (FSNE) practices.

Rationale: For a number of years, the FNS has been engaged in a process of improving FSNE to better focus on achieving outcomes for its core constituencies and promote consistency and excellence across the Nation. In 2005, after extensive public comment, FNS released the FSNE Guiding Principles, which articulated the agency's vision and future direction for FSNE. The Principles identify "support for sound and systematic evaluation" as a key FNS responsibility in administering these nutrition education efforts.

While the agency has made substantial progress in clarifying FSNE policy, systematically documenting program activities and developing evaluation standards, the body of evidence on positive FSNE impacts remains limited. A recent Office of Management and Budget review of FSNE identified the lack of evaluation data on overall program impacts, and inadequate evidence of the effectiveness of specific FSNE interventions, as significant program problems.

If funded, this proposal would address three important goals – allow FNS to demonstrate FSNE's positive impact on food choices and diet quality, strengthen FSNE effectiveness by identifying best practices, and provide a set of research models for States to use in their own FSNE evaluations. Funds would be targeted to select competitively a number of nutrition education projects and to assess their impacts through research that supports cause and effect conclusions.

Goal: USDA Strategic Goal 5: Improve the Nation's Nutrition and Health; Objective 5.2: Promote Healthier Eating Habits and Lifestyle.

Budget Impact:
(\$ in millions)

	FY 2009
Budget Authority	\$2

FOOD STAMP PROGRAM

Summary of Farm Bill Legislative Proposals

Proposed Legislation Budget Authority (in millions)							
Proposed Legislation	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	Total
Working Poor and Elderly:							
Exclude retirement savings from the asset test	\$23	\$96	\$145	\$145	\$147	\$150	\$706
Reimburse work related expenses (pilot test)	3	0	0	0	0	0	3
Eliminate cap on dependent care deduction	25	53	52	53	54	56	293
Exclude IRS-approved college savings plans	0	1	2	2	2	2	9
Exclude military combat pay ^{1/}	0	1	1	1	1	1	5
Streamlining and Modernizing:							
Rename the Food Stamp Program	0	0	0	0	0	0	0
De-obligate food stamp coupons	0	0	-1	-1	-1	-1	-4
Protect recipients from reimbursing States for systematic errors	-1	-1	-1	-1	-1	-1	-6
Improving Program Integrity:							
Limit categorical eligibility for recipients of non cash TANF services	-18	-112	-125	-125	-127	-129	-636
Allow flexibility in assessment of retailer fines	-1	-1	-1	-1	-1	-1	-6
Allow seizure and transfer of funds in trafficking cases	0	0	0	0	0	0	0
Prohibit the exchange of food for cash	0	0	0	0	0	0	0
Charge States 5% of administrative costs for high negative error rates	0	0	-33	-34	-36	-37	-140
Eliminate re-investment for States sanctioned in 3 consecutive years	0	0	0	0	0	0	0
Improving Health Through Nutrition Education:							
Recognize education as an FSP component	0	0	0	0	0	0	0
Obesity initiative	20	20	20	20	20	0	100
FDPIR:							
Revise funding allocation formula	0	0	0	0	0	0	0
Increase FDPIR administrative funding	4	4	4	4	3	3	22
Expand disqualification list	0	0	0	0	0	0	0
Community Food Project:							
Restore funding for the Community Food Project	5	5	5	5	5	5	30
Total, Legislative Proposals	60	66	68	68	66	48	376

^{1/} Funding included in appropriation language for FY 2008.

Explanation of Proposed Legislation:

Working Poor and Elderly:

- **Exclude retirement savings from the asset test** – Exclude retirement accounts from resources when determining eligibility for the program. This proposal would allow workers who experience hard times to receive food stamps without having to draw down retirement savings prematurely and face monetary penalties.
- **Reimburse work related expenses (pilot test)** – Authorize the Secretary to conduct a pilot test to allow a limited number of States the flexibility to reimburse (with matching 50 percent Federal funds) work-related expenses for any households with earned income.
- **Eliminate the cap on dependent care deduction** – Eliminate the current dependent care deduction limits of \$200 per month for children under 2 years and \$175 per month for other dependents when determining food stamp eligibility and benefit levels. This proposal simplifies program rules and supports work by allowing households to claim more of the actual dependent care expenses they incur while working or participating in work services.
- **Exclude IRS-approved college savings plans** – Exclude from resources the value of certain college savings plans that the IRS recognizes for tax purposes, including 529 plans operated by most States. This proposal will help families save for the children's future even if they have a temporary need for food stamps.

- **Exclude military combat pay** – Exclude from countable income, the additional pay military personnel receive while they are serving in an active combat zone. Excluding this special pay preserves eligibility and benefit levels for a military member's family while he or she is deployed to a combat zone.

Streamlining and Modernizing:

- **Rename the Food Stamp Program** – Change the name of the Food Stamp Program to the Food and Nutrition Program to reflect the advances in technology that have made the stamps obsolete and better reflect the nutritional aspects of the program.
- **De-obligate food stamp coupons** – De-obligate food stamp coupons as legal tender to reflect the current technological realities of the program.
- **Protect recipients from reimbursing States for systematic errors** – Prohibit States from establishing and collecting claims from recipients for State agency caused over-issuances resulting from widespread systemic errors while holding States responsible for the over-issuances.

Improving Program Integrity:

- **Limit categorical eligibility for recipients of non-cash TANF services** – Limit categorical eligibility to those participants who receive cash assistance from a program funded under TANF or SSI. This proposal ensures that those individuals eligible for the program receive benefits while eliminating categorical eligibility for those who would otherwise not be eligible to receive benefits.
- **Allow flexibility in assessment of retailer fines** – Allow the Secretary to assess alternative penalties for certain retailer violations. This proposal provides the Secretary flexibility in assigning fines or disqualifications and allows certain conditions and circumstances to be taken into consideration when determining the penalty.
- **Allow seizure and transfer of funds in trafficking cases** – Allow the Secretary, in certain egregious trafficking cases, to seize and transfer the offending retailer's funds to the Treasury immediately. This proposal would reduce the ability of trafficking retailers to continue their fraudulent activities.
- **Prohibit the exchange of food for cash** – Make the exchange of food purchased with food stamp benefits for cash an intentional program violation. This proposal would help ensure that benefits are used for their intended purpose.
- **Charge States 5 percent of administrative costs for high negative error rates** – Authorize USDA to charge State agencies five percent of administrative costs if the State is more than fifty percent above the national negative error rate for two consecutive years. This proposal emphasizes improved customer service and State agency accountability to those households that are denied benefits or are terminated or suspended from the Program.
- **Eliminate re-investment for States sanctioned in 3 consecutive years** – Remove the new investment option for States sanctioned for improper payments for three consecutive years. This proposal emphasizes the importance of State accountability and expected results associated with improper payments.

Improving Health Through Nutrition Education:

- **Recognize education as an FSP component** – Strengthen efforts to integrate nutrition education into the program by recognizing that nutrition education is a component of the program.
- **Obesity initiative** – Invest \$100 million to establish a five-year competitive grants demonstration program targeted at developing and testing solutions to the rising rates of obesity.

Food Distribution Program on Indian Reservations (FDPIR):

- **Revise funding allocation formula** – Revise the current FDPIR formula to provide a structured and equitable method for allocating administrative funds among Indian Tribal Organizations (ITOs) and States participating in FDPIR. The current allocation does not correlate with participation levels.
- **Increase FDPIR administrative funding** – Increase funding by \$27 million over 10 years to better reflect the actual administrative costs of FDPIR. It would ensure that any change to the current funding

formula would allow all ITOs and States to continue their current allotments or receive a modest increase depending on their participation level.

- **Expand disqualification list** – Expand the list of FSP disqualifications to include persons disqualified from FDPIR for intentional program violations. This proposal will support program integrity by ensuring disqualified individuals cannot participate in either program.

Community Food Project:

- **Restore funding for the Community Food Project** -- The purpose of the Community Food Projects Competitive Grants Program is to support the development of community food projects with a one-time infusion of Federal dollars to make such projects self-sustaining. The program is managed by the Cooperative State Research, Education, and Extension Service.

Food and Nutrition Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
2007 and Estimated 2008 and 2009

Food Stamp						
	FY 2007 Amount	Staff Years	FY 2008 Amount	Staff Years	FY 2009 Amount	Staff Years
Alabama	\$6,843	0	\$6,843	0	\$6,843	0
Alaska	0	0	0	0	0	0
Arizona	41,720	0	41,721	1	41,721	1
Arkansas	32,042	0	32,043	0	32,043	0
California	517,476	4	517,485	6	517,485	6
Colorado	453,850	4	453,858	5	453,858	5
Connecticut	367	0	367	0	367	0
Delaware	0	0	0	0	0	0
District of Columbia	0	0	0	0	0	0
Florida	208,398	2	208,402	3	208,402	3
Georgia	360,225	2	360,231	3	360,231	3
Hawaii	16,566	0	16,566	0	16,566	0
Idaho	539	0	539	0	539	0
Illinois	188,756	1	188,759	2	188,759	2
Indiana	240,366	2	240,370	3	240,370	3
Iowa	24,236	0	24,236	0	24,236	0
Kansas	9,601	0	9,601	0	9,601	0
Kentucky	8,284	0	8,284	0	8,284	0
Louisiana	11,956	0	11,956	0	11,956	0
Maine	72,747	1	72,748	2	72,748	2
Maryland	19,012	0	19,012	0	19,012	0
Massachusetts	441,490	2	441,498	4	441,498	4
Michigan	59,169	1	59,170	1	59,170	1
Minnesota	7,997,485	1	7,997,629	2	7,997,629	2
Mississippi	8,913	0	8,913	0	8,913	0
Missouri	10,555	0	10,555	0	10,555	0
Montana	72,711	1	72,712	1	72,712	1
Nebraska	15,937	0	15,937	0	15,937	0
Nevada	0	0	0	0	0	0
New Hampshire	4,932	0	4,932	0	4,932	0
New Jersey	425,856	3	425,864	4	425,864	4
New Mexico	0	0	0	0	0	0
New York	112,112	1	112,114	2	112,114	2
North Carolina	3,311	0	3,311	0	3,311	0
North Dakota	9,369	0	9,369	0	9,369	0
Ohio	4,861	0	4,861	0	4,861	0
Oklahoma	1,603	0	1,603	0	1,603	0
Oregon	29,762	0	29,763	1	29,763	1
Pennsylvania	118,770	1	118,772	2	118,772	2
Rhode Island	0	0	0	0	0	0
South Carolina	1,377	0	1,377	0	1,377	0
South Dakota	6,784	0	6,784	0	6,784	0
Tennessee	8,449	0	8,449	0	8,449	0
Texas	563,708	4	563,718	6	563,718	6
Utah	6,433	0	6,433	0	6,433	0
Vermont	0	0	0	0	0	0
Virginia	32,404,899	34	38,234,054	50	49,234,054	50
Washington	4,117	0	4,117	0	4,117	0
Wisconsin	4,274	0	4,274	0	4,274	0
Wyoming	766	0	766	0	766	0
West Virginia	2,003	0	2,003	0	2,003	0
American Samoa	0	0	0	0	0	0
Freely Associated States	0	0	0	0	0	0
Guam	0	0	0	0	0	0
N. Mariana Islands	0	0	0	0	0	0
Puerto Rico	3,001	0	3,001	0	3,001	0
Virgin Islands	0	0	0	0	0	0
Indian Tribes	0	0	0	0	0	0
DOD Army/AF	0	0	0	0	0	0
Undistributed	828,554	0	0	0	0	0
TOTAL	\$45,364,185	64	\$50,365,000	98	\$61,365,000	98

FOOD AND NUTRITION SERVICE

Food Stamp Program

Classification by Objects2007 Actual and Estimated 2008 and 2009

(in thousands of dollars)

	Personnel Compensation:	2007	2008	2009
	Washington D.C.	\$2,399	\$3,780	\$3,890
	Field	2,932	4,620	4,754
11	Total personnel compensation	5,331	8,400	8,644
12	Personnel benefits	1,186	1,847	1,878
13	Benefits for former personnel	0	0	0
	Total personnel compensation and benefits	6,517	10,247	10,522
	Other Objects:			
21	Travel and transportation of persons	1,814	1,858	1,895
22	Transportation of things	190	195	199
23.1	Rental payments to GSA			
23.2	Rental payments to others			
23.3	Communications, utilities, and misc. charges	2,802	2,869	2,926
24	Printing and reproduction	1,059	1,084	1,106
25	Other Services	42,612	45,991	57,467
25.1	Contractual Services Performed by Other Federal Agencies			
25.2	Related Expenditures			
25.3	Repair, Alteration or Maintenance of Equipment, Furniture or Structures			
25.4	Contractual Services - Other			
25.5	Agreements			
25.6	ADP Services and Supplies			
25.7	Miscellaneous Services			
25.8	Fees			
26	Supplies and materials	180,899	185,241	188,946
31	Equipment	2,715	2,780	2,836
32	Land and structures			
41	Grants, subsidies and contributions	34,752,282	38,283,996	40,122,407
42	Insurance claims and indemnities			
43	Interest and dividends	1	0	0
45	Special Payments			
92	Undistributed			
	Total other objects	34,984,374	38,524,014	40,377,782
	Total direct obligations	34,990,891	38,534,261	40,388,304

FOOD STAMP PROGRAM

STATUS OF PROGRAM

Program Mission

The Food Stamp Program (FSP) works to raise nutrition levels of low-income households by ensuring access to a nutritious, healthful diet for households through nutrition assistance and nutrition education. This access provides the opportunity for low-income recipients to consume a diet consistent with the *Dietary Guidelines for Americans*. It enables low-income households to obtain a more nutritious diet by issuing monthly allotments of benefits redeemable for food at retail stores.

Eligibility and allotment amounts are based on household size, income, and expenses; eligibility is also based on assets, citizenship or legal immigration status, work requirements, and other factors. Benefits are adjusted annually to reflect changes in the June cost of the Thrifty Food Plan (a market basket of foods that meet the recommendations of the *Dietary Guidelines for Americans* for a nutritious low-cost diet for a four-person reference family). The Federal Government pays the full cost of benefits and funds approximately half of the expenses incurred by the States to administer the program.

The Food Stamp Program (FSP) account also includes Nutrition Assistance for Puerto Rico (NAP), American Samoa and the Commonwealth of the Northern Mariana Islands, the Food Distribution Program on Indian Reservations (FDPIR), and the commodity funding associated with The Emergency Food Assistance Program (TEFAP).

Program Name Change

The Department is seeking Congressional support to change the name of the FSP to more accurately describe its current method of operation and mission of reducing hunger and improving nutrition among low-income families. After several decades of issuing coupons, benefits are now issued electronically. Many stakeholders, including State partners, advocates and the retail community, maintain that a new name would not only more accurately describe the program, but may also help to eliminate a potential barrier to participation because of the stigma associated with the current name.

In response to a *Federal Register* notice soliciting comments from the general public on whether the FSP should be renamed, the Department received almost 400 suggestions for a new name. While over 95 percent of the respondents strongly support changing the name, there was not a general consensus on what the program should be renamed. The suggestions were narrowed to five names that were tested by focus groups. After the focus groups were completed, three potential names were forwarded for consideration by Congress: 1) Food and Nutrition Program; 2) Nutrition Assurance Program; and 3) Food Support Program. In fiscal year (FY) 2007, legislation before the Senate proposed to adopt the name "Food and Nutrition Program"; the House of Representatives passed legislation adopting the name "Secure Supplemental Nutrition Assurance Program".

Facts in Brief

Program Participation

FSP participation for FY 2007 averaged 26.5 million, holding nearly level from a high in FY 2006 of 26.7 million in which participation had risen for the previous six years. Prior to this time frame the program had six years of declining participation between FY 1994 and FY 2000. Participation was less than one percent lower than the previous year, and about 54 percent higher than it was in FY 2000. In the short term, it should be noted that beginning with participation data in February of FY 2007 participation has steadily increased month over month to a level of nearly 27 million participants by the end of FY 2007. The increase reflects the impact of changing economic conditions, and Federal and State efforts to improve program access through policy and practice.

The following table displays data on benefit costs and participation for FYs 2000 through 2007:

Food Stamp Program	2000	2001	2002	2003	2004	2005	2006	2007
Avg. Participation (Million)	17.16	17.31	19.09	21.26	23.85	25.67	26.67	26.47
Benefit Costs (Billion)	\$14.99	\$15.55	\$18.26	\$21.41	\$24.63	\$28.57	\$30.19	\$30.37
Average/Person/Month	\$72.77	\$74.83	\$79.68	\$83.93	\$86.03	\$92.72	\$94.32	\$95.64
% Of Population Participating	6.3	6.3	6.7	7.3	8.1	8.7	8.9	8.8
Persons Unemployed (In Millions)	5.7	6.8	8.2	8.8	8.1	7.7	7.2	6.9

Participation Rates among Eligible People – The most recent figures on the rate of participation show that in 2005, 65 percent of all who were eligible for the FSP participated as compared with 54 percent in 2001. In that same year, participants received 80 percent of all food stamp benefits available if every eligible person participated, indicating that the program is effectively targeted to those most in need.

Characteristics of Food Stamp Recipients – The most recent survey of household characteristics, conducted during 2006, indicates that:

- 58 percent of all participants were children (under 18 years of age) or elderly (age 60 or older);
- The gross income of 87 percent of households was below the Federal poverty level;
- 39 percent of households were at or below 50 percent of poverty;
- 14 percent of food stamp households had no income; and
- The proportion of households with earnings continued to trend upwards and reached an all-time high while the proportion of households with public assistance income continued to trend downwards and reached an all-time low.

The following data describes food stamp recipients in terms of individuals and households:

Characteristics of Food Stamp Recipients	2000	2001	2002	2003	2004	2005	2006
Recipients:							
Average Number (in Millions)	17.2	17.3	19.0	20.9	23.5	24.9	25.6
% Children	53.9	53.6	51.0	50.8	50.2	50.0	49.2
% Elderly	10.0	9.6	8.9	8.5	8.2	8.2	8.7
% Registered for Work	8	8	9	9	9	9	10
Average Household Size	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Households:							
Average Number (in Millions)	7.3	7.5	8.2	9.0	10.1	10.9	11.3
% Receiving Maximum Benefit	20	22	24	26	31	31	31
% Headed by Women	73	72	71	72	72	71	71
% Certified 12 Months or More	56	57	54	53	53	55	58
% With Earned Income	27	27	28	28	29	29	30
% With AFDC/TANF	26	23	21	17	16	15	13
Average Gross Monthly Income	\$620	\$624	\$633	\$640	\$643	\$648	\$673
Average Net Monthly Income	\$355	\$353	\$355	\$348	\$321	\$319	\$328
% With Zero Gross Income	8	9	11	12	13	14	14
% With Zero Net Income	20	22	24	26	29	30	31
% With Gross Monthly Incomes Less than \$400	25	27	28	29	30	30	29
% With No Countable Assets	66	68	69	70	69	70	70
% With Countable Assets of \$1 to \$500	22	21	22	21	22	22	21
Average Countable Assets	\$156	\$148	\$134	\$154	\$143	\$137	\$137
Average Countable Assets in Households with Elderly Members	\$275	\$273	\$264	\$347	\$293	\$279	\$258

Characteristics of Food Stamp Recipients	2000	2001	2002	2003	2004	2005	2006
% Below Poverty Level	89	89	88	88	88	89	87
% Below 50% Poverty Level	33	34	36	38	40	40	39
Average Shelter Deduction	\$111	\$123	\$131	\$146	\$178	\$186	\$203
Average Shelter Expense	\$310	\$366	\$339	\$366	\$405	\$416	\$458
% at Shelter Cap	10	10	9	10	13	14	15

Source: Food Stamp Quality Control Sample – Data may not match FY data from other sources.

General Activities

Significant Regulations Issued in Fiscal Year 2007

The FSP published the following proposed rules in 2007:

- *Disqualified Recipient Reporting and Computer Matching Requirements* - This rule, published December 8, 2006, proposes to codify prisoner verification and death file matching procedures mandated by legislation and previously implemented through agency directive. The rule also proposes to revise food stamp regulations affecting the way State agencies access and use client disqualification information to enforce penalties for Intentional Program Violations. State agencies would be required to use the data to screen all FSP applicants prior to certification to assure they are not currently disqualified from the program and thus ineligible to participate.
- *Revisions to Bonding Requirements for Violating Retail and Wholesale Food Concerns* – This proposal, published March 13, 2007, would revise the current bonding requirements for violating retailers and wholesalers who are disqualified, or have a civil money penalty imposed in lieu of disqualification, for a specified period of time. Current regulations require that these entities submit a valid collateral bond, usually renewed annually, to continue to redeem food stamp benefits. This rule proposes to: (1) eliminate the bond requirement for retailers and wholesalers who are disqualified for 6 months or incur a civil money penalty in lieu of a 6 month disqualification; and (2) limit the bond requirement to 5 years for retailers and wholesalers whose disqualification or civil money penalty exceeds 6 months, and for those retailers and wholesalers who are “repeat offenders”.

Program Assessment Rating Tool

The Office of Management and Budget (OMB) completed a Program Assessment Rating Tool (PART) review of the FSP in 2003 and rated the program as moderately effective. The review showed that food stamp benefits are well targeted to intended beneficiaries, and are virtually always spent for their intended purpose. While the program achieves its annual performance goals to increase program participation and reduce payment error, it may not be optimally designed to achieve further incremental improvements in the dietary status of low-income participants. Based on the findings, USDA developed and is implementing a plan for the use of Federal and State program funds to improve nutrition among program participants and has developed a research agenda to assess program impacts on hunger and dietary status. This research plan is being pursued to the extent feasible with resources provided for studies and evaluations.

Grants to Improve Program Access and Eligibility Determination

On September 20, 2007, the FNS announced the awardees of the FY 2007 FSP participation grants. The Farm Security and Rural Investment Act of 2002 (P.L. 107-171 the Farm Bill) authorized the FNS to award \$5 million dollars in grants for FY 2003 through FY 2007. These grants are targeted to State agencies, public health or educational entities, or private nonprofit entities such as community-based or faith-based organizations, food banks, or other emergency feeding organizations. The grants are specifically for projects aimed at simplifying the food stamp application and eligibility determination systems or improving access to food stamp benefits by eligible households. For fiscal year 2007, FNS awarded seven grants:

- **Oregon Department of Human Services** will simplify the food stamp application process and improve program access with the purchase of Forms Factory software to create an online application that will be accessible at various community sites.

- **Utah Department of Workforce Services** will develop and implement a new online application process that will be accessible at local food banks and senior citizen centers throughout the State. One urban food pantry, one rural food pantry and one rural senior citizen center will participate in an access point pilot before State-wide-roll-out which is scheduled to begin November 2008 through April 2009.
- **Vermont Department for Children and Families** will develop and implement a state-of-the-art document imaging and indexing system, an automated telephone help line with an automated voice response system and an online Web-based application.
- **Louisville/Jefferson County Metro Government** will pilot an online benefits tool in Jefferson County and use staff in community-based organizations to perform application assistance, to collect and scan supporting documentation, and to submit both to the local food stamp office.
- **Mississippi Department of Human Services (MDHS)** will implement a State-wide, Web-based, interactive application program. The project is designed to allow access at any location where the Internet can be accessed including public libraries, kiosks in malls as well as the remote locations of the MDHS.
- **Pennsylvania Department of Public Welfare** will develop, test and implement a process that will permit individuals to scan verification documents and attach them to the Commonwealth of Pennsylvania Access to Social Services online application.
- **Montana Department of Public Health and Human Services** will develop and implement a paperless food stamp case file system, an online application that can be submitted electronically to local food stamp offices, and an education campaign about the new application process.

State Performance Bonuses

The 2002 Farm Bill established a performance system offering incentives for a broad array of achievements coupled with a reduced vulnerability to liabilities for excessive error rates. This performance system replaced the former Quality Control liabilities and enhanced funding system, which provided incentives and liabilities to encourage payment accuracy, but focused solely on error rates. This performance system will award \$48 million in bonuses each year to States with high or improved performance for actions taken to correct errors, reduce the rates of error, and improve eligibility determinations, or for other activities that demonstrate effective administration, as determined by FNS. Bonuses provided under this system link two of the program's performance measures, increases in the program payment accuracy rate and increases in participation as measured by the Program Access Index. The first bonuses for performance in 2003 were awarded in September 2004. The bonuses for performance in 2006 were awarded in September 2007.

The following States received awards:

BEST PAYMENT ACCURACY		
State	Payment Error Rate	Bonus Amount
South Dakota	1.83	\$347,653
Virgin Islands	1.93	\$148,643
Missouri	2.59	\$3,234,784
Washington	2.59	\$2,913,859
Mississippi	2.61	\$1,986,833
North Carolina	2.83	\$4,021,638
Hawaii	3.40	\$567,407
National Average	5.99	

MOST IMPROVED PAYMENT ACCURACY (continued)				
State	FY 2005	FY 2006	Change	Bonus Amount
Rhode Island	9.84	4.02	5.82	\$456,583
Idaho	8.34	4.64	3.70	\$484,888
New York	7.23	4.56	2.67	\$9,837,712
Total				\$24,000,000

BEST NEGATIVE ERROR RATE		
State	Rate	Bonus Amount
Vermont	0.00	\$268,010
Nebraska	0.00	\$466,639
Pennsylvania	0.27	\$3,651,458
South Dakota	0.76	\$270,011
Minnesota	1.08	\$999,092
National Average	8.02	

MOST IMPROVED NEGATIVE ERROR RATE				
State	FY 2005	FY 2006	Change	Bonus Amount
Vermont	5.81	0.00	5.81	See Bonus above
Rhode Island	8.17	3.05	5.12	\$344,790
Total				\$6,000,000

BEST PROGRAM ACCESS INDEX		
State	Rate	Bonus Amount
Maine	74.2	\$683,692
Missouri	71.0	\$2,254,344
Tennessee	69.3	\$2,870,339
Oregon	67.9	\$1,695,473

MOST IMPROVED PROGRAM ACCESS INDEX				
State	FY 2005	FY2006	Change	Bonus Amount
Massachusetts	47.34	53.65	6.31	\$1,726,484
Mississippi	47.31	52.55	5.24	\$1,396,703
Vermont	52.20	57.01	4.81	\$268,193
Maryland	49.24	53.68	4.44	\$1,104,772
Total				\$12,000,000

BEST APPLICATION PROCESSING TIMELINESS RATE		
State	Rate	Bonus Amount
Massachusetts	98.82	\$1,290,453
Kentucky	97.68	\$1,449,389
South Dakota	97.22	\$224,571
West Virginia	96.74	\$719,588
North Carolina	96.66	\$2,072,590
New Hampshire	95.83	\$243,409
Total		\$6,000,000

FNS Collection Initiatives

FNS continues its aggressive efforts to collect debts owed to the FSP, collecting delinquent food stamp recipient debts through the Treasury Offset Program (TOP). TOP is the collection mechanism by which Federal payments to individuals, such as tax refunds and Federal salary and benefit payments, are offset to pay outstanding debts. Nearly \$94 million in delinquent food stamp debt was collected through TOP in calendar year 2007. About \$994 million has been collected through TOP (and its predecessor, the Federal

Tax Refund Offset Program) since FNS began this effort as a pilot project in 1992. These claims may not have been collected without Federal collection programs being made available to State agencies that manage these debts.

Medicare Drug Programs (Part D)

Medicare clients began participating in the new drug program that Congress authorized in the Medicare Prescription Drug, Improvement and Modernization Act. The Department has been working with the Centers for Medicare and Medicaid Services (CMS), the Social Security Administration and State welfare agencies to implement Part D, which has gone smoothly. Many State agencies have encouraged clients to apply for Part D's low-income subsidy and to enroll in the specific Part D programs that best meet their needs.

The Department worked with CMS to update a Tip Sheet that explains eligibility for the FSP, explains the effect of Part D on food stamp allotments, and encourages food stamp clients to apply both for Part D and the low-income subsidy. The Tip Sheet (one in a series that CMS has published) is a good example of how different agencies assist one another in serving our common clients.

FNS Efforts Related to Indiana Eligibility Modernization Project

During FY 2007, FNS worked extensively with the State of Indiana to monitor the development and implementation of the State's Eligibility Modernization Project. The State began implementing this project in March 2007 with the transfer of nearly 70 percent of State employees to the vendor and continued to administer the program with minimal changes to business operations until the beginning of pilot implementation in late October 2007.

The project rollout will continue through FY 2008 with Statewide implementation expected by June 2008. FNS has reviewed planning documents, training materials, and other information through the process to ensure that the project preserves FSP access and integrity and complies with applicable Federal laws and regulations. FNS has also monitored monthly reports on program outcomes and conducted three rounds of onsite, local office visits.

State Options

In 2007, FNS issued the 6th edition of the State options report – a survey of State choices in 43 areas where States may make policy choices. This edition adds information about State utilization of call centers and waivers to substitute telephone interviews for face-to-face interviews.

Food Stamp Program Outreach

Working to increase the participation of the food stamp eligible population is a key part of achieving program nutrition objectives. FNS implements outreach activities to educate potentially eligible low-income people about the nutrition support benefits of joining the FSP. In addition, FNS supports the outreach efforts of States and community organizations by providing tools and resources that can be used "off-the-shelf" or customized by the State or community. All of these educational activities seek to dispel myths and misperceptions about the program and share accurate information to help potentially eligible people make informed participation decisions. Outreach supports FNS' goal of increasing participation in and access to the FSP.

- *National Media Campaign:* The goals of the national media campaign are to position the FSP as a nutrition assistance program, help overcome welfare stigma, teach potential applicants where and how to apply, and highlight FNS' commitment to ensure that all eligible people receive benefits with dignity and respect. During FY 2007, English language radio advertisements targeting working poor and elderly audiences aired during March, April, August and September in 54 media markets and on three State-wide radio networks, reaching low-income audiences for all four months. Nine of the locations also featured Spanish language advertisements during all four months. In addition, bonus and donated placements increased the value of the paid advertising campaign significantly and

extended the times the advertisements were heard. As a result of the advertising campaign, requests for packets of information to the national toll-free number, which was promoted in half of the markets, tripled over the same period in 2003, before advertising began. The remaining markets used State-specific toll-free numbers.

- *Toolkits:* In FY 2006, work was completed on two toolkits, one for State and local food stamp agencies and one for community and faith-based partners. The toolkits help partners at the State and local level, including faith-based organizations, implement outreach and media activities. The toolkits include “how to” information, “fill in” templates, and examples of outreach materials. In FY 2007, FNS began development of two additional chapters for both outreach toolkits. One chapter focuses on outreach during disasters and the other focuses on increasing the cultural competency skills of outreach providers.
- *Toll Free Information Line:* FNS continued to provide a toll free information line in English and Spanish as a service for low-income people to find out more about the FSP and how to apply. Callers can listen to recorded information and be referred to their States for more direct help and information, and can request a packet of information by leaving a mailing address with an operator. During FY 2007, nearly 60,000 packets of information were distributed to toll-free number callers.
- *Outreach Grants:* In FY 2007, fourteen grants were awarded to community and faith-based organizations to implement and test innovative outreach strategies to educate and inform non-participating low-income people about the benefits of food stamps and how to apply. The maximum grant award was \$75,000. FNS chose to award FY 2007 food stamp outreach grants from the FY 2006 competition in accordance with the Request For Applications released in November, 2005. These awards are similar to those awarded in FYs 2001, 2002, 2004, 2005, and 2006. Grants were awarded to:
 - Arizona Community Action Association (Phoenix, AZ)
 - Asian American Civic Association (Boston, MA)
 - Capital Area Community Action Agency (Tallahassee, FL)
 - Caritas of Waco (Waco, Texas)
 - Center for Pan Asian Community Services (Doraville, GA)
 - Community Partners, Inc. (Amherst, MA)
 - Future Foundation (East Point, GA)
 - Health Masters Club (Orlando, FL)
 - Hunger Action Network of New York State (New York, NY)
 - Jeffco Action Center (Lakewood, CO)
 - Little Dixie Community Action Agency (Hugo, OK)
 - TEARS, Inc. (Phenix City, AL)
 - Toledo Area Ministries (Toledo, OH)
 - Vietnamese Social Services of Minnesota (St. Paul, MN)
- *“Business Case” Materials:* FNS updated and continued to promote materials that present a business case for increasing food stamp participation by explaining why participation in the FSP is good for communities from an economic development perspective and good for low-income people from a nutrition perspective.
- *Pre-screening Tool:* The English and Spanish versions of the online pre-screening tool were maintained in FY 2007. This easy-to-use tool tells users if they might be eligible for food stamp benefits and estimates the amount of benefits they might receive. Where available, the site links the user to a State’s pre-screening tool, which can incorporate State-specific policies. The FNS tool also links users to www.GovBenefits.gov to find out if they might be eligible for other benefit programs.
- *Educational Materials:* English and Spanish educational materials, such as brochures, posters and flyers, continued to be distributed free to State and local agencies and other organizations. In FY 2007, more than 4.1 million pieces of educational material were distributed. FNS launched a new,

modernized, user-friendly online order system. The new order system improves customer service by providing an electronic receipt.

- *Translated Materials:* FNS continued to make FSP informational materials in 35 languages available through the Web site for easy downloading and duplication at the State and local level. The documents, which were focus-tested with native speakers to ensure cultural and linguistic appropriateness, are designed to provide basic information about the program and dispel “myths” and misunderstandings that may discourage eligible people from applying. An “I Speak” document is also available so that applicants can indicate their preferred language to the food stamp caseworker and accommodations can be made.
- *Food Stamp Outreach Coalition (FSOC):* FNS continued to manage and support a National Outreach Coalition comprised of organizations interested in partnering to strengthen outreach efforts for the FSP, with a distribution list available to local organizations and individuals interested in outreach. In May, the FSOC held a meeting which focused entirely on food stamp outreach to seniors. This meeting was widely attended by State and local agencies, advocates, and included representation from the Administration on Aging. Under the aegis of the coalition, the third annual Hunger Champions competition was held. This competition recognizes outstanding local food stamp offices for their efforts assisting eligible clients to access the FSP. In addition, the second Golden Grocer awards were presented to acknowledge retailer efforts to improve service to food stamp recipients, to conduct outreach to potential recipients and to promote healthy eating habits.
- *State Outreach Plans:* States have the option of providing outreach as part of their program operations. USDA reimburses 50 percent of the allowable administrative costs for these activities. In FY 2007 FNS issued an updated State outreach plan guidance. The revised guidance consists of a reference guide for outreach policy, instructions for how to submit an outreach plan, and templates that can be completed in sequential order to develop an outreach plan. At the end of FY 2007, 22 States had approved outreach plans, and an additional 8 States also performed outreach activities.

Food Stamp Nutrition Education - Promoting Healthier Eating Habits and Active Lifestyles

The purpose of Food Stamp Nutrition Education (FSNE) is to improve the likelihood that FSP participants, applicants, and eligible low-income people will make healthy food choices within a limited budget and choose active lifestyles consistent with the current *Dietary Guidelines for Americans* and MyPyramid. Because the *Dietary Guidelines for Americans* and MyPyramid are the foundation of nutrition education for the FSP, it is essential that program materials reflect the most current science on human nutrition. Effective FSP nutrition education supports the FNS goal of improving the eating behaviors of low-income Americans.

States have the option of providing nutrition education to food stamp recipients as part of their program operations. To participate, States submit for FNS approval plans that outline FSNE activities and budget for the following year. USDA reimburses 50 percent of the cost of approved activities.

With increased concern about diet-related diseases, FSNE has grown dramatically over the past decade. In FY 1992, FNS approved only \$661,000 in Federal funds for FSNE efforts conducted by 7 State agencies. By comparison, in FY 2007, approved Federal funds totaled over \$276 million with 52 State agencies providing FSNE.

Program Assessment Rating Tool

OMB completed a PART review of FSNE in 2007, rating this component of the FSP “results not demonstrated”. OMB concluded that FSNE: 1) does not have standardized performance measures to gauge progress across States; 2) lacks a statutory or regulatory statement of mission and goals; and 3) cannot show that funds are spent effectively to increase participation and improve nutrition-related behaviors. In response to these findings, FNS is seeking legislation to clearly incorporate nutrition education in the food stamp authorizing statute, is developing efficiency measures to assess program effectiveness, and is preparing a plan to increase the use of evidence-based food and nutrition education initiatives across States.

Specific activities in FY 2007 included:

- *FSNE State Plan Guidance*: In March 2007, FNS revised and issued updated policy guidance to help States develop FY 2008 FSNE plans that are most likely to change nutrition behavior. This guidance incorporates the FSNE Guiding Principles, a policy document that describes the future of FSNE. The FY 2008 Guidance also included the new Food Stamp Education and Administrative Reporting System (EARS) and requested information regarding when States would report various components. The Guidance can be accessed at: www.nal.usda.gov/foodstamp.
 - *Pilot Launch of Multi-Year FSNE Plan*: Launched a multi-year pilot test to allow States to develop nutrition education plans that cover a three year period. The selected States have a high potential for successful implementation based on past performance. The following States were selected: Idaho, Wyoming, Louisiana, Ohio, Florida, Virginia, and Vermont.
 - *Food Stamp Nutrition Connection (FSNC)*: FSNC is an online resource system (<http://www.nal.usda.gov/foodstamp>) designed to facilitate communication and resource sharing among FSNE providers. The project is funded by FNS and maintained by USDA's National Agricultural Library, in collaboration with the University of Maryland and Howard University. Features include:
 - *A Photo Gallery* of current, colorful and professional photographs produced specifically for use in communicating FSP outreach and nutrition education messages. The digital images are copyright free and provided as a complimentary resource by the FSP for FNS nutrition assistance programs and their partners. The Photo Gallery is available in the FSNC Resource Library at: http://foodstamp.nal.usda.gov/foodstamp/photo_gallery.php.
 - *The Recipe Finder Database*, an online database of healthy recipes designed for food stamp educators. The database can be searched by cost, nutrition education topic, theme, menu items, audience, and cooking equipment. In addition to all of the search options, users also have the ability to rate the recipes and post a review of the recipe. This database is intended as a useful tool in providing nutrition education to FSP eligibles and recipients. The Web site can be accessed at: <http://foodstamp.nal.usda.gov/recipes.php>. Recipes can be submitted at this Web site: <http://foodstamp.nal.usda.gov/addrecipe2.php>.
- In FY 2007, FNS began a Spanish translation of the 400 recipes in the Recipe Finder, and updated the Photo Gallery, State contact list, and other FSNC resources.
- *Food Stamp Education and Administrative Reporting System (EARS)*: EARS is a national reporting system for FSNE, developed in collaboration with key State, local, and academic partners over four years. The new system will collect information about FSNE activities, including demographic characteristics of participants and their food stamp status; the methods used, locations of, and topics addressed by educational activities; and the cost of providing these services. EARS will provide FNS and States with data and information to inform management decisions, support policy initiatives, and provide documentation for legislative, budget and other requests that support planning within FNS. Following OMB approval of EARS data collection in August 2007, FNS conducted a national teleconference for all States in November 2007 to review reporting requirements for FY 2008 and share training plans and schedules.
 - *Loving Your Family Feeding Their Future (LYF) – Nutrition Education Through The Food Stamp Program*: FNS developed and launched this comprehensive project with a series of LYF nutrition educational and promotional materials in June 2007. These nutrition education materials target English and Spanish speaking mothers with low-literacy skills who are participating in the FSP and provide resources for educators and mothers. The initiative also has an online Learning Module, *Explore Loving Your Family*; a Flash video-*Loving My Family in a Whole New Way* and *Loving Your Family Virtual Training Tip Sheets*. More than 900,000 (hard copy) pieces of LYF materials have been requested and distributed.

- *Eat Smart Live Strong*: In FY 2007, FNS completed work on an intervention and accompanying staff guidance materials focusing on increasing fruit and vegetable consumption and promoting physical activity among low-income adults aged 60-74 years old. The project includes four fun, interactive 30 minute sessions to help adopt these two key behavior changes, in order to improve older adults' health and quality of life. These materials will be ready for distribution in 2008.

Food Stamp/Supplemental Security Income Combined Application Projects (CAP)

The CAP demonstrations make it much easier for the elderly and disabled Supplemental Security Income recipients to receive food stamps by reengineering the food stamp application process and eliminating the need for this population to visit the local food stamp office. The combination of standardized benefits, minimal need for independent verification, and normally no need to go to the local offices has produced significant increases in participation within the target population.

- To date 12 States are operating CAP demonstrations: Florida, Kentucky, Louisiana, Massachusetts, Mississippi, New York, North Carolina, Pennsylvania, South Carolina, Texas, Virginia, and Washington.
- Three States have been approved, but have not yet implemented: New Jersey plans to implement in the near future, and Wisconsin and Arizona were approved to operate in April 2007 and June 2007 respectively.
- Two States are pending approval: West Virginia and South Dakota.
- Five States are planning to submit proposals as part of the CAP expansion: Idaho, Maryland, New Mexico, Rhode Island and Utah.

Group Home Pilot Projects

Under Section 4112 of the Farm Security and Rural Investment Act of 2002 (the Farm Bill), FNS granted waivers to South Dakota, New York, Illinois and Minnesota to conduct pilot projects that test different methods for providing food stamp benefits to residents of certain group homes, such as those for disabled or blind persons, homeless persons, and temporary shelters for battered women and children. Pilot projects streamline the process of determining benefits by using a standardized allotment, which is typically an adjusted average of the allotments group home residents would receive under regular food stamp rules. The Farm Bill authorizes the Secretary of Agriculture to make available to all States the option of using a standardized allotment for residents of their group homes, if the pilot projects demonstrate the value of doing so.

Program Coordination

The Food Stamp Act gives State agencies the option to operate a Simplified Food Stamp Program (SFSP), which allows a State to determine food stamp benefits using its Temporary Assistance For Needy Families (TANF) rules, FSP rules, or a combination of both. A "Mini" SFSP is a subset of the broader SFSP authority and allows a State agency to replace its TANF or FSP work-related rules with the other program's rules. These rule changes are limited to households receiving both TANF and FSP benefits. In FY 2006, 30 State agencies notified FNS of their intention to operate a mini-SFSP. In FY 2007, another 9 State agencies were approved bringing the total of SFSPs to 39.

FY 2006 Certification Payment Error Rates

The FY 2006 national average certification payment error rate, announced in June 2007, was 5.99 percent; 25 States had an error rate below 6.00 percent.

FSP regulations require State agencies to analyze data and develop corrective action plans to reduce or eliminate program deficiencies when their combined payment error rate is above the 6.00 percent threshold

or their negative error rate exceeds one percent. Corrective action is also required when underpayments result from State agency rules, practices, or procedures. Most States have developed corrective actions to address deficiencies revealed in their FY 2006 QC data.

FNS regional offices work directly with States to assist them in developing effective corrective action strategies to reduce payment errors. Regional offices provide technical assistance to States through data analysis, policy interpretation, training, development and monitoring of corrective action strategies, facilitating the information exchange with and among States through annual payment accuracy conferences, State exchange funding, and special error reduction funds.

FNS utilizes a tier system for identifying States requiring the most focused intervention, based on high error rates or a regional office assessment that the State receives special attention. This ensures that technical assistance is available to States that are in first-year liability status or at risk for future liability status.

States Notified of Liability Status Under the Quality Control Provisions of the Farm Bill

On June 29, 2007, FNS notified two States that they have incurred a liability amount for continuing to have a poor QC error rate for the second consecutive year. Liability amounts were established against the following States:

State	Liability Amount
Dist. of Columbia	\$377,035
Arizona	\$1,415,348

In addition, three States (Maine, Florida and Michigan) exceeded the FY 2006 threshold for the first year. Potential liabilities will be established if any of these five States have a payment error rate in FY 2007 that has a 95 percent statistical probability that the State's payment error rate exceeds 105 percent of the national performance measure for payment error rates.

Disasters - Food Stamp Program Guidance

FNS recently revised the Disaster Food Stamp Program (DFSP) Guidance to reflect policy and programmatic changes in the design, delivery, and assessment of the DFSP. The new guidance document was posted on the FNS Website in May 2007. The revised DFSP Guidance should improve the ability of State agencies to deliver DFSP responses that meet the unique needs of their communities, while adhering to policy requirements.

Previously entitled the Disaster Food Stamp Program Handbook 320 and originally issued in 1995, the Guidance is intended to help State agencies deliver disaster responses that meet their unique needs and meet statutory and regulatory requirements. The revised Guidance incorporates policy decisions that have been issued by FNS since 1995, and provides numerous examples of successful State DFSP innovations. Moreover, FNS worked closely with Federal and State partners to incorporate many of the lessons learned from recent DFSP operations in the Gulf Coast and Florida.

The revised Guidance addresses the use of newer technologies and electronic benefits. The Guidance contains editable templates, spreadsheets, and other electronic resources to facilitate rapid use by State agencies after a disaster has occurred.

FNS has provided training on the revised Guidance to all FNS regional offices during the summer of 2007, and hosted training sessions for State agencies. In July 2007, a widely attended session was held in Atlanta for the most vulnerable east coast and Gulf Coast States.

The following summarizes disaster assistance provided by the FSP in FY 2007:

Month	Type of Disaster	State	Benefits	Households
March	Tornados	GA	\$244,436	897
May	Tornados	KS	109,575	371
May	Tornados	IA	22,419	73
July	Flooding	KS	291,961	1,052
September	Flooding	MN	44,558	126
September	Flooding	WS	25,443	87
September	Tornados	ND	6,409	13
Total FY 2007			744,801	2,619

Court Suit Activity in the FSP

During FY 2007 there was no food stamp related court suits in which the Department was named as a defendant.

Employment and Training (E&T)

The Food Security Act of 1985 required States to establish an E&T Program to help food stamp recipients find work or gain the skills, training, and experience that lead to employment. The 2002 Farm Bill authorized \$90 million per year through 2007 to operate the E&T Program, and an additional \$20 million per year for States that commit to serve all at-risk able-bodied adults without dependents (ABAWDs), i.e., those who are subject to the 3-month food stamp participation limit. States may receive 50 percent matching funds beyond these amounts to operate the program. About 10 percent of food stamp recipients are registered for work, and approximately two-thirds of work registrants are subject to the requirements of the E&T Program. States exempt the remainder from participation.

Preliminary data show that States reported 3.8 million new work registrants in FY 2007, a slight increase from last year. Since an additional 2.7 million work registrants were already receiving food stamps at the beginning of the fiscal year, a total of 6.5 million food stamp recipients were subject to E&T participation in FY 2006. Approximately 1.5 million, or 25 percent, of these work registrants, including about 400,000 ABAWDs, actually participated in E&T components. States reported that more than 87,000 qualifying education, training, and workfare slots were filled by at-risk ABAWDs each month nationwide. This means they were able to maintain their food stamp eligibility while they gained the skills, training and experience that will lead to employment and reduced dependence on food stamps. In addition, about 128,000 other food stamp recipients participated in an E&T component each month.

In FY 2007, FNS allocated \$120.8 million in 100 percent Federal E&T grant funds—the \$90 million regular allocation; \$20 million for States committed to serving all their at-risk ABAWDs; and an additional \$10.8 million in 100 percent Federal E&T funds carried over from FY 2006 to supplement some State grants. State expenditures totaled approximately \$110 million, which is about the same as in FY 2006. Additionally, the Federal Government matched over \$148 million in State funds spent to administer the E&T Program in FY 2007. The Federal Government also matched about \$53 million in State funds spent to reimburse E&T participants for dependent care, transportation, and other expenses incurred in complying with E&T Program requirements.

Electronic Benefit Transfer Systems

Electronic Benefit Transfer (EBT) systems, which replace the coupon-based method for providing food stamp benefits, became effective Nationwide in June 2004. Each recipient household is issued a plastic benefit card with a magnetic stripe or computer chip to make food purchases. The cards are associated with benefit accounts, which are debited as food purchases are made. In about half the States, EBT cards are also used for TANF and other cash benefit programs.

In all States, the EBT systems are on-line systems with cards that have magnetic stripes. These systems are interoperable, which means that recipients may shop in FNS-authorized food retailers in any other State. Until this year, Wyoming operated utilizing different technology, as permitted in the FSP legislation, and had an off-line, smartcard system; its cards were not interoperable. Wyoming converted to an online system for food stamps this year.

- *Coupon Phase-Out:* FNS and States have destroyed their coupon inventories, except a small amount remaining in Illinois. Illinois is under a court order to continue issuing coupons to a single recipient until coupons are unavailable. Coupons also remain in circulation because recipients have not spent all of their coupons issued before EBT implementation.
- *Integrity:* In the three years following a major upgrade to the Store Tracking and Redemption System (STARS), the system the agency uses to track the authorization of food stores and monitor food stamp redemption activity, numerous phased enhancements have been released to end-users. Work to streamline retailer management business processes continues. This state-of-the-art system improves FNS management of stores by integrating compliance and authorization functions into a single, efficient system.

Similarly, with its Anti-fraud Locator using EBT Redemption Transaction System (ALERT) which analyzes transactions for possible trafficking violations, FNS has added a mapping analytic tool and constructed a data warehouse. The data warehouse, using sophisticated statistical software, enables FNS to load external data files, such as census data and State agency recipient data, to strengthen current analytic capabilities. During FY 2007, FNS successfully transitioned to obtaining EBT transactions electronically on a daily basis, rather than monthly. Monthly fraud analysis results are available two weeks sooner as a result. FY 2008 development plans include analysis of the daily submittals so as to flag violators as soon as possible.

Studies and Evaluations

FNS published several major reports related to the FSP during FY 2007. These include:

- a description of the characteristics of food stamp households in 2006;
- an analysis of trends in food stamp participation rates among all eligible persons and eligibles in households with earnings for the Nation as a whole through 2005;
- an analysis of State food stamp participation rates in 2004;
- updated estimates of the extent of trafficking in the FSP;
- a description of vehicles and other assets held by low-income households in 2002;
- a review of nutrition education research focused on the effects of message type and exposure; and
- an examination of the implications of restricting the use of food stamp benefits to eliminate foods of limited nutritional value.

The reports are available at: <http://www.fns.usda.gov/oane>.

Community Food Projects

The Community Food Projects program was authorized under section 25 of the Food Stamp Act of 1977, as amended by section 401(h) of the Federal Agriculture Improvement and Reform Act of 1996. The Community Food Projects Competitive Grants Program supports the development of Community Food Projects with a one-time infusion of Federal dollars to make such projects self-sustaining. Funds have been authorized for this program in the amount of \$5 million per year, through 2007. While funded through the FSP account, the Cooperative State Research, Education, and Extension Service manages the program.

NUTRITION ASSISTANCE FOR PUERTO RICO (NAP)

Program Mission

As required by the Omnibus Budget Reconciliation Act of 1981, the FSP in the Commonwealth of Puerto Rico was replaced with a block grant, effective July 1, 1982. In FY 2007, \$1.551 billion in grant funds were available to Puerto Rico.

Facts in Brief

- An average of 1.07 million people were served monthly during FY 2007.
- In FY 2007, total benefit costs were \$1.496 billion for all block grant programs, or about \$116.52 per person, per month for nutrition assistance program recipients.
- Puerto Rico spent an estimated \$54.58 million of Federal funds on administrative activities in FY 2007, which are matched by an equivalent amount of State funds.
- The Commonwealth is phasing out its former Special Wage Incentive Program, which provided wage subsidies to employers hiring nutrition assistance program recipients.
- On September 1, 2001, Puerto Rico began targeting 75 percent of nutrition assistance benefits to the purchase of food while continuing to provide 25 percent of benefits in cash through the Commonwealth's EBT system.

Federal Responsibilities of the Block Grant

Puerto Rico proposes an annual budget plan in July for the fiscal year beginning on the following October 1 that identifies the costs of benefits, administration and other projects. FNS must review and approve the Commonwealth's annual plan and monitor program operations to ensure program integrity. These monitoring activities include reviewing financial reports of obligations and expenditures, and on-site management reviews of selected program operations. The cost of these components for FY 2005, FY 2006 and FY 2007 are as follows:

NUTRITION ASSISTANCE FOR PUERTO RICO Summary of Funding

	2005 Actual (\$ 000)	2006 Actual (\$ 000)	2007 Estimated (\$ 000)
Benefit Costs	1,435,380	1,465,031	1,496,133
Administrative Costs	59,290	52,240	54,579
Nutrition Education Program	374	504	455
Total Federal Funds	1,495,044	1,517,775	1,551,167
State Administrative Costs	59,290	52,240	54,579
Total Program Costs	1,554,334	1,570,015	1,605,746

Participation

From its inception, the FSP in Puerto Rico served a much higher proportion of the total population than was true of the United States as a whole, due to the significantly lower living standards in Puerto Rico. This continues to be the case under the block grant program: 1.07 million persons, or 27.5 percent of Puerto Rico's total estimated population of 3.9 million people, participated in the program in FY 2007. Monthly participation for FYs 2005, 2006 and 2007 are as follows:

NUTRITION ASSISTANCE FOR PUERTO RICO
Summary of Participation

	2005 Actual	2006 Actual	2007 Estimated
Average Number of Persons (million)	1.05	1.06	1.07
Average Number of Households	461,854	482,880	492,884
Average Household Size (persons)	2.27	2.20	2.18
Average Benefit Per Household	\$240	\$244	\$247

Program Assessment Rating Tool

OMB completed a PART review of NAP in 2005 and rated the program as adequate. The review showed that nutrition assistance provided by NAP is important in Puerto Rico, where 59 percent of the island population has income below the Federal poverty guidelines, unemployment is high, and workforce participation is low. While the program is successful at effectively targeting benefits, program performance measures and the schedule for evaluation can be improved. In addition, a 2002 audit identified areas where NAP was not compliant with financial management requirements. Based on the findings, USDA worked with Puerto Rico to confirm the validity of the program's performance measures, establish long-term annual performance targets, and developed a plan for annual progress reports. USDA and Puerto Rico also developed a plan for regular program review and assessment; implementation is underway.

NUTRITION ASSISTANCE FOR AMERICAN SAMOA

Program Mission

The American Samoa Nutrition Assistance Program began on July 1, 1994. The program was authorized by Public Law 96-597 (December 24, 1980), which allowed USDA to extend programs administered by the Department to American Samoa and other territories. In FY 2007, \$6.2 million in grant funds were authorized to be expended under American Samoa's block grant.

Facts in Brief

- A monthly average of 3,041 persons, or about 5.3 percent of American Samoa's total estimated population of 57,663 were served during FY 2007.
- In FY 2007, average monthly benefit costs were \$316,692 or \$104 per person.
- American Samoa budgeted \$972,321 for administrative activities for FY 2007. Block grant funding provides 100 percent of administrative and benefits costs.
- The program serves the low-income elderly, blind and disabled population.
- American Samoa prints its own food coupons.

Federal Responsibilities of the Block Grant

American Samoa submits a memorandum of understanding each fiscal year, specifying how the program will be operated, including eligibility requirements to stay within the capped block grant amount. FNS must review and approve the Commonwealth's annual memorandum of understanding and monitor program operations to ensure program integrity. These monitoring activities include reviewing financial reports of obligations and expenditures, and on-site management reviews of selected program operations.

NUTRITION ASSISTANCE FOR THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Program Mission

The Commonwealth of the Northern Mariana Islands' (CNMI) Nutrition Assistance Program began on July 2, 1982. The program was authorized by Public Law 96-597 (December 24, 1980), which allowed USDA to extend programs administered by the Department to the CNMI and other territories. In FY 2007, \$9.419 million in grant funds was provided to the CNMI.

Facts in Brief

- A monthly average of 8,164 people or 9.7 percent of CNMI's total estimated population of 84,546 were served during FY 2007.
- In FY 2007, average benefit costs were \$81.00 per person per month.
- The CNMI budgeted an estimated \$1.3 million on administrative activities for FY 2007. Block grant funding provides 100 percent of administrative and benefit costs.
- CNMI is allowed to set its own eligibility standards to stay within the capped block grant.
- 30 percent of each allotment consists of coupons earmarked for the purchase of local commodities (food and nonfood items such as fishing equipment, garden supplies and livestock) to provide work incentives, develop self-sufficiency, and stimulate economic development and local food production.
- CNMI prints its own food coupons.

Federal Responsibilities of the Block Grant

The CNMI submits a memorandum of understanding each fiscal year, specifying how the program will be operated, including eligibility requirements to stay within the capped block grant amount. FNS must review and approve the Commonwealth's annual memorandum of understanding and monitor program operations to ensure program integrity. These monitoring activities include reviewing financial reports of obligations and expenditures, and on-site management reviews of selected program operations. CNMI reduced clients' benefits by 11.3 percent during the last 4 months of FY 2007. Administrative costs, including funds for the Nutrition Education Program, were also reduced to stay within the allotted budget.

FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS (FDPIR)

Program Mission

FDPIR is an alternative to the FSP for low-income households on Indian reservations and low-income Indian households in designated service areas near reservations or in Oklahoma. FDPIR implements section 4(b) of the Food Stamp Act of 1977, as amended, to allow Indian Tribal Organizations (ITOs) to operate a food distribution program for households who prefer commodities to regular food stamp benefits. ITOs that are determined capable are permitted to administer FDPIR.

Facts in Brief

- In FY 2007, five States and 99 ITOs operated FDPIR on 271 Indian reservations. A new program in Alaska began operating in FY 2007.
- Nutrition assistance was provided to an average of 86,637 persons per month at a cost to FNS of \$44.40 per food package in FY 2007, with an average monthly per person administrative cost of \$25.99.
- An additional \$2.7 million in bonus commodities was provided to program participants. These products were provided to the program as a bonus, over and above the existing food package.

FDPIR PARTICIPATION AND COST (Budget to update)

	2001	2002	2003	2004	2005	2006	2007
Average Participation (in Thousands)	113.2	110.1	107.6	104.3	99.0	89.9	86.6
Per Person Per Month Food Cost (Entitlement)	\$36.20	\$33.81	\$36.07	\$39.14	\$40.69	\$38.93	\$44.40
Total FNS Food Cost (\$ in Millions)	\$49.20	\$44.67	\$46.57	\$48.99	\$48.35	\$41.32	\$46.94
Percent Change in unit Per Person Food Cost	5.2%	-6.6%	6.7%	8.5%	4.0%	-4.3%	14.1%

Note: Total Per Person Food Costs differ from commodity procurement obligations due to inventory level changes.

Program Assessment Rating Tool

OMB completed a PART review of FDPIR in 2006 and rated the program as “Adequate.” The review showed that the program helps low-income Native Americans in areas with limited access to food stores meet their food needs. While the nutrient content of the FDPIR food package has improved over time, further improvements are possible. Further, the program’s effectiveness could be increased by improving the method for allocating administrative funds among grantees. Based on these findings, FNS is working to improve the nutritional quality of FDPIR benefits, and launched a work group including FNS staff, ITOs, and State agencies to develop a revised funding methodology for the allocation of administrative funds in FY 2007.

Food Package Improvements

FNS considers periodic updates of the FDPIR food package to improve its nutritional profile and acceptability as an important program responsibility. On a regular basis, a work group consisting of tribally appointed FDPIR directors, commodity procurement specialists from USDA’s Farm Service Agency and the Agricultural Marketing Service, nutrition and health experts from the Indian Health Service and the Centers for Disease Control and Prevention, and FNS nutritionists and program staff considers changes to the food package and makes recommendations to FNS. The workgroup is continuing to focus on ways to reduce saturated fat, sugar, and sodium and is also exploring ways to improve the desirability and convenience of products in the package.

Improved Access to Fresh Fruits and Vegetables

The Fresh Produce Program began as a pilot program in FY 1996 at two sites. This initiative, a joint venture with the Department of Defense, provides fresh fruits and vegetables, which program participants may select in lieu of canned goods. In FY 2007, 99 ITOs/State agencies, or about 90 percent of the FDPIR programs, were enrolled in the Fresh Produce Program, allowing most FDPIR participants to receive a variety of fresh fruits and vegetables which would otherwise be very difficult for them to obtain.

FOOD STAMP PROGRAM
SUMMARY OF BENEFIT COSTS, PARTICIPATION AND STATE ADMINISTRATIVE FUNDING

FISCAL YEAR 2007

STATE OR TERRITORY	AVERAGE PARTICIPATION IN THOUSANDS		TOTAL VALUE OF BENEFITS ISSUED (\$000)	AVERAGE MONTHLY BENEFIT PER PERSON	STATE ADMINISTRATIVE FUNDING (\$000)
	PERSONS	HOUSEHOLDS			
Alabama-----	546	221	\$601,413	\$91.80	\$31,936
Alaska-----	56	21	86,084	127.69	9,759
Arizona-----	545	222	646,750	98.95	37,786
Arkansas-----	380	158	412,446	90.50	25,778
California-----	2,048	827	2,569,806	104.56	421,010
Colorado-----	251	107	310,584	103.24	27,977
Connecticut-----	213	113	253,063	99.21	24,783
Delaware-----	67	29	74,729	92.69	8,597
District of Columbia-----	87	45	103,951	100.12	13,100
Florida-----	1,233	628	1,400,154	94.65	69,088
Georgia-----	950	387	1,125,954	98.76	61,942
Hawaii-----	90	45	156,542	145.55	11,569
Idaho-----	87	36	95,993	91.88	11,205
Illinois-----	1,247	569	1,565,198	104.62	100,926
Indiana-----	587	254	677,098	96.10	34,499
Iowa-----	238	108	265,450	92.81	17,132
Kansas-----	182	83	192,851	88.10	17,585
Kentucky-----	602	267	674,262	93.33	39,712
Louisiana-----	650	266	746,127	95.60	48,254
Maine-----	163	82	170,582	87.42	8,154
Maryland-----	318	147	357,250	93.67	39,516
Massachusetts-----	456	240	471,901	86.20	41,715
Michigan-----	1,204	556	1,367,630	94.63	94,854
Minnesota-----	276	132	296,310	89.33	42,353
Mississippi-----	426	179	443,798	86.79	26,264
Missouri-----	824	301	745,312	75.38	44,037
Montana-----	80	35	89,699	93.47	7,919
Nebraska-----	121	52	126,460	87.36	12,155
Nevada-----	122	57	133,740	91.18	13,180
New Hampshire-----	59	29	62,478	88.10	5,729
New Jersey-----	415	199	483,425	97.19	90,363
New Mexico-----	234	92	248,913	88.68	33,773
New York-----	1,802	952	2,324,295	107.49	275,086
North Carolina-----	883	391	972,291	91.77	69,149
North Dakota-----	45	20	51,891	95.83	6,875
Ohio-----	1,077	493	1,292,695	100.04	99,817
Oklahoma-----	421	176	458,907	90.77	41,506
Oregon-----	438	226	477,442	90.73	43,616
Pennsylvania-----	1,135	530	1,258,604	92.40	139,541
Rhode Island-----	76	37	89,355	97.57	9,138
South Carolina-----	545	233	618,165	94.47	18,546
South Dakota-----	60	25	70,614	97.67	7,274
Tennessee-----	865	387	1,003,609	96.70	48,708
Texas-----	2,422	947	2,718,158	93.52	151,308
Utah-----	123	51	133,204	89.90	20,970
Vermont-----	50	25	55,660	93.02	7,475
Virginia-----	515	230	551,447	89.23	78,957
Washington-----	536	273	600,648	93.33	49,372
West Virginia-----	269	120	274,885	85.05	14,473
Wisconsin-----	383	162	363,439	79.12	35,334
Wyoming-----	23	9	25,285	93.20	4,345
American Samoa 1/-----	0	0	4,650	0.00	0
CNMI 1/-----	0	0	9,419	0.00	0
Guam-----	27	8	55,746	174.56	2,336
Virgin Islands-----	13	0	21,025	131.93	4,332
Anticipated Adjustment-----	0	0	-67,818	0.00	-92,254
TOTAL-----	26,466	11,789	\$30,319,569	95.64	\$2,508,553

NOTE: These data are based in part on preliminary data submitted by State and local agencies subject to change as revised reports are received. Totals may not add due to rounding.

1/ These entities receive a fixed grant and do not report participation.

FOOD STAMP PROGRAM
FIRMS AUTHORIZED TO RECEIVE AND REDEEM FOOD STAMP BENEFITS
 Fiscal Year 2007

State or Territory	Retailers	Wholesalers	Drug/ Alcohol Treat ment Centers	Shelter for Battered Women and Children	Communal Dining Facility	Group Living Arrange- ment	Home less Meal Pro- vider	Meal Delivery Service	Private Restaurant/ Meal Delivery	Senior Citizens Center/ Residential Building	Total
Alaska	454	0	9	2	0	0	1	0	0	0	466
Alabama	3,132	0	22	1	2	27	0	0	0	0	3,184
Arkansas	1,645	0	15	0	19	0	1	24	0	0	1,704
Arizona	2,701	0	10	1	2	1	3	2	0	0	2,720
California	17,651	1	297	2	17	4	17	5	336	0	18,330
Colorado	1,609	2	6	0	10	0	1	5	0	0	1,633
Connecticut	1,512	0	15	0	0	0	0	0	0	0	1,527
District of Columbia	350	0	2	0	0	0	0	0	0	0	352
Delaware	421	0	2	0	2	0	2	0	0	0	427
Florida	8,470	0	58	0	7	30	2	5	0	0	8,572
Georgia	5,403	0	3	0	3	0	3	0	0	0	5,412
Guam	214	0	0	0	0	0	0	0	0	0	214
Hawaii	832	0	7	1	2	1	0	2	0	0	845
Iowa	2,051	1	14	0	63	0	0	18	0	0	2,147
Idaho	615	0	0	0	1	0	0	0	1	0	617
Illinois	6,427	1	18	0	53	41	7	18	1	32	6,598
Indiana	3,134	0	2	1	8	0	5	12	0	0	3,162
Kansas	1,252	0	17	1	18	7	1	11	0	0	1,307
Kentucky	3,397	0	12	0	3	2	1	0	0	0	3,415
Louisiana	3,412	0	3	0	2	2	8	0	0	0	3,427
Massachusetts	2,846	0	74	9	5	120	4	1	1	4	3,064
Maryland	2,235	0	12	0	5	22	3	1	0	0	2,278
Maine	1,201	0	11	0	17	1	0	2	0	0	1,232
Michigan	6,437	1	25	0	34	37	4	19	8	0	6,565
Minnesota	2,062	0	6	0	9	0	1	12	0	2	2,092
Missouri	3,312	0	8	0	1	0	7	4	0	0	3,332
Mississippi	2,423	0	0	0	3	0	0	2	0	0	2,428
Montana	568	0	1	0	17	9	3	1	0	2	601
North Carolina	4,718	1	6	0	33	0	0	15	0	0	4,773
North Dakota	398	0	2	0	19	3	2	12	0	0	436
Nebraska	804	0	9	0	0	0	2	0	0	0	815
New Hampshire	557	0	6	0	5	1	1	2	0	0	572
New Jersey	3,953	2	25	0	1	0	5	0	0	0	3,986
New Mexico	1,096	0	2	0	0	0	0	0	0	0	1,098
Nevada	919	0	9	1	7	2	1	0	0	0	939
New York	13,824	0	104	0	38	41	11	27	0	0	14,045
Ohio	6,153	0	34	0	10	2	1	6	0	0	6,206
Oklahoma	2,495	0	14	0	20	0	0	18	0	0	2,547
Oregon	2,436	0	26	0	6	24	5	3	1	1	2,502
Pennsylvania	7,285	1	24	0	14	12	21	21	0	0	7,378
Rhode Island	712	0	10	2	4	5	2	2	0	0	737
South Carolina	2,575	0	3	0	0	0	1	0	0	0	2,579
South Dakota	526	0	2	0	12	17	0	4	0	0	561
Tennessee	4,074	0	15	0	8	34	2	2	0	0	4,135
Texas	11,532	0	30	0	0	2	2	1	1	0	11,568
Utah	861	0	8	0	1	3	0	1	0	0	874
Virginia	3,638	0	18	0	5	9	1	2	0	0	3,673
Virgin Islands	103	1	1	0	0	0	0	0	0	0	105
Vermont	419	0	1	0	3	0	0	2	0	0	425
Washington	3,553	0	29	0	8	8	4	5	0	0	3,607
Wisconsin	2,222	0	8	1	15	0	3	1	0	0	2,250
West Virginia	1,819	0	0	0	7	0	0	2	0	0	1,828
Wyoming	223	0	5	0	3	0	0	0	0	0	231
Total	162,661	11	1,040	22	522	467	138	270	349	41	165,521

FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS
PARTICIPATION AND FUNDING
FISCAL YEAR 2007

STATE OR TERRITORY	AVERAGE MONTHLY PARTICIPATION	FOOD COSTS <u>1/</u>	ADMINISTRATIVE FUNDING <u>2/</u>	TOTAL FOOD AND ADMIN.
Alaska-----	11	\$1,218	\$0	\$1,218
Arizona-----	13,246	5,958,377	3,459,787	9,418,164
California-----	6,212	2,637,393	1,688,816	4,326,209
Colorado-----	498	206,797	181,229	388,026
Idaho-----	1,588	724,656	511,466	1,236,122
Kansas-----	361	171,080	188,844	359,924
Michigan-----	1,566	708,920	655,456	1,364,376
Minnesota-----	2,245	1,067,101	1,009,630	2,076,731
Mississippi-----	726	236,590	127,403	363,993
Montana-----	2,856	1,340,263	1,916,947	3,257,210
Nebraska-----	989	423,465	360,046	783,511
Nevada-----	1,354	601,249	454,088	1,055,337
New Mexico-----	3,368	1,530,013	1,249,664	2,779,677
New York-----	360	138,427	272,327	410,754
North Carolina-----	364	164,765	68,665	233,430
North Dakota-----	4,909	2,337,780	1,598,435	3,936,215
Oklahoma-----	26,274	12,115,361	6,292,352	18,407,713
Oregon-----	848	402,017	488,289	890,306
South Dakota-----	10,525	5,296,437	2,467,040	7,763,477
Utah-----	186	80,744	70,780	151,524
Washington-----	3,740	1,667,700	1,266,767	2,934,467
Wisconsin-----	3,767	1,696,214	1,157,652	2,853,866
Wyoming-----	656	311,795	184,276	496,071
AMS / FSA / PCIMS / Computer Support-----	0	406,495	0	406,495
Undistributed-----	(12)	10,312,259	1,346,823	11,659,082
TOTAL-----	86,637	\$50,537,116	\$27,016,782	\$77,553,898

SOURCE: FPRS FNS-152 data - Food distributed to participants in fiscal year 2007.

1/ Total value of entitlement foods. Costs do not include bonus commodities, food losses, storage and transportation for certain items (Group A fruits and vegetables, all Group B commodities), the value of food used for nutrition education, or the Department of Defense Regional Pilot.

2/ Administrative funding represents the total of Federal outlays and unliquidated obligations.

NOTE: These data are based in part on preliminary reports submitted by State and local agencies and are subject to change as revisions are received. Totals reflect Federal obligations and differ from State reported data.

FOOD AND NUTRITION SERVICE
FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS

Quantity and Value of Commodities
 Fiscal Year 2007

ENTITLEMENT COMMODITIES	Indian Reservations	
	Pounds	Dollars
SECTION 6/32 TYPE:		
APPLE JUICE, CANNED	1,463,700	\$444,183
APPLESAUCE, CANNED	838,350	353,468
APRICOTS, CANNED	619,651	404,767
BEANS, GREAT NORTHERN	161,280	66,692
BEANS, GREEN CANNED	794,963	295,555
BEANS, KIDNEY LIGHT	609,488	236,265
BEANS, LIMA	201,600	125,105
BEANS, PINTO	887,040	339,200
BEANS, REFRIED	550,800	195,844
BEANS, VEG	459,840	164,379
BEEF, CANNED	396,000	841,922
BEEF, FROZEN GROUND	1,797,680	2,839,798
BEEF, STEW	417,600	307,980
CARROTS, CANNED	191,700	71,711
CHICKEN, CUT UP	2,135,760	1,854,756
CORN, CANNED CREAM	328,050	122,944
CORN, CANNED WHOLE KERNEL	1,254,370	419,018
CRANBERRY-APPLE JUICE, CANNED	1,213,800	489,034
DPSC-FRESH PRODUCE*		4,586,123
EGG MIX	396,000	1,107,234
FRUIT, MIXED	728,100	444,447
GRAPE JUICE	1,377,114	578,918
GRAPEFRUIT JUICE	35,224	10,400
HAM, WATERADDED 3	396,000	608,707
LUNCHMEAT, CANNED	648,000	1,352,425
ORANGE JUICE, CANNED	2,570,400	1,219,188
PEACHES, CANNED	766,275	434,402
PEARS, CANNED	783,675	467,496
PEAS, CANNED	378,450	134,391
PINEAPPLE JUICE, CANNED	723,840	278,124
PINEAPPLE, CANNED	388,080	303,277
PLUMS, D 24	36,000	55,320
POTATOES CANNED	367,200	143,077
POTATOES, DEHYDRATED	570,000	560,551
PUMPKIN, CANNED	109,350	63,563
RAISINS 24	388,800	362,551
SPAGHETTI SAUCE	765,450	252,529
SPINACH, CANNED	373,065	178,226
SWEET POTATOES, CANNED	206,550	118,671
SYRUP	415,272	192,904
TOMATO JUICE, CANNED	641,889	166,702
TOMATO SAUCE, CANNED	860,625	276,530
TOMATO SOUP	550,250	282,669
TOMATOES, CANNED	879,505	324,801
TUNA, CANNED	405,000	709,960
TURKEY W 29	73,080	206,816
VEG MIX 300	669,308	323,558
VEG SOUP	582,306	360,205
Total Section 6/32 Type	31,406,480	\$25,676,386

FOOD AND NUTRITION SERVICE

FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS (Cont.)

Quantity and Value of Commodities

Fiscal Year 2007

ENTITLEMENT COMMODITIES	Pounds	Dollars
SECTION 416 TYPE:		
BUTTER	205,200	\$295,898
CEREAL, CORN & RICE	54,432	74,414
CEREAL, DRY CORN	158,441	206,252
CEREAL, DRY OATS	119,903	240,765
CEREAL, DRY RICE	118,800	175,394
CEREAL, WB FLAKES	65,406	94,344
CHEESE 30 LVS	2,296,800	4,152,038
CHEESE BLEND SLC	831,600	1,425,613
CORNMEAL	1,113,840	180,747
CRACKERS, UNSALTED	521,640	484,783
EGG NOODLES	714,240	408,989
FARINA	271,656	130,963
FLOUR MIX	1,256,070	695,042
FLOUR MIX, LOWFAT	630,000	390,835
FLOUR WW	385,560	85,727
FLOUR, ALL PURPOSE	5,654,880	1,138,744
MACARONI	967,200	368,565
MACARONI AND CHEESE	586,908	421,531
MILK, EVAPORATED	2,809,080	1,463,574
OATS	1,277,640	600,945
OIL, VEGETABLE	935,550	486,542
PEANUT BUTTER	737,370	625,636
PEANUTS, ROASTED	161,964	190,062
RICE, MILLED	1,218,000	341,352
SHORTENING	299,520	231,360
SPAGHETTI	1,028,400	347,002
Total Section 416 Type	24,420,100	\$15,257,117
AMS / FSA / PCIMS / Computer Support		\$406,495
Anticipated Adjustment		9,197,118
TOTAL COMMODITY ENTITLEMENT	55,826,580	\$50,537,116
Indian Reservations		
BONUS COMMODITIES	Pounds	Dollars
SECTION 32 TYPE:		
BEANS, CANNED	73,440	\$26,420
BEEF, GROUND	480,000	760,023
BEEF STEW	270,000	205,647
GRAPEFRUIT JUICE	352,240	104,000
LUNCH MEAT	144,000	304,104
MIXED FRUIT, CANNED	218,700	152,881
Total Section 32 Type	1,538,380	\$1,553,075
BONUS COMMODITIES		
SECTION 416 TYPE:	Pounds	Dollars
INSTANT 2	797,472	\$1,105,633
PEANUT BUTTER	77,760	67,769
Total Section 416 Type	875,232	\$1,173,402
TOTAL BONUS COMMODITIES	2,413,612	\$2,726,477
TOTAL -- ALL COMMODITIES	58,240,192	\$53,263,593
Anticipated Adjustment	0	0
GRAND TOTAL	58,240,192	\$53,263,593

Source: PCIMS -- Delivery order and contract information.
 DPSC-FRESH PRODUCE* includes payments made using FY07 funds (Jan - Nov bills)
 and estimated Dec 07 payment.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Child Nutrition Programs (Including Transfers of Funds):

For necessary expenses to carry out the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.), except section 21, and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), except sections 17 and 21; [~~\$13,901,513,000~~] \$14,455,683,000, to remain available through September 30, [2009] 2010, of which [~~\$7,647,965,000~~] \$7,925,700,000 is hereby appropriated and [~~\$6,253,548,000~~] \$6,529,983,000 shall be derived
1 by transfer from funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c): Provided, That up to \$5,505,000 shall be available for independent verification of school food service claims].

The First Change deletes unnecessary language specific to the coordinated review effort.

FOOD AND NUTRITION SERVICE

LEAD-OFF TABULAR STATEMENT AND
SUMMARY OF INCREASES AND DECREASESCHILD NUTRITION PROGRAMS

Appropriations Act, 2008.....	\$13,901,513,000
Budget Estimate, 2009.....	<u>14,455,683,000</u>
Increase in Appropriation.....	<u>554,170,000</u>

Adjustments in 2008:

Appropriations Act, 2008 <u>a/</u>	\$13,901,513,000
Rescission under P.L. 110-161 <u>b/</u>	<u>- 96,000</u>

Adjusted base for 2008.....	13,901,417,000
Budget Estimate, Current Law, 2009.....	<u>14,455,683,000</u>
Increase from adjusted 2008.....	<u>554,266,000</u>

a/ Excludes \$9,900,000 provided by Section 739 of Division A of the Consolidated Appropriations Act, 2008.

b/ The amount is rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

Summary of Increases and Decreases
(On basis of adjusted appropriation)

Item of Change	2008 Estimated	Pay Cost <u>1/</u>	Program Changes	2009 Estimated
1. Cash Payments to States				
Meal Reimbursements:				
(a) School Lunch	\$8,118,828,000	0	\$227,338,000	\$8,346,166,000
(b) School Breakfast	2,367,186,000	0	155,100,000	2,522,286,000
(c) CACFP	2,286,629,000	0	100,151,000	2,386,780,000
(d) Summer Food Service Program	307,431,000	0	21,503,000	328,934,000
(e) Special Milk	15,006,000	0	-1,139,000	13,867,000
Subtotal, Meal Reimbursements	13,095,080,000	0	502,953,000	13,598,033,000
2. State Administrative Expenses	171,178,000	0	12,879,000	184,057,000
3. Commodity Procurement	602,997,000	0	35,138,000	638,135,000
4. Discretionary Activities	32,162,000	\$231,000	3,065,000	35,458,000
Adjusted Appropriation	13,901,417,000	231,000	554,035,000	14,455,683,000
Rescission <u>2/</u>	96,000	0	-96,000	0
Total Appropriation	13,901,513,000	231,000	553,939,000	14,455,683,000

1/ Represents pay cost change associated with discretionary activities.

2/ Appropriated funds are adjusted to reflect a rescission of \$95,844 in FY 2008 pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	2007 Actual	SY	2008 Estimated	SY	Increase or Decrease		2009 Estimated	SY
1. Cash Payments to States								
Meal Reimbursements:								
(a) School Lunch	\$7,775,585,128		\$8,118,828,000		\$227,338,000		\$8,346,166,000	
(b) School Breakfast	2,228,842,422		2,367,186,000		155,100,000		2,522,286,000	
(c) CACFP	2,303,732,494		2,286,629,000		100,151,000		2,386,780,000	
(d) Summer Food Service Program	297,932,607		307,431,000		21,503,000		328,934,000	
(e) Special Milk Program	14,224,678		15,006,000		-1,139,000		13,867,000	
Subtotal, Meal Reimbursements	12,620,317,329		13,095,080,000		502,953,000	(1)	13,598,033,000	
2. State Administrative Expenses	162,843,624		171,178,000		12,879,000	(2)	184,057,000	
3. Commodity Procurement	537,056,910		602,997,000		35,138,000	(3)	638,135,000	
Subtotal, Mandatory	13,320,217,863		13,869,255,000		550,970,000		14,420,225,000	
4. Discretionary Activities:								
(a) Team Nutrition	9,381,761		13,269,000		31,000	(4)	13,300,000	
(b) Food Safety Education	775,218		1,991,000		9,000	(5)	2,000,000	
(c) Coordinated Review	5,212,886		5,486,000		150,000	(6)	5,636,000	
(d) Computer Support and Proc.	10,008,272		9,430,000		62,000	(7)	9,492,000	
(e) CACFP Training and Tech. Assistance	0		1,986,000		44,000	(8)	2,030,000	
(f) SNDA Data Collection/Analysis	0		0		2,000,000	(9)	2,000,000	
(g) CACFP Error Estimates	0		0		1,000,000	(10)	1,000,000	
Subtotal, Discretionary	25,378,137		32,162,000		3,296,000		35,458,000	
Adjusted Appropriation	13,345,596,000		13,901,417,000		554,266,000		14,455,683,000	
Rescission 1/	0		96,000		-96,000		0	
Total Appropriation	13,345,596,000	130	13,901,513,000	140	554,170,000		14,455,683,000	140
Proposed Legislation	0		50,000,000		-13,000,000		37,000,000	
Total Available or Estimated	13,345,596,000	130	13,951,513,000	140	541,170,000		14,492,683,000	140

Note: Staff year figures are associated with discretionary and mandatory activities.

1/ Appropriated funds are adjusted to reflect a rescission of \$95,844 in FY 2008 pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

PROJECT STATEMENT
(On basis of available funds)

Project	2007 Actual	SY	2008 Estimated	SY	Increase or Decrease	2009 Estimated	SY
1. Cash Payments to States:							
(a) School Lunch	\$7,836,173,913		\$8,209,848,000		\$389,907,000	\$8,599,755,000	
(b) School Breakfast	2,228,842,422		2,367,186,000		155,100,000	2,522,286,000	
(c) CACFP	2,303,732,494		2,286,629,000		100,151,000	2,386,780,000	
(d) Summer Food Service Program	297,932,607		312,637,000		16,297,000	328,934,000	
(e) Special Milk Program	14,224,678		15,006,000		-1,139,000	13,867,000	
Subtotal, Meal Reimbursements	12,680,906,114		13,191,306,000		660,316,000	13,851,622,000	
2. State Administrative Expenses	162,843,624		171,178,000		12,879,000	184,057,000	
3. Commodity Procurement	537,056,910		602,997,000		35,138,000	638,135,000	
Subtotal, Mandatory	13,380,806,648		13,965,481,000		708,333,000	14,673,814,000	
4. Discretionary Activities:							
(a) Team Nutrition	9,381,761		13,269,000		31,000	13,300,000	
(b) Food Safety Education	775,218		1,991,000		9,000	2,000,000	
(c) Coordinated Review	5,212,886		5,486,000		150,000	5,636,000	
(d) Computer Support and Proc.	10,008,272		9,430,000		62,000	9,492,000	
(e) CACFP Training and Tech. Assistance	0		1,986,000		44,000	2,030,000	
(f) SNDA Data Collection/Analysis	0		0		2,000,000	2,000,000	
(g) CACFP Error Estimates	0		0		1,000,000	1,000,000	
Subtotal, Discretionary	25,378,137		32,162,000		3,296,000	35,458,000	
Total Obligations	13,406,184,785	130	13,997,643,000	140	711,629,000	14,709,272,000	140
Prior Year Recoveries/Collections	-278,387,943		-120,000,000		120,000,000	0	
Unobligated Balance Start-of-Year	-63,229,086		-229,969,000		-23,774,000	-253,743,000	
Unobligated Balance End-of-Year	229,968,656		253,743,000		-253,589,000	154,000	
Unobligated Balance Expiring	49,558,137		0		0	0	
Transfer to 12X3539 1/	1,501,451		0		0	0	
Total Adjusted Appropriation	13,345,596,000		13,901,417,000		554,266,000	14,455,683,000	
Rescission 2/	0		96,000		-96,000	0	
Total Appropriation	13,345,596,000	130	13,901,513,000	140	554,170,000	14,455,683,000	140
Proposed Legislation	0		50,000,000		-13,000,000	37,000,000	
Total Available or Estimated	13,345,596,000	130	13,951,513,000	140	541,170,000	14,492,683,000	140

Note: Staff year figures are associated with discretionary and mandatory activities.

1/ Transfer is made under the authority provided by P.L. 109-97, which permits CACFP audit funds that remain unused after the first year of availability to be recovered and reallocated. The reallocated funds are available until expended for the purpose of conducting CACFP institution audits.

2/ Appropriated funds are adjusted to reflect a rescission of \$95,844 in FY 2008 pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

PROJECT STATEMENT
(On basis of adjusted appropriation)

Permanent Appropriation Activities:	2007 Actual	SY	2008 Estimated	SY	Increase or Decrease	2009 Estimated	SY
Information Clearinghouse	\$250,000		\$250,000		0	\$250,000	
Food Service Management Institute	4,000,000		4,000,000		0	4,000,000	
SFSP Rural Transportation Grants	1,000,000		1,000,000		-\$1,000,000	0	
Grants to States (Fresh Fruit and Veg.)	9,000,000		9,000,000		0	9,000,000	
Tech. Assistance Program Integrity	2,000,000		2,000,000		0	2,000,000	
Grants to States (Administrative Review)	4,000,000		4,000,000		0	4,000,000	
Fresh Fruit and Veg. 2-Year Funds <u>2/</u>	0		9,831,000		-9,831,000	0	
Adjusted Permanent Appropriation	20,250,000	24	30,081,000	24	-10,831,000	19,250,000	24
Rescission <u>1/</u>	0		69,000		-69,000	0	
Total Permanent Appropriation	20,250,000	24	30,150,000	24	-10,900,000	19,250,000	24

1/ Appropriated funds are adjusted to reflect a rescission of \$69,000 in FY 2008 pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

2/ Funds are provided in Division A, Title VII, Section 739 of P.L. 110-161.

PROJECT STATEMENT
(On basis of available funds)

	2007 Actual	SY	2008 Estimated	SY	Increase or Decrease	2009 Estimated	SY
Permanent Appropriation Activities:							
Information Clearinghouse	250,000		250,000		0	250,000	
Food Service Management Institute	4,000,000		4,000,000		0	4,000,000	
Direct Certification and Verification	1,723,646		3,507,000		-3,507,000	0	
Evaluation of Effectiveness (Direct Cert.)	4,483		516,000		-516,000	0	
SFSP Evaluation	120		0		0	0	
SFSP Rural Transportation Grants	1,305,706		1,347,000		-1,347,000	0	
Evaluation CACFP	0		8,000		-8,000	0	
Grants to States (Fresh Fruit and Veg.)	9,036,050		12,410,000		-3,410,000	9,000,000	
Tech. Assistance Program Integrity	1,948,590		2,133,000		-133,000	2,000,000	
CACFP Audit Funds - X year	1,567,331		316,000		-316,000	0	
Grants to States (Administrative Review)	2,098,945		9,846,000		-5,846,000	4,000,000	
Best Practices (Tech. Assistance)	34,483		1,603,000		-1,603,000	0	
Fresh Fruit and Veg. 2-Year Funds	0		9,831,000		-9,831,000	0	
Total Obligations	21,969,354		45,767,000		-26,517,000	19,250,000	
Transfer from 125/63539	-1,501,451		0		0	0	
Unobligated Balance Start of Year	-19,810,579		-22,266,000		19,186,000	-3,080,000	
Collections/Recoveries	-2,673,365		0		0	0	
Expiring Funds/Rescission <u>1/</u>	0		3,500,000		-3,500,000	0	
Unobligated Balance End of Year	22,266,041		3,080,000		0	3,080,000	
Adjusted Permanent Appropriation	20,250,000	24	30,081,000	24	-10,831,000	19,250,000	24
Rescission <u>2/</u>	0		69,000		-69,000	0	
Total Permanent Appropriation	20,250,000	24	30,150,000	24	-10,900,000	19,250,000	24

1/ Adjusted to reflect a rescission in FY 2008 of \$3,500,000 in CACFP Audit Funds carryover pursuant to Division A, Section 750 of P.L. 110-161.

2/ Appropriated funds are adjusted to reflect a rescission of \$69,000 in FY 2008 pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

Justification of Increases and Decreases

The FY 2009 request for the Child Nutrition Programs reflects a net increase of \$554,266,000.

- (1) An increase of \$502,953,000 for meal reimbursements (\$13,095,080,000 available in FY 2008).

Explanation of Change.

School Lunch Program: This program will require an increase of \$227,338,000 in budget authority for an appropriation level of \$8,346,166,000 in FY 2009 (\$8,118,828,000 was available in FY 2008). This level of funding is about a 2.8 percent increase from the FY 2008 funding level and will be required to provide reimbursement for meal service currently projected for FY 2009. Based on actual performance to date, the total number of school lunches and snacks in FY 2009 is projected to increase by about 92.8 million over the current estimate for FY 2008, which is about 1.7 percent more than projected for FY 2008. This increase is attributable to the anticipated increase in the average daily participation in the program (an increase of 500,000 participants results in approximately 90 million more meals over 180 service days during the school year). Increases in participation are driven, in part, by the required expansion of direct certification (i.e., the use of Food Stamp Program eligibility to determine eligibility for free meals in the School Lunch Program). Student participation in the NSLP is continuing at about 61.3 percent of enrollment in participating schools. The current estimate for free lunches in FY 2009 projects an increase of 1.9 percent above the level of free lunches estimated to be served in FY 2008. Free lunches are estimated at 49.7 percent of all lunches served in FY 2009. Changes in the reimbursement rates, reflecting increases in the Consumer Price Index (CPI) for Food Away from Home, also contributed to the need for increased program expenditures. This request also reflects the cost of snacks served under the after school snack program created by P.L. 105-336.

Other information: Income Eligibility

Eligibility for rates of payment in the Child Nutrition Programs is tied to family income with free meal eligibility set at 130 percent of the Federal poverty level and reduced price meals at 185 percent. The pertinent income levels for a family of four are shown below:

	2006-2007	2007-2008
Poverty Level	School Year	School Year
100 Percent	\$20,000	\$20,650
130 Percent	26,000	26,845
185 Percent	37,000	38,203

PROGRAM INDICATORS				
SCHOOL LUNCH PROGRAM PROGRAM PERFORMANCE DATA	2007 ACTUAL	2008 ESTIMATED	2009 ESTIMATED	CHANGE
Lunches Served (millions):				
Above 185% of poverty	2,062.0	2,120.5	2,143.8	23.3
130% - 185% of poverty	500.6	520.3	531.3	11.0
Below 130% of poverty	2,501.1	2,588.5	2,637.9	49.4
TOTAL, Lunches	5,063.7	5,229.3	5,313.0	83.7
Average Daily Participation (millions):	30.6	31.6	32.1	0.5
Lunch Rate per meal (blended) (cents):				
Above 185% of poverty	23.0	23.2	24.0	0.8
130% - 185% of poverty	201.1	208.2	214.8	6.6
Below 130% of poverty	241.3	248.4	254.9	6.5
Snacks Served (millions):				
Above 185% of poverty	9.5	9.9	10.4	0.5
130% - 185% of poverty	1.1	1.2	1.3	0.1
Below 130% of poverty	170.2	178.7	187.2	8.5
TOTAL, Snacks	180.8	189.8	198.9	9.1
Snack subsidy per meal (blended)(cents):				
Above 185% of poverty	6.0	6.0	6.0	0.0
130% - 185% of poverty	32.5	34.0	34.2	0.2
Below 130% of poverty	65.7	68.2	69.4	1.2
TOTAL, Lunches and Snacks	5,244.5	5,419.1	5,511.9	92.8
TOTAL, Meal Reimbursement (millions)	\$7,836.2	\$8,209.8	\$8,599.8	\$390.0

School Breakfast Program: This program will require an increase of \$155,100,000 (about 6.6 percent) for an appropriation of \$2,522,286,000 in FY 2009 (\$2,367,186,000 was available for FY 2008). The current estimate projects an increase of 71.9 million breakfasts in FY 2009 (about 4.0 percent) above the 1.8 billion in the current estimate for FY 2008. This includes a projected increase of about 49.4 million breakfasts in the free category. The estimate of the total meals projected for FY 2009 is 1.9 billion.

Additionally, changes in the reimbursement rates, reflecting increases in the Consumer Price Index (CPI) for Food Away from Home, contributed to the need for increased funding.

PROGRAM INDICATORS				
SCHOOL BREAKFAST PROGRAM PROGRAM PERFORMANCE DATA	2007 ACTUAL	2008 ESTIMATED	2009 ESTIMATED	CHANGE
Meals Served (millions):				
Above 185% of poverty	332.4	350.3	364.3	14.0
Reduce Price, Regular	24.6	24.5	24.0	-0.5
Reduce Price, Severe Need	138.8	151.2	160.2	9.0
130%-185% of poverty, Total	163.4	175.7	184.2	8.5
Free, Regular	118.5	121.7	122.5	0.8
Free, Severe Need	1,097.7	1,169.1	1,217.7	48.6
Below 130% of poverty, Total	1,216.2	1,290.8	1,340.2	49.4
TOTAL, Meals	1,712.0	1,816.8	1,888.7	71.9
Average Daily participation (millions)	10.1	10.8	11.2	0.4
Average Subsidy Per Meal (cents):				
Paid	24.1	24.2	25.1	0.9
Reduced Price:				
Regular	101.7	105.6	108.6	3.0
Severe Need	126.8	131.7	135.5	3.8
Free:				
Regular	131.8	135.7	138.7	3.0
Severe Need	156.8	161.7	165.5	4.0
TOTAL, Meal Reimbursement (millions)	\$2,228.8	\$2,367.2	\$2,522.3	\$155.1

Child and Adult Care Food Program (CACFP): This program will require an increase of \$100,151,000 (about 4.4 percent) for an appropriation of \$2,386,780,000 in FY 2009 (\$2,286,629,000 was available for FY 2008). The current estimate projects an increase of 37.3 million meals above the FY 2008 estimate, which represents an increase of about 2.0 percent above the FY 2008 estimate for meals served in childcare centers, family day care homes and adult care centers.

The need for additional funds is also due to a proportionally greater increase in the projected number of meals served under the at-risk component of the program, which has a higher reimbursement rate, as well as the change in the CPI.

PROGRAM INDICATORS				
CHILD AND ADULT CARE FOOD PROGRAM PROGRAM PERFORMANCE DATA	2007 ACTUAL	2008 ESTIMATED	2009 ESTIMATED	CHANGE
Meals Served (millions):				
Centers				
Above 185% of poverty	345.3	355.9	366.6	10.7
130% - 185% of poverty	89.6	92.4	95.2	2.8
Below 130% of poverty	785.4	809.8	834.0	24.2
TOTAL, Centers	1,220.3	1,258.1	1,295.8	37.7
Family Day Care Homes Tier 1 (Low Income)	502.5	503.8	506.3	2.5
Tier 2 (Upper Income)	123.6	119.5	116.6	-2.9
TOTAL, Family Day Care Homes:	626.1	623.3	622.9	-0.4
Total Child Care Program Meals:	1,846.4	1,881.4	1,918.7	37.3
Average Subsidy per meal (cents):				
Centers				
Above 185% of poverty	16.1	16.3	16.8	0.5
130% - 185% of poverty	109.6	113.6	116.6	3.0
Below 130% of poverty	147.9	152.4	155.8	3.4
Family Day Care Homes Tier 1 (Low Income) <u>1/</u>	124.9	129.6	132.6	3.0
Tier 2 (Upper Income)	59.0	61.0	62.3	1.3
Funding:				
Meal Reimbursement	\$2,161.2	\$2,132.0	\$2,229.1	\$97.1
Sponsor Admin	119.9	121.2	123.1	1.9
Audits	20.4	31.2	32.4	1.2
Training & Tech. Assistance	2.2	2.2	2.2	0.0
TOTAL (millions)	\$2,303.7	\$2,286.6	\$2,386.8	\$100.2
<u>1/</u> Rates are a blend of all meals types.				

Summer Food Service Program: This program will require an increase of \$21,503,000 (about 7.0 percent) for an appropriation of \$328,934,000 in FY 2009 (\$307,431,000 was available for FY 2008). The current estimate projects an increase of approximately 3.7 million meals above the estimate for FY 2008, an increase of approximately 3.0 percent. This increase also supports expansion of the Simplified Summer Food Program, as required by Section 738 of Division A, Title VII of P.L. 110-161.

PROGRAM INDICATORS				
SUMMER FOOD SERVICE PROGRAM PROGRAM PERFORMANCE DATA	2007 ACTUAL	2008 ESTIMATED	2009 ESTIMATED	CHANGE
Meals Served (millions):				
Summer Food Program	120.3	123.9	127.6	3.7
Average Subsidy Per Meal (cents):				
Lunch	264.0	271.0	277.0	6.0
Breakfast	151.0	155.0	159.0	4.0
Supplements	61.0	63.0	64.0	1.0
TOTAL, Meal Reimbursement (millions)	\$297.9	\$312.6	\$328.9	\$16.3

Special Milk Program: This program will require a decrease of \$1,139,000 for an appropriation of \$13,867,000 (\$15,006,000 was available for FY 2008). This decreased funding need is a result of a projected 2.4 percent decrease in the number of halfpints served, from 89.3 million in FY 2008 to 87.2 million in FY 2009, and a projected decrease of 6.8 percent in the Producer Price Index for milk from FY 2008 to FY 2009. The cash reimbursement rate for needy children is adjusted annually on July 1 to reflect changes in the Producer Price Index for fresh processed milk.

PROGRAM INDICATORS				
SPECIAL MILK PROGRAM PROGRAM PERFORMANCE DATA	2007 ACTUAL	2008 ESTIMATED	2009 ESTIMATED	CHANGE
Half Pints Served (millions):				
Paid (Above 130% of poverty)	84.7	82.6	80.5	-2.1
Free (130% of poverty or below)	6.7	6.7	6.7	0.0
TOTAL, Half pints	91.4	89.3	87.2	-2.1
Reimbursement Rates (cents):				
Paid	14.5	17.0	17.5	0.5
Free	15.1	17.9	18.4	0.5
PROGRAM TOTAL (millions)	\$14.2	\$15.0	\$13.9	-\$1.1

- (2) An increase of \$12,879,000 for State Administrative Expenses (\$171,178,000 available for FY 2008).

Explanation of Change: This increase results from a rise in the estimated program obligations for FY 2007, which is the base year for calculating the availability of funds for this program in FY 2009. An appropriation of \$184,057,000 will be needed in FY 2009 for State Administrative Expenses. Each State will receive a grant of at least 1.5 percent of the funds expended for school programs by the State during FY 2007 with a minimum grant of \$200,000 plus non-discretionary formula funding for CACFP, which is included in the CACFP line. Funds that are available above the basic grant will also be allocated to the States.

State Administrative Expense funds are used for State employee salaries, benefits, support services and office equipment. The base amount of State Administrative Expenses available for allocation to States is equal to 1.5 percent of Federal cash program payments for the National School Lunch (excluding snacks), School Breakfast, CACFP (including snacks) and Special Milk Programs in the second previous fiscal year (i.e., FY 2007 for FY 2009).

In FY 2008, approximately \$877,000 of the \$175.6 million in State Administrative Expense funds will be applied to the FNS costs of directly operating Child Nutrition Programs in four States. Currently, FNS directly administers the Special Milk, School Lunch and School Breakfast Programs in four States; CACFP in one State; and the Summer Food Service Program in one State.

- (3) An increase of \$35,138,000 for Commodity Procurement (\$602,997,000 available for FY 2008).

Explanation of Change: An appropriation of \$638,135,000 will be needed to fund commodity procurement in FY 2009. This estimate is based on FNS receiving \$465 million in Section 32 support for entitlement commodities. The funding level for FY 2009 reflects changes in the projected commodity reimbursement rates based on the Producer Price Index for commodities, estimated at 1.8 percent for this period (the change for the previous year was 9.8 percent). The rate for SY 2007-08 is \$0.1875, and the rate is projected to be \$0.1900 for the SY 2008-09. This ensures that commodity support is adjusted for food cost inflation and maintains a stable base level of support for all meals. Funding is provided for commodity purchases used in the School Lunch Program, CACFP, and the Summer Food Service Program.

Section 6(e)(1) of the Richard B. Russell National School Lunch Act requires that not less than 12 percent of the total assistance provided under Section 4, Section 6, and Section 11 be provided in commodities. Bonus

commodities, which become available to schools as a result of USDA market support activities, count toward meeting the 12 percent requirement.

This provision is likely to be a consideration in managing the Child Nutrition Programs for the foreseeable future. Trends in the relative growth of meal reimbursement rates and commodity rates, coupled with likely continuation of low levels of bonus commodity donation, suggest that meeting the 12 percent requirement through normal program operations may be difficult (potential shortfalls are displayed in the table below). In the event of a shortfall, the Richard B. Russell National School Lunch Act provides for the necessary supplementary funding from Section 32.

COMMODITY COST DATA (\$ MILLIONS)				
COMMODITY PURCHASES:	2007 ACTUAL	2008 ESTIMATED	2009 ESTIMATED	CHANGE
CN Appropriation:				
AMS/CCC Commodities	\$465.0	\$465.0	\$465.0	0.0
Section 6 Commodities/Cash	454.0	517.1	548.2	\$31.1
12 percent Commodity Floor Requirement	199.9	150.0	150.0	0.0
SCHOOL LUNCH TOTAL	1,118.9	1,132.1	1,163.2	31.1
Child & Adult Care Food Program:				
Commodities/Cash	82.0	84.7	88.7	4.0
Summer Food Service Program:				
Commodities	1.1	1.2	1.2	0.0
TOTAL COMMODITY COSTS	1,202.0	1,218.0	1,253.1	35.1
APPROPRIATION (SEC. 6 + CACFP + SFSP)	537.1	603.0	638.1	35.1

- (4) An increase of \$31,000 for Team Nutrition (\$13,269,000 available in FY 2008).

Explanation of Change. This change will support the projected spending level for this activity, which strives to improve children's lifelong eating and physical activity habits by using the principles of the *Dietary Guidelines for Americans* and MyPyramid. Team Nutrition funds are used, among other things, to prepare and distribute training materials and for grants to State agencies. This amount includes \$19,000 to fund increased pay costs.

- (5) An increase of \$9,000 for Food Safety Education (\$1,991,000 available in FY 2008).

Explanation of Change. This change will support the projected spending level for this activity, which reinforces and expands FNS' efforts to provide Child Nutrition Program operators with continuous, effective training and technical assistance in food safety and food defense. Food Safety funds are used to develop and distribute training materials, provide training at all possible levels, and facilitate the implementation of food safety requirements into the operators' food service operations.

- (6) An increase of \$150,000 for the Coordinated Review Program (\$5,486,000 available in FY 2008).

Explanation of Change. This increase will support the projected spending level for this activity and provides \$143,000 to fund increased pay costs. Coordinated Review funds support FNS and State agency reviews to assess school management of the NSLP, evaluate the accuracy of local meal service data, and provide training and technical support to schools to ensure local program accountability.

- (7) An increase of \$62,000 for Computer Support and Processing (\$9,430,000 available in FY 2008).

Explanation of Change. This increase will support the projected spending level for this activity and provides \$39,000 to fund increased pay costs. Eight domestic feeding programs incorporate commodities as part of the overall assistance provided to recipient agencies. These funds are used to support the ordering and distribution of these commodities, which supports domestic agricultural markets in addition to providing food to the Child Nutrition Programs.

- (8) An increase of \$44,000 for CACFP Training and Technical Assistance (\$1,986,000 available in FY 2008).

Explanation of Change. This increase will support the projected spending level for this activity, which includes monitoring, training and providing technical assistance to State agencies on program management and oversight in CACFP, and directly conducting additional monitoring activity, as appropriate. This amount provides \$30,000 to fund increased pay costs.

- (9) An increase of \$2,000,000 for data collection and analysis for the fourth School Nutrition and Dietary Assessment (SNDA).

Explanation of Change.: This increase provides \$2,000,000 in the Child Nutrition Programs account for the fourth School Nutrition and Dietary Assessment (SNDA) data collection and analysis. The SNDA studies are the only source of national data on the nutritional quality of school meals, and are used to measure program performance and effectiveness, and to target program improvements. For more information please refer to the issue paper on page 27-39.

- (10) An increase of \$1,000,000 for Child and Adult Care Food Program (CACFP) Payment Error Estimates.

Explanation of Change.: This increase provides \$1,000,000 to develop estimates of payment errors in CACFP. The project would provide estimates for the two greatest potential causes of reimbursement error: (1) mistakes in reimbursement category decisions by the organizations that sponsor family day-care homes (FDCHs) and (2) mistaken or erroneous claims for meal reimbursement submitted by FDCH providers. For more information, please refer to the issue paper on page 27-40.

**FNCS PRESIDENT’S BUDGET FISCAL YEAR 2009
CURRENT LAW**

Program: Child Nutrition Programs

Proposal: Provide \$2 million in the Child Nutrition Programs account for the fourth School Nutrition and Dietary Assessment (SNDA) data collection and analysis.

Rationale: The SNDA studies are the only source of national data on the nutritional quality of school meals, and thus are used to measure program performance and effectiveness, and to target program improvements. In the course of the Program Assessment Rating Tool reviews of the school meals programs, FNS committed to conducting a SNDA study every 5 years to measure the progress schools are making toward meeting the National School Lunch Program and School Breakfast Program nutrient standards.

The most recent study, SNDA-III, collected data in School Year 2004-05, and will be released later this year. The SNDA-IV study would allow FNS to monitor school lunch and school breakfast meals as offered to students and as served (selected) by students. In order to reduce the cost of the study, SNDA-IV as proposed would not include the collection of student dietary intake data collected in SNDA-I and SNDA-III (but not in SNDA-II); while these provide important information on the impact of school meals, they do not directly inform the performance measures for NSLP and SBP.

FNS would award the base contract in FY 2008 to adjust the research design to the current school program operating environment, develop instruments and the OMB package. This FY 2009 proposal would fund the data collection, analyses and report preparation.

Goal: USDA Strategic Goal 5: Improve the Nation’s Nutrition and Health; Objective 5.1: Ensure Access to Nutritious Food; Objective 5.2: Promote Healthier Eating Habits and Lifestyles

Budget Impact:
(in millions)

	FY 2009
Budget Authority	\$2.0

**FNCS PRESIDENT'S BUDGET FISCAL YEAR 2009
CURRENT LAW**

- Program:** Child and Adult Care Food Program (CACFP)
- Proposal:** Provide \$1 million in the Child Nutrition Programs account to develop estimates of CACFP payment errors. The project would provide estimates for the two greatest potential causes of reimbursement error: (1) mistakes in reimbursement category decisions by the organizations that sponsor family day-care homes (FDCHs) and (2) mistaken or erroneous claims for meal reimbursement submitted by FDCH providers.
- Rationale:** The Improper Payments Information Act of 2002 requires all Federal agencies to calculate the amount of erroneous payments in Federal programs and to periodically conduct detailed assessments of vulnerable program components. In response, FNS has developed a method to estimate improper payments due to the assignment of FDCHs by sponsors to the incorrect reimbursement category. It provided a national estimate of the share of homes that are in the wrong reimbursement tier and the associated dollar payment error for 2005. This proposal would support updated estimates.
- The other potentially significant source of improper payments in the CACFP is errors in the meal claims FDCH providers submit for reimbursement. FNS is currently conducting a pilot evaluation to determine which of four potential methods of data collection can best validate the number and type of meals and snacks claimed for reimbursement by FDCHs participating in CACFP. The proposal will enable FNS to implement the best method identified and measure improper payments on a national sample of FDCHs.
- Goal:** USDA Strategic Goal 5: Improve the Nation's Nutrition and Health; Objective 5.3: Improve Nutrition Assistance Program Management and Customer Service

Budget Impact:
(in millions)

	FY 2009
Budget Authority	\$1.0

CHILD NUTRITION PROGRAMSSummary of Farm Bill Legislative Proposals

Proposed Legislation
Budget Authority (in millions)

Proposed Legislation	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	Total
Improving Program Integrity:							
Limit Food Stamp Program categorical eligibility - interaction with the National School Lunch and School Breakfast Programs	0.0	-\$16.0	-\$18.0	-\$18.0	-\$18.0	-\$18.0	-\$88.0
Promoting Healthy Diets:							
Conduct school food purchase study once every 5 years	0.0	3.0	0.0	0.0	0.0	0.0	3.0
Increase fruit and vegetable purchases through the National School Lunch Program	\$50.0	50.0	50.0	50.0	50.0	50.0	300.0
Total, Legislative Proposals	50.0	37.0	32.0	32.0	32.0	32.0	215.0

Explanation of Proposed Legislation:**Improving Program Integrity:**

- **Limit Food Stamp Program categorical eligibility – interaction with the National School Lunch Program and School Breakfast Program:** A change in eligibility criteria in the Food Stamp Program (eliminating categorical eligibility for recipients of non-cash TANF services) would result in fewer children being categorically eligible for the National School Lunch Program and the School Breakfast Program.

Promoting Healthy Diets:

- **Increase fruit and vegetable purchases through the National School Lunch Program:** An increase in fresh fruit and vegetable purchases for the National School Lunch Program would increase the availability of healthful foods that contribute to a healthful diet. The fruits and vegetables would be distributed to State agencies and schools in the same manner as commodities provided as part of a school's commodity entitlement.
- **Conduct school food purchase study once every 5 years:** Funding for a study of school food purchases every five years would help promote healthful eating by examining the type, quantity and value of foods purchased, and procurement practices and operating characteristics of school districts and the relationship of these characteristics to food costs.

Food and Nutrition Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
2007 and Estimated 2008 and 2009

Child Nutrition						
	FY 2007 Amount	Staff Years	FY 2008 Amount	Staff Years	FY 2009 Amount	Staff Years
Alabama	0	0	0	0	0	0
Alaska	0	0	0	0	0	0
Arizona	0	0	0	0	0	0
Arkansas	0	0	0	0	0	0
California	\$1,188,751	12	\$1,188,778	11	\$1,188,778	11
Colorado	1,095,574	13	1,095,599	13	1,095,599	13
Connecticut	0	0	0	0	0	0
Delaware	0	0	0	0	0	0
District of Columbia	0	0	0	0	0	0
Florida	0	0	0	0	0	0
Georgia	1,125,810	13	1,125,835	13	1,125,835	13
Hawaii	0	0	0	0	0	0
Idaho	0	0	0	0	0	0
Illinois	898,976	10	898,996	9	898,996	9
Indiana	0	0	0	0	0	0
Iowa	15,313	0	15,313	0	15,313	0
Kansas	10,644	0	10,644	0	10,644	0
Kentucky	0	0	0	0	0	0
Louisiana	0	0	0	0	0	0
Maine	0	0	0	0	0	0
Maryland	153,057	2	153,060	2	153,060	2
Massachusetts	1,184,058	13	1,184,085	13	1,184,085	13
Michigan	6,630	0	6,630	0	6,630	0
Minnesota	42,905	0	42,906	0	42,906	0
Mississippi	0	0	0	0	0	0
Missouri	105,930	1	105,932	1	105,932	1
Montana	20,045	0	20,045	0	20,045	0
Nebraska	15,619	0	15,619	0	15,619	0
Nevada	0	0	0	0	0	0
New Hampshire	0	0	0	0	0	0
New Jersey	2,760,536	21	2,760,599	21	2,760,599	21
New Mexico	0	0	0	0	0	0
New York	0	0	0	0	0	0
North Carolina	0	0	0	0	0	0
North Dakota	5,805	0	5,805	0	5,805	0
Ohio	10,618	0	10,618	0	10,618	0
Oklahoma	0	0	0	0	0	0
Oregon	0	0	0	0	0	0
Pennsylvania	77,371	1	77,373	1	77,373	1
Rhode Island	0	0	0	0	0	0
South Carolina	0	0	0	0	0	0
South Dakota	8,047	0	8,047	0	8,047	0
Tennessee	0	0	0	0	0	0
Texas	1,177,250	13	1,177,277	13	1,177,277	13
Utah	75,681	1	75,683	1	75,683	1
Vermont	0	0	0	0	0	0
Virginia	13,634,077	51	13,634,386	64	13,634,386	64
Washington	0	0	0	0	0	0
Wisconsin	1,617	0	1,617	0	1,617	0
Wyoming	1,500	0	1,500	0	1,500	0
West Virginia	179,441	2	179,445	2	179,445	2
American Samoa	0	0	0	0	0	0
Freely Associated States	0	0	0	0	0	0
Guam	0	0	0	0	0	0
N. Mariana Islands	0	0	0	0	0	0
Puerto Rico	92,209	1	92,211	1	92,211	1
Virgin Islands	0	0	0	0	0	0
Indian Tribes	0	0	0	0	0	0
DOD Army/AF	0	0	0	0	0	0
Undistributed	133,992	0	133,995	0	133,995	0
Total	\$24,021,456	154	\$24,022,000	164	\$24,022,000	164

FOOD AND NUTRITION SERVICE
Child Nutrition Programs - Appropriation

Classification by Objects
2007 Actual and Estimated 2008 and 2009
(in thousands of dollars)

	Personnel Compensation:	2007	2008	2009
	Washington D.C.	\$3,649	\$3,754	\$3,863
	Field	4,459	4,589	4,722
11	Total personnel compensation	8,108	8,343	8,585
12	Personnel benefits	1,948	1,981	2,015
13	Benefits for former personnel	0	0	0
	Total personnel compensation and benefits	10,056	10,324	10,600
	Other Objects:			
21	Travel and transportation of persons	1,282	1,282	1,313
22	Transportation of things	35	35	36
23.1	Rental payments to GSA			
23.2	Rental payments to others			
23.3	Communications, utilities, and misc. charges	156	156	158
24	Printing and reproduction	3,396	7,346	7,456
25	Other Services	11,962	12,062	12,351
25.1	Contractual Services Performed by Other Federal Agencies			
25.2	Related Expenditures			
25.3	Repair, Alteration or Maintenance of Equipment, Furniture or Structures			
25.4	Contractual Services - Other			
25.5	Agreements			
25.6	ADP Services and Supplies			
25.7	Miscellaneous Services			
25.8	Fees			
26	Supplies and materials	732,721	733,071	744,067
31	Equipment	290	290	290
32	Land and structures			
41	Grants, subsidies and contributions	12,646,287	13,233,077	13,933,001
42	Insurance claims and indemnities			
43	Interest and dividends			
45	Special Payments			
92	Undistributed			
	Total other objects	13,396,129	13,987,319	14,698,672
	Total direct obligations	13,406,185	13,997,643	14,709,272

Totals may not add due to rounding.

FOOD AND NUTRITION SERVICE
Child Nutrition Programs - Permanent Appropriation

Classification by Objects
2007 Actual and Estimated 2008 and 2009
(in thousands of dollars)

	Personnel Compensation:	2007	2008	2009
	Washington D.C.	\$828	\$852	\$876
	Field	1,011	1,041	1,071
11	Total personnel compensation	1,839	1,892	1,947
12	Personnel benefits	440	447	455
13	Benefits for former personnel	0	0	0
	Total personnel compensation and benefits	2,279	2,340	2,402
	Other Objects:			
21	Travel and transportation of persons	92	92	93
22	Transportation of things			
23.1	Rental payments to GSA			
23.2	Rental payments to others			
23.3	Communications, utilities, and misc. charges			
24	Printing and reproduction			
25	Other Services	1,064	1,064	1,080
25.1	Contractual Services Performed by Other Federal Agencies			
25.2	Related Expenditures			
25.3	Repair, Alteration or Maintenance of Equipment, Furniture or Structures			
25.4	Contractual Services - Other			
25.5	Agreements			
25.6	ADP Services and Supplies			
25.7	Miscellaneous Services			
25.8	Fees			
26	Supplies and materials			
31	Equipment			
32	Land and structures			
41	Grants, subsidies and contributions	18,534	42,271	15,675
42	Insurance claims and indemnities			
43	Interest and dividends			
45	Special Payments			
92	Undistributed			
	Total other objects	19,690	43,427	16,848
	Total direct obligations	21,969	45,767	19,250

Totals may not add due to rounding.

CHILD NUTRITION PROGRAMS

STATUS OF PROGRAM

The Child Nutrition Programs account provides funding for the following meal programs: National School Lunch Program, School Breakfast Program, Special Milk Program, Child and Adult Care Food Program, Summer Food Service Program, and Fresh Fruit and Vegetable Program.

Program Mission

The Child Nutrition Programs improve the diets of children in large part by providing them with access to nutritious meals based on the *Dietary Guidelines for Americans* and snacks away from home. The National School Lunch and School Breakfast Programs provide such benefits in public and private elementary, middle and secondary schools, and in residential child care institutions. The Special Milk Program provides fluid milk to any participating public or non-profit private school or child care institution that does not participate in other Federally subsidized meal programs. The Child and Adult Care Food Program provides food for the nutritional well-being of young children and adults in day care homes and non-residential centers, and for teenagers in after school programs in low-income areas. The Summer Food Service Program provides nutritious meals to children in low-income areas and in residential camps during the summer months, and at other times when school is not in session. In participating schools, the Fresh Fruit and Vegetable Program provides free fresh fruits and vegetables outside of the regular meal service to all students. These programs are administered in most States by the State education agency. Where State laws prohibit the State from disbursing funds to private schools and institutions, or in certain instances where such agencies are unwilling to operate a program, FNS administers the program directly through its regional offices.

REAUTHORIZATION

The Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265), which amended the Richard B. Russell National School Lunch Act (NSLA) and the Child Nutrition Act of 1966 (CNA), made changes to the Child Nutrition Programs in the areas of program access, healthy school nutrition environments, and integrity. The agency has issued new regulations and is in the process of promulgating additional regulations to implement these new provisions, which support an increased emphasis on food safety, increased efficiency and accuracy for eligibility determinations, and a reduction in administrative burden. See <http://www.fns.usda.gov/cnd/lunch/>, under "Reauthorization 2004," for more information.

The Act required that USDA increase the emphasis that meal providers place on increasing the consumption of foods and food ingredients that are recommended for increased consumption in the most recent *Dietary Guidelines for Americans*, and to keep meal requirements updated to the current nutrition science as reflected in the most current *Dietary Guidelines for Americans*, including food and physical activity recommendations. This underlines the importance of the *Dietary Guidelines for Americans* for shaping program benefits as well as nutrition education. The statute also mandated direct certification of children already certified in Food Stamp Program households, and provided for a variety of verification strategies to help ensure free and reduced price meals reach those for whom they are intended.

NATIONAL SCHOOL LUNCH PROGRAM

Program Mission

The National School Lunch Program (NSLP) provides funds to States for lunches served to students during lunch periods at school and for snacks served to children participating in after school care programs. The lunches must be consistent with the statutory and regulatory nutrition standards, which are based on the principles of the *Dietary Guidelines for Americans*. States are generally reimbursed on the basis of the number of lunches and snacks served to children in participating schools at reimbursement rates that vary according to family need. Reimbursement for snacks served by schools in needy areas is paid at the free meal rate.

The Federal Government pays a base rate for all meals served, including lunches to children whose family income is above 185 percent of the Federal poverty guidelines. A base value for commodities is also provided for all lunches. Children from families with incomes at or below 130 percent of the Federal poverty level qualify for free meals, while those from families with incomes between 130 and 185 percent qualify for reduced price meals. For the period of July 1, 2007, to June 30, 2008, a child from a family of four with an annual income of \$26,845 or less will be eligible for free meals, and a child from a family of four with a family income of no more than \$38,203 will be eligible for reduced price meals. The per meal reimbursement rates for meals served are revised on July 1 of each year. The cash reimbursement for a free or reduced price lunch is the sum of Section 4 (base) and Section 11 (supplemental) reimbursement rates. School food authorities (SFAs) that served 60 percent or more free and reduced price lunches during the second preceding school year receive increased assistance at the rate of \$0.02 per meal served.

Facts in Brief

- On an average school day in FY 2007, more than half of all school children in America were provided a NSLP lunch. At participating schools and residential child care institutions (RCCIs), approximately 61.3 percent of the enrolled students participated in the NSLP on a daily basis, up from 60.4 percent in FY 2006.
- In FY 2007, a total of 5.06 billion meals were served in the NSLP, a 0.7 percent increase from the 5.03 billion served in FY 2006. On average, over 28.3 million lunches were served daily, a 1.4 percent increase from the FY 2006 daily average of 27.9 million lunches.
- In FY 2007, approximately 59.3 percent of total meals served were provided free or at a reduced price, about the same as in FY 2006.
- Fifty-six more schools participated in the NSLP in FY 2007 than in FY 2006, and a total of 101,561 schools and RCCIs participated in the NSLP (a slight decrease from FY 2006 since 329 fewer RCCIs participated in FY 2007).

Coordinated Review Effort

FNS and State agencies conduct NSLP reviews to assess school management of the NSLP, evaluate the accuracy of local meal service data, and provide training and technical support to schools to help ensure local program accountability. Preliminary data for school year (SY) 2005-2006 indicate that administrative reviews were conducted at 3,953 SFAs and 5,680 schools.

Funds allocated for these reviews support the identification of errors that result in claims, and support the development of corrective action plans, which assist SFAs in identifying needed improvements to their certification and verification systems. Ultimately, the corrective action plans will result in more efficient distribution of program benefits to eligible children.

School Meals Initiative

The School Meals Initiative for Healthy Children (SMI), introduced in the mid-1990s, is a comprehensive effort by FNS and State agencies to assure that school children have access to and are encouraged to consume healthful, nutritious meals that taste good and are consistent with the most recent *Dietary Guidelines for Americans*. FNS studies indicate that schools have made progress towards meeting the SMI nutrition goals, but more needs to be done to accomplish these goals.

To build upon the implementation of SMI, FNS continues to revise and update training and guidance materials for State agencies and school districts. These materials are posted on the Team Nutrition Web site and the Partner Web site and include:

- *The Road to SMI Success - A Guide for School Foodservice Directors;*
- *Nutritional Analysis Protocols - How to Analyze Menus for USDA's School Meals Programs;*
- *State Agency SMI Reviewers' Monitoring Guide;* and
- SMI Review Forms.

In 2007, FNS completed the second year of a three-year commitment to complement classroom training with field training (i.e., accompanying State agencies and FNS regional staff on SMI reviews).

Team Nutrition

Team Nutrition's goal is to improve children's lifelong eating and physical activity habits by using the principles of the *Dietary Guidelines for Americans* and MyPyramid. Team Nutrition activities strive to instill healthy behaviors in children to prevent nutrition-related health problems, including obesity, diabetes, and other nutrition related illnesses. Team Nutrition complements the President's HealthierUS Initiative, which promotes four keys for a healthier America: be physically active each day, eat a nutritious diet, get preventive screenings and make healthy choices.

FNS, in cooperation with the National Food Service Management Institute (NFSMI), provides training on the use of Team Nutrition materials to local program operators at State agency and Child Nutrition Programs association meetings. In addition, training is provided through food procurement, financial management, leadership, and culinary skills workshops, and through hands-on technical assistance to schools and State agency personnel. A healthy meals hotline provides technical assistance to school food service personnel with questions about menu planning, nutrient requirements, food purchasing, and nutrient analysis. The USDA Recipes for Schools and USDA Recipes for Child Care are available on the NFSMI Web site at <http://www.nfsmi.org/Information/resourceguide.htm#RECIPES-INDEX> and have been revised through the NFSMI cooperative agreement. The USDA Recipes for Schools have also been distributed to schools on CD-ROM with printed supplemental information. NFSMI also hosts the Child Nutrition Archives, which contain collections of archived materials and oral histories.

Grants: Team Nutrition has provided more than \$50 million in training grants to State agencies over a period of 13 years. These grants are intended to establish and enhance Statewide sustainable infrastructure and training systems to assist local agencies in implementation of USDA's nutrition requirements, the *Dietary Guidelines for Americans*, MyPyramid, and other nutrition-related goals.

Materials: Team Nutrition has developed more than 100 different materials of various types, providing nutrition education for children and their families, providing technical assistance for foodservice professionals, and encouraging community support for healthy children. All of the materials are available on the Team Nutrition Web site to download and order.

Following the release of the new MyPyramid food guidance system, FNS launched MyPyramid for Kids, a child-friendly version of MyPyramid targeted to school children that focuses on making smart food choices every day. Team Nutrition developed and distributed more than 100,000 MyPyramid for Kids classroom kits. These educational materials for elementary school age children include a child-friendly graphic and slogan, a two-sided classroom poster, classroom lesson plans for grades 1-6, the *Tips for Families* mini poster, and Blast Off, an interactive learning computer game. In 2007, Team Nutrition distributed more than 400,000 copies of *Team Up At Home* to elementary school children through Team Nutrition Schools. *Team Up At Home* is a collection of hands-on MyPyramid nutrition education activities for parents to use with their elementary school-age children. Also distributed to elementary school children is Team Nutrition's new activity pyramid that expands on the physical activity messages of the *Dietary Guidelines for Americans*. Middle and high schools and afterschool programs also received new Team Nutrition materials addressing the principles of the *Dietary Guidelines for Americans* and MyPyramid. *Nutrition Essentials* includes 5 new posters and lesson plans to be used in a classroom setting. Developed for afterschool programs, *Empowering Youth with Nutrition and Physical Activity* provides innovative activities and games designed to teach youth how to make smart eating and physical activity choices.

To enhance school and community support, Team Nutrition placed a major emphasis on eliciting community involvement to ensure that children received the program's healthy eating and physical activity messages. Team Nutrition continues to distribute *Changing the Scene*, a how-to kit designed to help local schools evaluate their school nutrition environment and make improvements and *Making It Happen: School Nutrition Success Stories*, a follow up publication that tells the stories of 32 schools and school districts from across the United States that improved their school nutrition environments by promoting the

consumption of healthful foods and making them accessible to students in school. More than 45,000 kits and manuals have been distributed to State agencies and to individuals working with local schools.

The HealthierUS School Challenge recognizes elementary schools that demonstrate a commitment to the health and well being of their students, and supports the President's HealthierUS Initiative to improve the health and well being of all Americans. Team Nutrition schools that have taken a leadership role in improving the nutritional quality of school meals, by providing students with nutritious food and beverage choices outside of the school meals programs, and by providing nutrition education and physical activity opportunities for their students, are recognized as a Gold, Silver or Bronze HealthierUS School. More than 180 schools have been recognized to date.

In addition, FNS provides support to school and childcare foodservice staff through the Web-based Healthy Meals Resource System, which provides access to print and electronic training materials and the Education and Training Materials Database – a database of common foods, USDA commodities, and new recipes.

Program Assessment Rating Tool

OMB completed a PART review of the NSLP in 2003 and a re-assessment in FY 2006 and rated the program as moderately effective. The reviews showed that the NSLP is generally well designed and has a clear purpose, but noted that additional information is needed on program performance, including the quality of school meals and the level of erroneous program payments. FNS addressed the findings of the original assessment by developing new measures to better monitor program performance and by implementing new legislative provisions to improve the certification process for school meals. It is continuing to address findings from both reviews by:

- Recognizing schools for improvements in the school environment, including better school meals and changes in foods served outside of these programs, through the HealthierUS School Challenge;
- Conducting studies to assess the nutrient content of school meals, and to determine the level of erroneous payments in the school meals programs and the sources of these errors. New studies on both subjects were released in November 2007 (see Child Nutrition Programs Studies and Evaluations, below); and
- Continuing to implement new legislative provisions to improve the certification process for school meals, including mandatory direct certification requirements, and focused verification and verification follow-up.

SCHOOL BREAKFAST PROGRAM

Program Mission

The School Breakfast Program (SBP) provides funds to States for breakfasts served to students at or close to the beginning of their day at school. The SBP is available to the same schools and institutions that are eligible to participate in the NSLP. For each breakfast served, schools are reimbursed at established rates for free, reduced price, and paid meals. Schools in which 40 percent of lunches served to students during the second preceding school year were served free or at a reduced price receive higher "severe need" reimbursements for breakfasts served free or at a reduced price.

Children from families that meet the income eligibility guidelines can qualify for free or reduced price breakfasts. The income eligibility guidelines for the SBP are the same as those for the NSLP. Per meal reimbursement rates for meals served are revised on July 1 of each year.

Facts in Brief

- In FY 2007, program availability rose to 85,697 institutions (an increase of 1.9 percent from FY 2006) with an enrollment of 42.9 million students (an increase of 1.8 percent from FY 2006). This is more than double the FY 1990 levels of 42,766 institutions with an enrollment of 20.7 million.

- The program was available to 86 percent of the students enrolled in schools participating in the lunch program in FY 2007, as compared to 50 percent in FY 1990. Average daily participation in FY 2007 was 10.1 million, an increase of approximately 3.8 percent from the prior year.
- The portion of total meals served free or at a reduced price was about 80.6 percent during FY 2007, down slightly from the 81.2 percent portion during FY 2006.
- Over 1.71 billion breakfasts were served in FY 2007, an increase of 2.9 percent over FY 2006. On average, 9.4 million breakfasts were served daily, compared to 9.1 million in FY 2006, or a 3.8 percent increase.

FNS continues to work with State agencies to improve participation by supporting creative approaches to breakfast service, such as classroom service of meals, kiosks, and increased use of alternative techniques to meal counting and claiming.

Program Assessment Rating Tool

OMB completed a PART review of the SBP in 2004 and rated the program as moderately effective. The review showed that the SBP is generally well designed and has a clear purpose, but also noted that inaccuracy in the certification of participants remains an important problem. USDA recently completed a study that estimates the level of erroneous payments in the school meals programs and the sources of these errors (see Child Nutrition Programs Studies and Evaluations, below). FNS is addressing the findings of the review by:

- Focusing on improving the nutritional content of meals;
- Encouraging participation of high poverty schools through new program regulations; and
- Implementing new provision to improve the certification process for determining eligibility for free and reduced price meals.

SPECIAL MILK PROGRAM

Program Mission

The Special Milk Program (SMP) has encouraged consumption of fluid milk since 1955. Any public or non-profit private school or child care institution that does not participate in other Federal meal programs, such as NSLP, SBP and CACFP, may participate in the SMP. However, schools in the NSLP or SBP may also participate in the SMP to provide milk to children in half-day pre-kindergarten and kindergarten programs where these children do not have access to the school meal programs. Participating schools and child care institutions are reimbursed for part of the cost of milk served to children.

Facts in Brief

- The number of half pints served as part of the SMP decreased from 96.8 million in FY 2006 to 91.4 million in FY 2007, a 5.7 percent decrease. Overall, the number of half pints served has decreased from 190.2 million in FY 1990 to 91.4 million in FY 2007, a 52 percent decrease.
- A total of 6,311 schools, non-residential child care institutions and summer camps participated in the SMP in FY 2007, a 2.1 percent decrease from the FY 2006 level of 6,444. The number of participating schools, institutions and summer camps decreased by 57, 43 and 33, respectively.
- The portion of half pints served free during FY 2007 was about 7.3 percent, about the same level as in FY 2006.

CHILD AND ADULT CARE FOOD PROGRAM

Program Mission

The Child and Adult Care Food Program (CACFP) provides cash and commodities, or cash in lieu of commodities, for food service to: children in non-residential child care centers and family or group day care homes; children and teenagers in afterschool programs in low-income areas; children, through age 18, who reside in homeless shelters; and chronically impaired adults and persons 60 years of age or older who are

enrolled in adult day care centers. In order to participate, child care centers must be either public or private non-profit or for-profit centers in which at least 25 percent of their enrollment or licensed capacity receive Title XX funds or are eligible for free or reduced price school meals. Adult day care centers must provide nonresidential adult day care, be either public or private non-profit, or for-profit centers receiving Title XIX or Title XX funds, for at least 25 percent of their licensed capacity. All participating providers must be licensed or approved according to Federal, State or local standards. Outside-school-hours care programs and at-risk afterschool centers in areas where Federal, State or local licensing or approval is not required may participate in CACFP by meeting State or local health and safety standards. Funds are made available to the States for audit expenses associated with the administration of the CACFP. FNS directly administers the CACFP in the Commonwealth of Virginia.

Centers receive applications from parents or adult participants and make eligibility determinations based on family size and income, essentially following the same guidelines used in the NSLP. Centers receive reimbursements based on a free, reduced price, or paid meal rate for each eligible meal type they serve (CACFP facilities may serve breakfasts, lunches, snacks, or suppers). Family or group day care homes receive reimbursement under a two-tier system intended to target program funds to support low-income children, while requiring less paperwork than would be necessary if the NSLP guidelines were used. Under this system, a higher reimbursement rate is paid to daycare homes located in areas where 50 percent of the children are eligible for free or reduced priced meals or where the provider's household size and income meet the established income criteria for free or reduced price meals. The higher rate of reimbursement may also be paid to providers who are food stamp recipients. All other homes receive reimbursement at a lower rate, except where individual children who are enrolled for care in the home are determined to be eligible for the higher meal rate.

Facts in Brief

- In FY 2007, the combined average daily attendance in CACFP was approximately 3.1 million children and adults, up slightly from FY 2006.
- Of 3.0 million children in average daily attendance in FY 2006, almost 2.2 million were in child care centers and fewer than 900,000 were in family day care homes.
- On average, in FY 2007 a CACFP child care center had about 46 children in attendance on an average day, and received slightly less than \$26,000 a year in meal reimbursement.
- By comparison, on average a family day care home cared for and fed six children on an average day, and received slightly less than \$5,000 a year in meal reimbursement.
- Total meal service increased slightly from 1.83 billion in FY 2006 to 1.85 billion in FY 2007.
- In FY 2007, approximately 81.3 percent of total meals served were provided free or at a reduced price, about the same as in FY 2006.

Agency Expands Program Integrity Efforts

FNS continues to address management weaknesses identified by Federal and State reviews and Office of Inspector General (OIG) audits. In an effort to measure the effectiveness of the CACFP management improvement regulations and guidance, FNS conducted 60 Child Care Assessment Projects between FY 2004 and FY 2007. The results of these evaluations are being analyzed. Regulations finalizing two interim rules implementing the provisions of the Agricultural Risk Protection Act of 2000 and recommendations found in OIG audits are under development.

Program Assessment Rating Tool

OMB completed a PART review of the CACFP in 2005 and an abbreviated re-assessment in 2006 and rated the program as adequate. The reviews showed that the program is well targeted to low-income children and most participating centers and homes provide well-balanced meals and snacks, but that additional performance information is needed to fully assess and monitor the program's performance. FNS is addressing the findings of the review by:

- Developing new long-term measures, and is pilot-testing a process to collect annual data on compliance with meal pattern requirements;

- Undertaking a management improvement initiative to address identified weaknesses in program management; and
- Collecting annual data on the accuracy of reimbursement rate determinations in family day care homes to determine the program's efficiency in ensuring payments are made properly.

SUMMER FOOD SERVICE PROGRAM

Program Mission

The Summer Food Service Program (SFSP) provides funds for food service to needy children during their summer break from school or during lengthy breaks for those in year-round schools. Participating institutions must serve children in areas where poor economic conditions exist. Institutions must be public or private non-profit schools, government agencies, private non-profit organizations that meet certain criteria, residential camps, or National Youth Sports Programs. Meals consistent with the *Dietary Guidelines for Americans* are served free to all participants through age 18 and are limited to two meals (but not lunch and supper) or one meal and a snack, except in summer camps or migrant programs, which may serve up to three meals or two meals and a snack to each participant daily.

In addition to cash support, commodities are distributed to program sponsors that are schools, that prepare their own meals, or that obtain their meals from schools. Funds also are made available to conduct health inspections and to defray State and local administrative costs.

Facts in Brief

- During July 2007, the peak month of program operations, about 1.9 million children participated in the program on an average day.
- During FY 2007, 30,658 feeding sites provided 120.3 million meals to needy children through the SFSP. This is a 2.5 percent increase from the 117.3 million meals provided in FY 2006.
- In FY 2007, as in FY 2006, approximately 60 percent of the meals served were lunches, 25 percent were breakfasts, and the remaining 15 percent were suppers and supplements.

Program Assessment Rating Tool

OMB completed a PART review of the SFSP in 2006 and rated the program as moderately effective. The review found the program is effectively providing nutritious meals to low-income children and the number of children served during the summer has kept pace with overall increases in lunch participation during the school year. After a substantial drop between 2001 and 2002, there has been a modest increase in the number of SFSP sites and sponsors. FNS is addressing the findings of the review by:

- Supporting greater use of optional alternative operating procedures designed to encourage summer meal service by schools; and
- Examining program meal patterns to ensure consistency with the *Dietary Guidelines for Americans*.

Promotion of SFSP

FNS continues to promote low-income children's access to nutritious meals and snacks when school is not in session. The agency seeks to enhance the quality of program services provided, recruit organizations to sponsor the program, simplify reporting requirements, and increase access.

The Simplified Summer Food Program, authorized by the Child Nutrition and WIC Reauthorization Act of 2004, allows sponsors in 26 States and one territory to participate in the SFSP under simplified cost accounting procedures. The simplified requirements encourage organizations to provide meals to low-income children in States that have traditionally had lower than average participation by reducing paperwork and other administrative burdens.

The Child Nutrition and WIC Reauthorization Act of 2004 also provided \$2 million for FY 2006 and \$1 million each for FYs 2007 and 2008 to establish grants supporting innovative approaches to reach

eligible children in rural areas where limited transportation resources have been a barrier to SFSP participation. Thirty-nine institutions in five States were awarded Rural Transportation Grants and have added transportation services in rural areas. An interim report on grant activities was prepared and forwarded to Congress in early 2007. A final program report will be forwarded to Congress in early 2009.

The Seamless Summer Option combines features of the NSLP, SBP and SFSP to allow school districts to operate SFSP under the same requirements they follow during the regular school year. FNS issued guidance for program operators to assist them in exercising this option. Regulations to incorporate the Seamless Summer Option into the school meal programs are under development.

FRESH FRUIT AND VEGETABLE PROGRAM

In the Farm Security and Rural Investment Act of 2002 (P.L. 107-171), Congress authorized \$6 million for a Fresh Fruit and Vegetable Pilot Program (FFVP) in 25 schools in four States and in schools on one Indian reservation. The pilot was designed to promote children's consumption of fresh fruits and vegetables and funded the availability of free fresh and dried fruits and fresh vegetables to all children in participating schools. The Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265) authorized \$9 million for the program, made the FFVP a permanent program in the four pilot States and one Indian Tribal Organization (ITO), and extended the program to four new States and two ITOs. The eight permanent States and three permanent ITOs are: Iowa, Michigan, Indiana, Ohio, Washington, Pennsylvania, North Carolina, Mississippi, the South Dakota Oglala Sioux Tribe ITO, the Inter Tribal Council of Arizona, representing the Arizona Gila River Pima and Tohona O'odham communities), and the New Mexico Zuni ITO. The eight states each have 25 FFVP schools, and there are 25 schools among the three ITOs, for a total of 225 schools.

In 2005, Public Law 109-97 temporarily expanded the FFVP by appropriating an additional \$6 million to carry out the program in 25 schools in six more States. These six States are authorized to operate the FFVP through June 30, 2008, though most have expended all their funds. No further funds have been appropriated. The six temporary expansion States are: Utah, Wisconsin, New Mexico, Texas, Connecticut, and Idaho.

FOOD SAFETY

Food safety education funds are used to reinforce and expand FNS' efforts to provide Child Nutrition Program operators with continuous, effective training and technical assistance in food safety and food defense. FNS develops materials, ensures their delivery at all appropriate levels, makes training available at all possible levels, and facilitates the implementation of food safety requirements into the operators' food service operations.

Food safety research, training, and other resources were developed by NFSMI using funds provided under food safety cooperative agreements with FNS. NFSMI will continue to conduct research, develop training resources, and conduct evaluations in the area of food safety.

FNS Food Safety Activities:

- *Food Defense:* The Food Safety Staff moved several food defense projects forward in 2007. FNS participated in an exercise with the Food and Drug Administration (FDA), USDA Food Safety and Inspection Service (FSIS) and Agricultural Marketing Service (AMS), and State and local staff to take samples and test food products that were identified in an exercise scenario. The food product was one that could be used in the school meals program, and FNS coordinated with eight States to have sampling done at central kitchen foodservice sites. The Food Safety Staff conducted a pilot food defense tabletop exercise in Des Moines, Iowa involving the intentional contamination of a food product in the NSLP. The exercise will be revised based on feedback from the pilot and will be released as a package for States and local program operators to use to test their own food defense plans. The Food Safety Staff is working with FDA to modify a software program that could be useful to

Child Nutrition Program operators to identify vulnerabilities in their foodservice operations. The Food Safety Staff continued to provide food defense training at State and national meetings and conferences.

- *USDA-Sponsored Food Safety Education Camp:* Food Safety Staff participated in two USDA-sponsored Food Safety Education Camps held at the USDA facility in Beltsville, MD. The camps were held on May 23 and October 24, 2007, and 60 and 90 fourth grade students, respectively, from Prince George's County, Maryland public schools learned scientific and practical principles about food safety from USDA scientists and food safety specialists at ten different booths. The "camp" curriculum meets the county's science curriculum standards. The FNS Food Safety Staff booth introduced students to the principles of epidemiology in a foodborne disease outbreak investigation and asked them to be junior detectives and figure out what food caused the fictitious illness and why it occurred.
- *Food-Safe Schools Action Guide:* USDA collaborated with the Centers for Disease Control and Prevention, as a member of the National Coalition for Food Safe Schools (NCFSS), to develop the Food-Safe Schools Action Guide (Action Guide) kit. The Action Guide provides a practical process that highlights a team approach to school food safety. The kit contains Action Sheets for members of the school community, including food service staff, teachers, nurses, administrators, families, health department staff, and cooperative extension staff. Each Action Sheet contains a short list of customized recommendations for what the staff member should do at a minimum for preventing school foodborne illness. FNS continued promotion and outreach activities for the Action Guide by making presentations at the School Nutrition Association's Annual National Conference in Chicago, Illinois in July 2007, and at the National Environmental Health Association's Annual Educational Conference & Exhibition in Atlantic City, New Jersey in June 2007. The contents of the Action Guide can be downloaded at the NCFSS Web site: www.foodsafeschools.org.
- *Distribution of food safety materials:* The Food Safety Staff coordinated an outreach effort to State agencies that operate nutrition assistance programs to promote ordering and distributing existing food safety materials. Orders from 35 State agencies were received.

Examples of food safety activities conducted in FY 2007 by NFSMI, under food safety cooperative agreements with FNS, include:

- In February 2007, a meeting of food safety experts familiar with the Child Nutrition Programs was held to review existing materials and provide recommendations for the development of the format and content of materials for training for the Emergency Preparedness/Food Defense Network. Based on feedback from the group and from a pilot training session at the USDA Southwest regional office in December 2006, the materials are currently under revision.
- NFSMI met with the Center for Educational Research and Evaluation at The University of Mississippi to plan a comprehensive evaluation of the food safety activities conducted under all cooperative agreements, if feasible. Individual evaluations of projects will continue to insure the effectiveness of materials and training.
- NFSMI conducted two sessions of individualized technical assistance for program operators in Louisiana and South Dakota to help them develop food safety programs based on Hazard Analysis and Critical Control Point (HACCP) principles. This technical assistance was established to aid program operators who were encountering barriers in complying with the program requirements.
- NFSMI conducted food safety and HACCP training at State agency and School Nutrition Association conferences/ meetings from October 1, 2006, through September 30, 2007 as follows: 36 sessions presented to 2,069 participants in 12 different States.

Food Safety Inspection Compliance

The Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265) increased the required number of school food safety inspections from one to two. Reports submitted by the State agencies for SY 2005-2006, the first year in which two inspections were required, indicate that:

- 57,450 (57 percent) of the schools met or exceeded the requirement;
- 27,184 schools (27 percent) reported one inspection;
- 9,498 schools (9 percent) reported zero inspections; and
- 7,309 schools (7 percent) did not report data.

The vast majority of required information has been reported to FNS by State agencies. We are still working with some State agencies to get complete data. Reporting delays are generally due to communication problems between a State agency and the SFAs related to problems in new computer programming.

Some of the reasons cited by State agencies for schools not meeting the inspection requirement are:

- Lack of local public health inspectors in small towns and rural settings;
- Insufficient staff/funds at State and local public health agencies to handle increased inspection load; and
- Public health agencies prioritize inspections according to risk, and schools are a low priority.

FNS will continue to communicate with State agencies, inspectors, and other stakeholders to ensure that schools make progress in meeting the inspection requirement. At the same time, State agencies will continue to assist their SFAs through technical assistance, administrative reviews, and other means. During administrative reviews, SFAs will be asked about the schedule of food safety inspections. Written guidance used by State agencies for administrative reviews has been recently updated to include the food safety inspection and reporting requirement.

ACQUISITION AND DISTRIBUTION OF COMMODITIES

Eight domestic feeding programs incorporate commodities as part of the overall assistance provided to recipient agencies. The Farm Service Agency (FSA), AMS and FNS work together to provide commodities to these programs in the types, forms and quantities needed to meet planned levels of assistance. Commodity purchases support domestic agricultural markets in addition to providing food to Child Nutrition Programs and other nutrition assistance programs.

The commodity subsidy for the NSLP and CACFP is authorized by Section 6(c) of the NSLA and is based on a "rate per meal" concept which is adjusted each July 1 to reflect changes in the Producer Price Index for food used in schools and institutions. Similarly, Section 13(h) of the NSLA authorizes commodity assistance for the SFSP. Additionally, Section 6(e) of the NSLA requires that in each school year, not less than 12 percent of all Federal food assistance in the NSLP be provided in the form of commodities. When available, USDA also provides bonus commodities acquired through the price support and surplus removal programs. The value of the bonus commodities is provided as an addition to the rate of per meal assistance.

FY 2007 Commodity Assistance

In FY 2007, schools, day care centers and residential institutions were authorized to receive an average of 17.00 cents worth of commodities per lunch/supper served. Commodity assistance to Child Nutrition Programs (excluding bonus commodities) totaled \$1,185.8 million for FY 2007. In SY 2006-2007, which extended from July 1, 2006 to June 30, 2007, FNS faced a shortfall of approximately \$168 million in meeting the 12 percent requirement (approximately \$199.9 million was obligated in FY 2007). In response, FNS provided additional commodities to schools to ensure the 12 percent requirement was met.

Cash in Lieu of Commodities

Section 6(c) of the NSLA authorizes funds to be used to provide cash in lieu of commodities. The entities currently receiving cash in lieu of commodities are the State of Kansas, the sites that participated in alternatives to commodity donation and which received commodity assistance in the form of cash in lieu of Commodity Letters of Credit, and nonresidential child care institutions electing to receive their commodity entitlements in cash.

Electronic Commodity Ordering System

The Electronic Commodity Ordering System (ECOS) allows State agencies to submit commodity orders directly into a centralized, Web-based computer interface that provides greater access, input and transparency to the food distribution process. Several State agencies have rolled out ECOS to the school district level, and FNS expects more to do so each year for the next several years. Receiver organizations, such as warehouses and processors, are registering in ECOS to monitor and acknowledge receipt of commodity orders. The improvements in electronic communication enhance the timely flow of commodities through the program supply chain.

There are 214 active State agencies and ITOs (a 73 percent increase over FY 2006), 4,110 recipient agencies (a 49 percent increase), and over 129 processors (a 29 percent increase) with 240 plants on-line with ECOS. There are currently more than 7,500 users of the ECOS system. Virginia, Connecticut, Georgia, Florida, Maryland, Utah, Kentucky, Nebraska and North Carolina currently use ECOS down to the recipient agency level. California, Michigan and New York all use ECOS for their larger school districts and co-ops. Pennsylvania and New Jersey enrolled a portion of their recipient agencies in FY 2007 and will continue the roll out through FY 2008. Colorado and Texas are assessing their ability to roll out ECOS to their recipient agencies for use in SY 2008-2009.

ECOS has improved the process of ordering and tracking commodities for its program partners and customers. In FY 2007, FNS enhanced ECOS with the following features:

- The Food Safety and Security Rapid Alert System (RAS) component was enhanced to allow pre-notification staging of recall information. Additional RAS modifications improved the ability of the component to manage very large volumes of recall data, as experienced in the summer of 2007.
- The ECOS ordering capability was enhanced to support a co-op structure by States and recipient agencies. The use of co-ops allows smaller recipient agencies to pool their purchasing power and improve their chances to obtain desired commodities.
- Additional maintenance activities improved complaint management, reporting and system performance and capacity capabilities.

**COMMODITY ASSISTANCE PROVIDED TO CHILD NUTRITION PROGRAMS
VALUE OF COMMODITIES AND CASH IN LIEU OF COMMODITIES
FISCAL YEAR 2007**

	Value (In \$ Millions)
Entitlement Commodities	
Commodities Financed with Funds Appropriated to FNS (Section 6(e)):	
Meats, Poultry, Fruit, and Vegetables	\$166.5
Grains, Oils, Peanut Products, Cheese, Flour and Dairy	265.0
Subtotal:	431.5
Financed with Funds Appropriated to CCC (Section 416) or AMS and "donated" to FNS:	
Meat, Poultry, Fish, Fruits and Vegetables (AMS)	664.9
Subtotal: Entitlement Commodities	1,096.4
Cash in Lieu of Entitlement Commodities:	
Kansas	9.4
Child and Adult Care Food Program	82.0
Cash CLOC	14.2
Subtotal: Cash in Lieu of Entitlement Commodities	105.6
TOTAL: Entitlement Commodities and Cash in Lieu of Commodities	1,202.0
Bonus Commodities:	
Fruits and Vegetables (AMS)	16.0
Instant Non-Fat Milk (FSA)	0.9
Subtotal: Bonus Commodities	16.9
Administrative Expenses:	
AMS & FSA Reimbursement	2.3
Processed Commodity Inventory Management System	5.3
Update Commodity System Computer Software	2.4
Subtotal: Administrative Expenses	10.0
GRAND TOTAL	1,228.9
MEMO: Total FNS funds for commodities and admin expenses	547.1

Totals may not add due to rounding.

Bonus Commodity Donations

USDA supports domestic production agriculture through the Surplus Removal Program administered by AMS and the Price Support Program of FSA. Commodities acquired through these programs are donated to FNS for distribution to nutrition assistance programs as "bonus" commodities. Distributions are limited to the types and quantities of product FNS determines can be used without waste, based on market needs and the needs of FNS outlets and programs.

- Surplus Removal Program: In FY 2007, almost \$16.0 million of perishable and semi-perishable bonus commodities were delivered to schools and other eligible child nutrition outlets under the Section 32 Surplus Removal Program authority.
- Price Support Program: Changes in farm legislation and farm economic conditions have reduced the need for purchases under price support programs. Accordingly, the value of FSA purchased bonus commodities distributed through Child Nutrition Programs during FY 2007 was \$0.9 million.

Commodity Administrative Expenses

USDA also funds some of the operational costs of the Processed Commodity Inventory Management System (PCIMS), which integrates the commodity purchasing, tracking, shipping and payment for the commodity activities of FNS, AMS and FSA. The three agencies are working on a Web-Based Supply Chain Management System to replace PCIMS and its satellite systems. ECOS continues to be updated and

enhanced to support the commodity program requirements pending deployment of the new system (see Acquisition and Distribution of Commodities for additional information).

Department of Defense Fresh Produce Project

FNS and the Department of Defense (DoD) work together to enable school districts to obtain fresh produce. Under this joint venture, schools can use their commodity entitlement to order fresh produce through DoD's contracting and distribution network. This project has grown steadily since its beginning in SY 1994-1995, and forty-seven States, Puerto Rico, the District of Columbia, Guam and the Virgin Islands spent a combined total of \$50 million in entitlement funds on produce through this program in SY 2006-2007. In addition to these Federal purchases, 20 States, Puerto Rico, the District of Columbia and the Virgin Islands used Section 4 and 11 funds to purchase over \$25 million in fresh produce directly from DoD.

STATE ADMINISTRATIVE EXPENSE FUNDS

Section 7 of the Child Nutrition Act of 1966 authorizes funds to the States for program administration and for supervision and technical assistance in local school districts and child care institutions. In FY 2007, an initial amount of \$162.8 million was allocated for State Administrative Expenses (SAE), including \$92.4 million for administration of the school food programs, \$57.5 million for the administration of the CACFP, and \$12.9 million for the administration of the Food Distribution Program.

Funds appropriated for SAE are available to States for obligation over a two-year period. The State agency may carry over up to 20 percent of the initial allocation. Each fiscal year, carryover exceeding the 20 percent limit is recovered by FNS.

CHILD NUTRITION PROGRAMS STUDIES AND EVALUATIONS

The following studies and reports were released by FNS in FY 2007 and early FY 2008 and are available on the FNS Web site at www.fns.usda.gov/oane.

NSLP/SBP Access, Participation, Eligibility, and Certification Study – Erroneous Payments in the NSLP and SBP: This study provides the first reliable national estimates of erroneous payments made to school districts for the NSLP and SBP. It explores and measures two types of erroneous payments: (1) *certification errors* – mistakes made in the determination of a student's free, reduced price, or paid meal status; and (2) *non-certification errors* – operational mistakes in determining whether a meal meets the requirements for reimbursement or mistakes in reporting the number of reimbursable meals. The study estimates the gross cost of school meals erroneous payments due to certification error at about \$935 million while other operational errors represent about \$860 million. Most of the payment errors resulted from (1) household misreporting of income, (2) administrative errors by school districts in processing applications, and (3) errors by cashiers in counting reimbursable meals. USDA intends to use this new information to continue the extensive work underway, and step up its commitment to work with Congress and program partners to address these erroneous payments, without compromising access for low-income families or unduly increasing burden on schools.

Accuracy of SFA Processing of School Lunch Applications – Regional Office Review of Applications (RORA) 2006: This is the second in a series of annual reports assessing administrative errors associated with SFAs' approval of application for free and reduced price school meals. It is based on an independent review of 2,700 applications drawn from 56 school districts across the Nation. In SY 2005-06 more than 96 percent of students who were approved for meal benefits on the basis of an application were receiving the correct level of meal benefits, based on the information in the application files. Three percent of all students who submitted an application for meal benefits had an administrative error in the processing of their applications, down slightly from 3.5 percent in the previous school year, although not statistically significant. In addition, the study found that the percentage of students incorrectly approved or denied for NSLP free or reduced price meal benefits remained relatively stable, and that applications that are approved based on household size and income are more prone to administrative errors than those approved on the

basis of categorical eligibility. SFAs are more accurate in determining household size than they are in determining gross household income.

Direct Verification Pilot Study: First Year Report: This study, mandated by the Child Nutrition and WIC Reauthorization Act of 2004, evaluates the feasibility and effectiveness of direct verification with Medicaid data as piloted in four States (Indiana, Oregon, Tennessee and Washington). The first year report uses data collected between June 2006 and January 2007 from State agencies and a random sample of 121 school districts. First year results suggest that, under the right conditions, direct verification with Medicaid is feasible even at modest match rates and can save time for households and school districts. Direct verification required little effort for school districts and, when successful, reduced the total effort for verification.

USDA's Simplified Summer Food Program 2001-2006: The Child Nutrition and WIC Reauthorization Act of 2004 required FNS to evaluate the impact of the Simplified Summer Food Program that currently operates in 26 States and the Commonwealth of Puerto Rico. The evaluation is based on both discussion interviews with 16 States participating in the program and quantitative analysis of program outcome measures obtained from administrative data. States participating in the Simplified Summer Food Program have shown positive changes in key outcome measures of summer food programs, such as number of sponsors, number of food service sites per sponsor, total SFSP meals served, and average daily attendance. While suggestive, changes in the number of sponsors and other outcome measures cannot be attributed to the Simplified Summer Food Program with certainty based on the available data.

Child and Adult Care Food Program (CACFP): Assessment of Sponsor Tiering Determinations: In response to the Improper Payments Information Act of 2002, this program assessment of the family day care home (FDCH) component of CACFP provides a national estimate of the share of CACFP family day care homes that are in the wrong reimbursement tier. The study also estimates the dollar amount of improper payments attributable to tiering misclassifications of FDCHs. The study found that over 96 percent of FDCHs nationally were correctly classified into appropriate tiering levels when the underlying data were independently verified. Based on the verified estimate of misclassification, 5.2 percent of Tier I and 0.7 percent of Tier II FDCHs were misclassified, resulting in an overall average misclassification rate of 4.0 percent. There were \$13 million in total improper payments attributable to tiering misclassifications. This represents about 1.8 percent of the estimated total 2005 FDCH reimbursements of \$719.7 million.

School Nutrition Dietary Assessment Study (SNDA) III: SNDA-III provides detailed information on the operations of school meal programs, the school environment that affects those programs, the nutrient content of school meals, and the contribution of school meals to students' diets. The data were collected in SY 2004-05. It repeats a study last conducted in SY 1998-99, but also includes elements not studied since SY 1991-92.

The study finds that changes in the quality of school meals during the last decade are limited; there has been some improvement – including a significant increase in the percentage of schools meeting standards for saturated fat – but not as much as might be hoped. Most schools (over 70 percent) serve meals that meet standards for many nutrients that contribute to healthy diets, including protein, iron, calcium, and vitamins A and C. But few schools (6-7 percent) meet all nutrition standards, primarily because most meals served contain too much fat, too much saturated fat, or too few calories. Significantly, most schools offer the opportunity to select balanced meals, but few students make the healthful choice. In 9 of 10 schools, a knowledgeable and motivated student can select items for a low-fat lunch, but the *average* lunches actually taken by students were low in fat at only 2 in 10 schools. SNDA-III underscores an important challenge for all those who care about school meals – that major changes in school meals will be needed to meet the recommendations in the 2005 *Dietary Guidelines for Americans*.

SPECIAL MILK AND CHILD NUTRITION PROGRAMS

FINANCING FOR FISCAL YEAR 2007

STATE OR TERRITORY	Special Milk Program	School Lunch	School Breakfast	State Administrative Expenses	Commodities and Cash In-Lieu of Commodities	Child And Adult Care	Summer Food Service	Total Program Contribution
Alabama	\$43,269	\$149,725,514	\$43,015,126	\$2,811,019	\$22,810,964	\$34,608,952	\$3,413,358	\$256,228,203
Alaska	8,229	22,874,308	4,925,729	482,973	2,469,962	7,322,565	421,329	38,505,096
Arizona	101,393	173,652,746	44,932,642	3,197,218	26,071,459	42,698,842	2,493,793	293,148,092
Arkansas	18,934	93,500,743	31,293,275	1,075,866	15,393,730	30,259,292	2,318,292	173,860,132
California	602,144	1,026,793,743	264,441,701	18,269,462	131,602,310	246,386,802	14,699,854	1,702,796,016
Colorado	154,619	83,036,981	18,502,963	1,061,641	13,678,164	19,150,929	1,732,394	137,317,691
Connecticut	328,225	63,855,422	14,148,632	929,615	10,696,843	11,372,495	870,521	102,201,753
Delaware	38,939	17,693,088	5,274,718	586,949	3,490,830	10,607,534	1,497,517	39,189,575
District of Columbia	11,587	14,141,458	4,076,534	426,324	2,004,955	3,578,073	3,562,606	27,801,538
Florida	64,692	415,638,284	122,102,396	6,307,325	64,357,566	121,075,158	16,544,319	746,089,739
Georgia	27,344	327,140,384	109,652,075	5,388,625	56,502,293	84,626,041	7,614,886	590,950,649
Hawaii	7,019	27,314,291	7,363,630	678,676	4,150,832	4,847,174	612,742	44,974,364
Idaho	188,464	35,654,534	11,977,976	617,853	5,401,839	5,546,385	3,193,289	62,580,340
Illinois	2,978,883	298,951,627	61,853,285	4,796,691	44,658,010	99,375,789	8,788,199	521,402,484
Indiana	326,213	148,623,999	36,321,257	1,936,190	27,551,001	33,700,754	5,300,186	253,759,599
Iowa	75,999	66,468,950	14,266,366	1,388,073	18,027,133	21,788,463	1,427,323	123,442,307
Kansas	107,270	66,140,046	17,015,911	1,331,690	10,761,875	30,717,756	1,822,594	127,897,140
Kentucky	73,743	129,948,882	44,962,786	1,555,634	22,055,983	26,055,043	9,488,574	234,140,644
Louisiana	32,915	157,038,410	50,114,201	3,635,430	20,964,651	52,797,873	6,276,301	290,859,781
Maine	45,350	23,731,175	6,516,277	674,496	4,313,561	9,248,504	822,420	45,351,783
Maryland	402,375	95,549,610	25,584,638	1,939,028	15,847,074	33,194,713	4,826,315	177,343,755
Massachusetts	407,471	108,709,493	28,882,498	2,181,677	21,461,007	44,910,286	5,625,372	212,177,803
Michigan	688,380	199,896,892	50,457,410	3,723,902	33,586,452	52,210,553	4,901,832	345,465,421
Minnesota	897,911	100,582,263	23,784,807	2,507,967	22,184,156	54,405,258	2,757,082	207,119,443
Mississippi	1,758	125,889,092	44,209,993	2,124,432	16,473,006	28,412,647	3,879,219	220,990,147
Missouri	501,593	138,540,664	42,993,817	2,703,214	20,218,561	39,240,500	7,380,083	251,578,431
Montana	37,342	17,627,133	4,585,982	712,603	3,954,631	9,111,140	744,576	36,773,407
Nebraska	52,387	42,943,122	9,346,719	1,045,440	9,401,204	23,875,114	962,851	87,626,836
Nevada	106,595	52,570,822	12,841,605	837,512	7,152,023	3,758,412	1,003,464	78,270,433
New Hampshire	192,839	16,066,415	3,237,446	365,029	3,907,790	3,040,552	667,734	27,477,804
New Jersey	781,490	151,889,742	35,289,603	3,059,038	31,303,232	53,050,162	6,606,872	281,980,139
New Mexico	11,516	66,490,721	25,236,803	1,501,047	9,707,329	33,903,612	5,107,862	141,958,890
New York	854,688	481,271,859	118,499,850	9,336,874	67,400,687	156,833,296	40,945,089	875,142,323
North Carolina	151,232	249,822,607	77,333,026	4,724,696	38,083,189	72,710,034	4,894,164	447,718,947
North Dakota	60,763	12,770,906	3,090,509	493,593	3,864,156	9,354,819	459,509	30,094,255
Ohio	616,280	230,287,867	62,701,045	3,994,539	38,997,755	65,078,360	7,652,030	409,327,876
Oklahoma	38,620	109,823,624	38,833,931	2,594,091	16,583,103	49,328,542	2,909,434	220,111,345
Oregon	140,371	75,413,619	26,942,383	1,751,825	13,073,687	23,244,025	3,792,659	144,358,659
Pennsylvania	626,261	235,908,931	56,358,647	2,916,965	39,288,249	60,929,523	13,159,377	409,187,954
Rhode Island	82,458	20,965,421	5,433,107	835,161	3,570,064	7,053,705	1,576,623	39,516,540
South Carolina	14,330	133,043,162	48,749,178	2,226,517	17,425,396	23,700,365	7,888,945	233,047,893
South Dakota	33,587	19,968,447	5,071,786	554,815	4,075,348	7,030,368	630,086	37,364,436
Tennessee	25,784	171,327,173	53,207,296	3,225,790	19,928,144	40,868,904	5,657,250	294,240,341
Texas	52,341	850,869,640	281,953,983	14,219,697	124,346,686	198,991,078	30,491,222	1,500,924,646
Utah	69,274	59,272,442	11,766,818	1,160,337	14,147,871	17,623,762	2,021,869	106,062,374
Vermont	99,437	10,045,645	3,354,088	458,834	2,285,659	3,959,396	305,667	20,508,717
Virginia	268,539	145,661,111	40,779,474	1,206,287	26,307,893	28,940,077	5,650,553	248,813,933
Washington	251,232	124,139,735	32,749,147	2,795,517	22,148,896	38,189,095	3,548,828	223,822,449
West Virginia	37,615	47,037,353	16,880,979	1,001,278	8,172,328	14,675,178	1,847,886	89,652,618
Wisconsin	1,039,768	106,152,472	22,341,246	1,886,222	23,456,939	35,412,211	4,218,394	194,507,251
Wyoming	14,714	9,765,407	2,326,472	392,523	2,083,851	4,658,934	389,411	19,631,312
American Samoa	0	0	0	0	0	0	0	0
Guam	0	5,497,482	1,731,779	307,867	160,579	254,181	0	7,951,887
North Mariana Islands	0	0	0	0	0	0	0	0
Puerto Rico	0	121,995,128	30,370,863	1,915,626	14,097,810	23,680,499	11,195,778	203,255,704
Trust Territory (excluding CNMI)	0	0	0	0	0	0	0	0
Virgin Islands	2,070	4,231,431	828,682	314,667	156,622	654,166	649,368	6,837,007
Indian Tribe Set Asi	0	0	0	0	0	0	0	0
Indian Tribes	0	0	0	0	0	0	0	0
Freely Associated Sts	0	0	0	0	0	0	0	0
DOD/AF/USMC/Navy	0	5,611,947	23,394	0	1,098,098	0	0	6,733,440
AMS/FSA/PCIMS	0	0	0	0	10,008,272	0	0	10,008,272
Board of Jewish ED	0	0	0	0	0	0	0	0
Undistributed	428,432	146,609,949	68,305,940	24,678,264	16,144,170	145,684,603	10,684,737	412,536,095.00
TOTAL	\$14,224,678	\$7,836,173,913	\$2,228,842,422	\$162,843,624	\$1,228,865,879	\$2,303,732,494	\$297,932,607	\$14,072,615,618

NOTE: Data is based on obligations as reported September 30, 2007. Commodities are based on food orders for fiscal year 2007. Totals may not add due to rounding.

**FOOD AND NUTRITION SERVICE
CHILD NUTRITION PROGRAM
Quantity and Value of Commodities**

Fiscal Year 2007

ENTITLEMENT COMMODITIES	Pounds	Dollars
SECTION 6/32 TYPE:		
APPLE SLICES	5,762,016	\$2,681,653
APPLE SLICES, FROZEN	3,088,800	1,095,994
APPLES	2,454,622	871,353
APPLESAUCE 10	13,777,147	4,624,813
APRICOTS	5,052,662	2,989,981
BEANS, B LIMA CND	69,985	30,716
BEANS S RED CND	2,659,395	923,100
BEANS VEG 10	6,613,504	1,772,599
BEANS, BLKEYE CND	244,945	70,028
BEANS, BLK TUTL 10	69,986	22,396
BEANS, GBZO CND	979,776	373,349
BEANS, GREEN 10	27,378,240	9,134,463
BEANS, GREEN FROZEN	2,772,000	1,403,570
BEANS, GRT NORTH CND	69,986	18,300
BEANS, KIDNEY CND	909,794	254,310
BEANS, PINK CND	2,694,384	914,637
BEANS, PINTO	8,350,733	2,470,196
BEANS, REFRIED	5,080,320	1,718,555
BEEF, CND 24 OZ	972,000	2,121,749
BEEF PATTIES, ALL 40	4,445,840	7,428,018
BEEF PATTIES, LEAN 40	2,356,000	4,229,024
BEEF PATTIES, VPP 40	4,788,000	6,593,343
BEEF, 40	44,080,000	66,230,475
BEEF, BULK COARSE	83,496,000	123,395,226
BEEF, CRUMB	7,080,000	11,504,916
BF BNLS FRSH COMBO	4,400,000	6,389,909
BF PTY SPP CKDHSY 40	2,242,000	3,673,283
BLK MARION PUREE	38,847	41,122
BLUEBERRIES CULT	356,400	924,932
BLUEBERRIES DRY	52,000	410,254
BONELESS PICNIC 60LB	13,246,620	12,027,711
CARROTS 30	2,178,000	897,122
CARROTS, 10	3,026,022	1,121,654
CHERRIES DRIED	88,704	345,060
CHERRIES FRZ	460,800	364,580
CHERRIES IQF	268,800	224,371
CHERRIES RED 10	669,295	368,060
CHICKEN CND	1,275,004	2,340,100
CHICKEN, BREADED	12,947,760	19,299,543
CHICKEN BURGERS FRZ	780,000	1,251,452
CHICKEN, CHILLED BULK	137,952,000	90,639,856
CHICKEN CRUMBLES FRZ	585,000	918,785
CHICKEN, CUT-UP FROZEN	8,519,680	5,724,503
CHICKEN, DICED FROZEN	10,853,400	18,713,935
CHICKEN, FAJITA MEAT FROZEN	10,451,970	19,003,951
CHICKEN LEGS CHILL	2,520,000	1,707,840
CHICKEN NUGGETS SOC	78,000	63,773
CHICKEN PATTIES SOC	78,000	63,820
CHICKEN, THIGHS CHILLED	360,000	160,819
CORN COB	5,623,200	2,614,470
CORN LQD 10	27,261,535	9,326,344
CORN, FROZEN	10,493,100	5,301,018
CRANBERRY DRIED	173,250	425,920
DPSC-FRESH PRODUCE*		50,001,540
EGGS, WHOLE FROZEN	6,960,960	4,769,469
EGGS, WHOLE LIQUID	12,144,000	6,730,738
FRUIT MIX 10	16,240,918	8,452,524
FRT-NUT MIX	1,726,816	3,250,158
GRAPE JUICE	234,300	145,135
HAM COOKED FRZ SLICED	3,720,000	8,688,411
HAM COOKED FRZ CUBE	2,000,000	4,290,821
HAM, COOKED WATER ADDED CHILLED	160,000	214,656
HAM, FRZ WATERADD 40	10,440,000	14,504,036
PEACHES, CLING	42,189,427	21,516,962
PEACHES, CUP 4.4	7,244,160	6,388,217
PEACHES, FROZEN	912,000	649,628
PEARS, CANNED	47,119,464	23,211,049
PEARS, FRESH	2,308,500	959,547
PEAS, CANNED	5,259,524	1,999,785
PEAS, FROZEN	5,385,600	2,931,537
PINEAPPLE, CANNED	2,791,407	2,099,860
PORK BREADED PTY CKD	1,120,000	1,914,800
PORK, CANNED 24 OZ	900,000	1,466,430
PORK C SLOPPY JOE	1,840,000	2,214,721
PORK CRUMB W/ SPP	320,000	468,160
PORK, ROAST FROZEN	8,240,000	11,219,081
PORK SND PTY CKD	950,000	1,396,462
POTATO BULK PROC DEHY	7,080,000	440,320
POTATO BULK PROC FRZ	112,360,000	8,002,660
POTATO ROUNDS, FROZEN	9,939,600	4,612,064
POTATOES RUSSET	520,000	106,337
POTATO WEDGES, FROZEN	4,276,800	2,089,298
POTATOES, OVEN	7,207,200	3,582,185
RAISINS	1,349,281	1,515,738
SALSA, CANNED	12,035,683	4,799,826
SPAGHETTI SAUCE, CANNED	17,331,671	4,613,262
STRAWBERRIES	7,617,600	7,496,312
SWEET POTATOES	3,109,171	1,507,547
TOMATO PASTE, BULK	6,592,950	2,476,658
TOMATO PASTE, CANNED	4,251,755	2,093,768
TOMATO PASTE, DRUM	616,320	286,048
TOMATO SAUCE, CANNED	5,474,059	1,500,531
TOMATOES, CANNED	383,725	126,548
TOMATOES, DICED CANNED	6,418,666	2,128,923
TUNA 66.5	3,213,957	6,788,036
TUNA, POUCH	1,553,164	4,467,569
TURKEY, BREAST DELI FROZEN	14,959,508	37,012,580
TURKEY, CHILLED BULK	27,936,000	23,681,037
TURKEY, GROUND	80,000	51,680
TURKEY, HAM FROZEN	10,399,447	14,056,618
TURKEY, ROASTS FROZEN	20,047,695	39,030,712
TURKEY, TACO	3,900,000	4,708,332
TURKEY, WHOLE FROZEN	1,330,000	1,322,125
Total Section 6/32 Type	962,416,850	\$815,197,392

**FOOD AND NUTRITION SERVICE
CHILD NUTRITION PROGRAM (Cont.)**

**Quantity and Value of Commodities
Fiscal Year 2007**

ENTITLEMENT COMMODITIES	Pounds	Dollars
SECTION 416 TYPE:		
BHW & BSW	21,870,500	\$4,048,337
CHEESE BARREL 500	19,240,000	36,049,295
CHEESE LOAVES	3,643,200	6,717,379
CHEESE MOZZARELLA	53,101,440	90,402,692
CHEESE, BLEND SLICED	9,187,200	16,062,605
CHEESE, CHEDDAR	4,354,562	8,533,644
CHEESE, CHEDDAR, RED. FAT SHRED	5,875,200	11,777,438
CHEESE, CHEDDAR, REDUCED FAT	599,252	1,178,113
CHEESE, CHEDDAR, SHREDDED	6,988,800	13,274,862
CHEESE, QUESO BLANCO	240,000	578,405
CHEESE, SLICED	22,997,280	40,128,911
CORN, YELLOW	275,400	28,367
CORNMEAL	514,080	103,840
FLOUR	27,580,320	6,262,077
FLOUR MIX	42,000	23,877
FLOUR MIX, LOWFAT	672,000	408,169
GRITS	342,720	99,329
MACARONI	2,216,800	780,371
MASA 50 YELLOW	691,200	164,808
OATS, ROLLED	1,124,832	438,094
OIL, SOYBEAN LSF	2,032,800	1,487,417
OIL, VEGETABLE	17,400,600	8,186,077
PEANUT BUTTER	15,327,200	9,993,677
RICE, BROWN	966,000	245,082
RICE, L & M	3,738,000	881,861
RICE, PARBOILED	1,890,000	487,437
ROASTED RUNNER	414,720	400,838
ROTINI	4,284,000	1,621,949
SHORTENING	1,810,800	1,470,021
SHORTENING LIQ	2,217,600	1,104,495
SPAGHETTI	4,383,200	1,622,398
SUNFLOWER BUTTER	332,640	471,498
Total Section 416 Type	236,354,346	265,035,363
Anticipated Adjustment		16,144,170
AMS / FSA / PCIMS Admin. Expenses		10,008,272
TOTAL COMMODITY ENTITLEMENT	1,198,771,196	1,106,385,197

BONUS COMMODITIES	Pounds	Dollars
SECTION 32 TYPE:		
APPLE SLICES	8,078,544	\$3,633,534
APPLESAUCE	14,765,186	4,819,432
APRICOTS, CANNED	2,548,587	1,250,790
CHERRIES, DRIED	916,608	3,458,679
CHERRIES, FRZ	2,342,400	1,769,250
CHERRIES, IQF	1,305,600	1,002,964
TOMATOES	80,000	51,590
Total Section 32 Type	30,036,925	\$15,986,239

BONUS COMMODITIES	Pounds	Dollars
SECTION 416 TYPE:		
INSTANT 24	653,184	\$914,458
Total Section 416 Type	653,184	914,458
Anticipated Adjustment		
TOTAL BONUS COMMODITIES	30,690,109	16,900,697
TOTAL -- ALL COMMODITIES	1,229,461,305	\$1,123,285,894
Cash In-Lieu of Commodities		105,579,985
GRAND TOTAL	1,229,461,305	\$1,228,865,879

Source: PCIMS -- Delivery order and contract information.

* DPSC-FRESH PRODUCE figure is from ECOS PY2007 Entitlement Report.

FOOD AND NUTRITION SERVICE

CHILD NUTRITION PROGRAM

Value of Commodities to States
Entitlement and Bonus

Fiscal Year 2007

STATE OR TERRITORY	Entitlement	Bonus	Total
Alabama.....	\$21,028,175	\$185,719	\$21,213,894
Alaska.....	2,233,539	4,512	2,238,051
Arizona.....	23,749,340	233,261	23,982,601
Arkansas.....	13,792,843	359,547	14,152,390
California.....	118,330,456	2,251,028	120,581,484
Colorado.....	12,736,251	86,107	12,822,358
Connecticut.....	9,984,180	206,437	10,190,617
Delaware.....	3,014,166	36,657	3,050,823
District of Columbia.....	1,831,592	0	1,831,592
Florida.....	58,688,743	602,085	59,290,828
Georgia.....	51,707,400	971,502	52,678,902
Hawaii.....	3,761,866	61,619	3,823,485
Idaho.....	4,874,530	260,097	5,134,627
Illinois.....	39,685,310	393,063	40,078,373
Indiana.....	25,562,440	334,712	25,897,152
Iowa.....	16,643,873	287,676	16,931,549
Kansas.....	0	0	0
Kentucky.....	20,223,049	595,766	20,818,815
Louisiana.....	18,583,334	256,776	18,840,110
Maine.....	3,833,034	97,702	3,930,736
Maryland.....	14,073,137	245,178	14,318,315
Massachusetts.....	19,210,108	514,679	19,724,787
Michigan.....	30,620,027	532,809	31,152,836
Minnesota.....	19,571,577	0	19,571,577
Mississippi.....	15,101,662	312,688	15,414,350
Missouri.....	18,118,866	309,003	18,427,869
Montana.....	3,439,282	114,961	3,554,243
Nebraska.....	8,214,384	240,436	8,454,820
Nevada.....	7,026,494	0	7,026,494
New Hampshire.....	3,657,540	167,071	3,824,611
New Jersey.....	28,253,047	915,091	29,168,138
New Mexico.....	8,239,918	52,783	8,292,701
New York.....	60,343,794	439,899	60,783,693
North Carolina.....	34,184,179	526,968	34,711,147
North Dakota.....	3,369,943	31,439	3,401,382
Ohio.....	35,084,395	630,823	35,715,218
Oklahoma.....	14,553,316	75,861	14,629,177
Oregon.....	11,853,763	155,617	12,009,380
Pennsylvania.....	35,980,317	414,471	36,394,788
Rhode Island.....	3,117,568	156,455	3,274,023
South Carolina.....	16,224,619	203,955	16,428,574
South Dakota.....	3,622,860	73,274	3,696,134
Tennessee.....	18,119,442	132,791	18,252,233
Texas.....	114,427,540	1,029,956	115,457,496
Utah.....	13,099,258	143,757	13,243,015
Vermont.....	2,128,251	12,052	2,140,303
Virginia.....	24,129,845	493,517	24,623,362
Washington.....	19,814,143	501,907	20,316,050
West Virginia.....	7,305,243	198,505	7,503,748
Wisconsin.....	21,417,101	160,290	21,577,391
Wyoming.....	1,820,541	32,300	1,852,841
American Samoa.....	0	0	0
Guam.....	123,231	19,386	142,617
Northern Mariana Islands.....	0	0	0
Puerto Rico.....	12,492,738	838,509	13,331,247
Trust Territory.....	0	0	0
Virgin Islands.....	132,407	0	132,407
Indian Tribes Set Aside.....	0	0	0
Indian Tribes.....	0	0	0
Freely Associated States.....	0	0	0
Board of Jewish Education.....	0	0	0
DOD Army / AF.....	0	0	0
AAFES.....	1,098,098	0	1,098,098
AMS / FSA / PCIMS.....	10,008,272	0	10,008,272
*Undistributed.....	16,144,170	0	16,144,170
TOTAL.....	\$1,106,385,197	\$16,900,697	\$1,123,285,894

Source: PCIMS -- Delivery order and contract information.

**SCHOOL LUNCH PROGRAM
SCHOOLS, ENROLLMENT AND PARTICIPATION**

FISCAL YEAR 2007

STATE OR TERRITORY	NUMBER OF SCHOOLS	ENROLLMENT (000)	PEAK PARTICIPATION (000)
Alabama	1,527	751	596
Alaska	432	104	54
Arizona	1,630	1,010	635
Arkansas	1,208	487	359
California	10,796	6,125	3,021
Colorado	1,643	739	355
Connecticut	1,158	544	322
Delaware	240	125	87
District of Columbia	218	72	45
Florida	3,680	2,699	1,551
Georgia	2,265	1,641	1,298
Hawaii	300	180	89
Idaho	695	234	168
Illinois	4,311	1,874	1,154
Indiana	2,268	1,119	739
Iowa	1,516	474	398
Kansas	1,616	513	350
Kentucky	1,494	689	559
Louisiana	1,563	706	601
Maine	716	196	111
Maryland	1,576	866	449
Massachusetts	2,319	981	573
Michigan	3,702	1,667	914
Minnesota	2,117	927	612
Mississippi	949	515	420
Missouri	2,518	903	648
Montana	805	146	86
Nebraska	999	297	243
Nevada	544	419	195
New Hampshire	497	208	117
New Jersey	2,681	1,280	667
New Mexico	797	330	211
New York	5,893	3,057	1,858
North Carolina	2,417	1,433	976
North Dakota	420	102	81
Ohio	4,122	1,904	1,117
Oklahoma	1,956	650	430
Oregon	1,342	552	311
Pennsylvania	3,819	1,891	1,160
Rhode Island	434	155	88
South Carolina	1,139	730	507
South Dakota	677	139	108
Tennessee	1,751	928	714
Texas	7,505	4,565	3,124
Utah	852	508	315
Vermont	343	97	56
Virginia	2,015	1,186	756
Washington	2,119	1,037	534
West Virginia	768	292	209
Wisconsin	2,501	930	606
Wyoming	363	84	54
American Samoa	0	0	0
Guam	41	31	20
North Mariana Islands	0	0	0
Puerto Rico	1,847	641	416
Trust Territory (excluding NMI)	0	0	0
Virgin Islands	68	26	14
Indian Tribe Set Asi	0	0	0
Indian Tribes	0	0	0
Freely Associated States	0	0	0
DOD/ Army/AF/USMC/Navy	116	58	29
Anticipated Adjustment	0	0	0
TOTAL	101,288	49,814	31,112

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received. Totals may not add due to rounding.

SCHOOL LUNCH PROGRAM
THOUSANDS OF LUNCHES SERVED

FISCAL YEAR 2007

STATE OR TERRITORY	TOTAL LUNCHES SERVED			TOTAL
	PAID	REDUCED PRICE	FREE	
Alabama	38,194	8,968	50,052	97,214
Alaska	2,879	1,014	4,542	8,435
Arizona	37,026	11,237	57,409	105,672
Arkansas	20,021	5,748	31,484	57,253
California	140,237	70,471	338,846	549,554
Colorado	28,034	5,596	26,620	60,250
Connecticut	28,082	4,125	19,926	52,134
Delaware	7,160	967	5,811	13,938
District of Columbia	1,495	433	4,993	6,920
Florida	86,467	29,509	134,445	250,421
Georgia	84,854	20,165	108,018	213,037
Hawaii	10,098	2,437	6,455	18,990
Idaho	12,625	3,580	10,382	26,587
Illinois	68,619	14,956	103,263	186,838
Indiana	65,454	11,405	45,228	122,087
Iowa	41,079	5,518	18,711	65,308
Kansas	28,934	6,100	19,100	54,134
Kentucky	38,079	8,117	42,607	88,804
Louisiana	33,840	7,718	54,186	95,744
Maine	9,419	1,749	7,392	18,560
Maryland	36,197	7,673	29,259	73,129
Massachusetts	52,201	6,141	33,927	92,268
Michigan	61,678	12,500	65,794	139,972
Minnesota	61,195	8,523	28,374	98,091
Mississippi	17,396	6,173	44,487	68,057
Missouri	50,829	9,794	43,383	104,007
Montana	7,147	1,526	5,264	13,938
Nebraska	21,999	3,958	12,175	38,131
Nevada	12,489	4,190	16,700	33,378
New Hampshire	13,392	1,375	4,164	18,931
New Jersey	54,965	10,151	47,197	112,312
New Mexico	9,368	3,815	22,629	35,812
New York	110,692	28,755	159,041	298,488
North Carolina	63,595	15,248	83,151	161,994
North Dakota	8,450	1,123	3,478	13,051
Ohio	86,562	14,872	73,732	175,166
Oklahoma	23,900	7,285	36,078	67,263
Oregon	18,552	5,068	24,539	48,160
Pennsylvania	102,515	16,253	73,096	191,865
Rhode Island	5,885	1,304	6,915	14,105
South Carolina	28,484	6,813	45,494	80,792
South Dakota	9,816	1,595	5,915	17,326
Tennessee	44,980	9,808	57,709	112,497
Texas	143,124	47,152	292,372	482,647
Utah	29,834	6,331	16,224	52,389
Vermont	5,164	873	2,882	8,918
Virginia	68,519	11,392	43,764	123,675
Washington	37,669	10,338	38,558	86,566
West Virginia	14,395	3,522	14,834	32,751
Wisconsin	58,012	8,601	30,710	97,323
Wyoming	5,144	1,082	2,625	8,852
American Samoa	0	0	0	0
Guam	1,019	188	1,955	3,162
North Mariana Islands	0	0	0	0
Puerto Rico	10,769	6,184	42,875	59,828
Trust Territory (excluding NMI)	0	0	0	0
Virgin Islands	494	167	1,532	2,193
Indian Tribe Set Asi	0	0	0	0
Indian Tribes	0	0	0	0
Freely Associated States	0	0	0	0
DOD Army/AF/USMC/Navy	2,952	1,049	1,049	5,050
Anticipated Adjustment	0	0	0	0
TOTAL	2,061,978	500,637	2,501,117	5,063,732

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received.
Totals may not add due to rounding.

**SCHOOL BREAKFAST PROGRAM
SCHOOLS, ENROLLMENT, AND PARTICIPATION**

FISCAL YEAR 2007

STATE OR TERRITORY	NUMBER OF SCHOOLS AND INSTITUTIONS	ENROLLMENT (000)	PEAK PARTICIPATION (000)
Alabama-----	1,373	671	201
Alaska-----	295	69	14
Arizona-----	1,477	954	210
Arkansas-----	1,142	480	153
California-----	8,665	5,003	1,047
Colorado-----	1,344	608	93
Connecticut-----	596	281	61
Delaware-----	234	123	28
District of Columbia-----	208	70	20
Florida-----	3,648	2,574	623
Georgia-----	2,174	1,479	537
Hawaii-----	288	178	38
Idaho-----	644	223	63
Illinois-----	2,966	1,342	278
Indiana-----	1,815	891	182
Iowa-----	1,375	494	84
Kansas-----	1,390	430	91
Kentucky-----	1,458	685	235
Louisiana-----	1,466	664	244
Maine-----	629	175	32
Maryland-----	1,466	809	136
Massachusetts-----	1,596	635	131
Michigan-----	2,961	1,359	245
Minnesota-----	1,557	690	133
Mississippi-----	866	459	198
Missouri-----	2,219	870	224
Montana-----	656	125	23
Nebraska-----	672	225	54
Nevada-----	496	390	59
New Hampshire-----	409	172	21
New Jersey-----	1,730	779	142
New Mexico-----	766	325	124
New York-----	5,157	2,683	543
North Carolina-----	2,398	1,399	376
North Dakota-----	337	87	19
Ohio-----	2,794	1,214	323
Oklahoma-----	1,901	633	201
Oregon-----	1,282	547	141
Pennsylvania-----	2,930	1,473	257
Rhode Island-----	419	151	25
South Carolina-----	1,129	727	243
South Dakota-----	517	107	25
Tennessee-----	1,637	856	269
Texas-----	7,427	4,525	1,420
Utah-----	708	423	61
Vermont-----	311	101	20
Virginia-----	1,851	1,075	220
Washington-----	1,914	990	152
West Virginia-----	768	290	102
Wisconsin-----	1,432	598	122
Wyoming-----	279	72	13
American Samoa-----	0	0	0
Guam-----	37	31	8
North Mariana Islands-----	0	0	0
Puerto Rico-----	1,839	639	151
Trust Territory (excluding NMI)-----	0	0	0
Virgin Islands-----	44	17	4
Indian Tribe Set Asi-----	0	0	0
Indian Tribes-----	0	0	0
Freely Associated States-----	0	0	0
DOD Army/AF/USMC/Navy-----	0	0	0
Anticipated Adjustment-----	0	0	0
TOTAL-----	85,697	42,874	10,420

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received. Totals may not add due to rounding.

**SCHOOL BREAKFAST PROGRAM
THOUSANDS OF BREAKFASTS SERVED**

FISCAL YEAR 2007

STATE OR TERRITORY	TOTAL BREAKFASTS SERVED					TOTAL
	PAID	REDUCED PRICE		FREE		
		REGULAR	SEVERE NEED	REGULAR	SEVERE NEED	
Alabama	5,709	348	2,459	1,699	22,881	33,096
Alaska	394	23	237	105	1,600	2,360
Arizona	7,102	352	3,190	1,639	23,350	35,633
Arkansas	4,301	216	2,009	1,511	16,270	24,307
California	24,136	1,808	21,215	9,169	138,924	195,252
Colorado	3,418	256	1,217	891	9,377	15,159
Connecticut	1,690	108	724	505	7,683	10,710
Delaware	1,484	82	270	614	2,351	4,801
District of Columbia	599	17	179	90	2,278	3,164
Florida	21,426	999	8,779	4,787	62,820	98,812
Georgia	18,112	1,309	6,898	5,983	55,615	87,917
Hawaii	2,503	210	626	474	2,590	6,402
Idaho	2,673	133	1,106	491	5,841	10,244
Illinois	5,923	627	2,309	4,434	32,560	45,853
Indiana	6,012	794	2,087	3,757	16,886	29,535
Iowa	4,473	659	657	2,754	5,144	13,687
Kansas	3,218	440	1,427	1,330	7,794	14,209
Kentucky	8,344	415	2,916	2,232	22,852	36,760
Louisiana	6,146	209	2,503	1,159	27,852	37,868
Maine	1,673	107	437	551	3,020	5,787
Maryland	6,850	449	2,244	1,901	11,580	23,025
Massachusetts	3,786	279	1,283	1,821	15,128	22,298
Michigan	6,522	553	2,471	3,705	25,772	39,022
Minnesota	6,549	1,075	1,702	3,477	9,197	22,000
Mississippi	3,708	54	2,307	316	25,417	31,802
Missouri	8,906	600	3,015	2,822	20,854	36,198
Montana	981	120	315	438	2,078	3,931
Nebraska	2,602	405	529	1,500	3,611	8,647
Nevada	2,446	148	1,011	738	6,286	10,629
New Hampshire	1,619	198	94	825	922	3,659
New Jersey	5,432	233	2,331	1,110	18,737	27,843
New Mexico	3,713	71	1,906	348	13,633	19,671
New York	17,702	1,491	7,368	5,867	61,127	93,554
North Carolina	12,169	574	4,867	3,763	40,026	61,398
North Dakota	1,264	171	137	578	1,070	3,220
Ohio	11,279	712	3,258	4,554	31,355	51,158
Oklahoma	6,211	309	2,841	1,375	20,158	30,893
Oregon	5,607	122	2,071	594	14,096	22,490
Pennsylvania	11,017	1,168	2,812	5,002	26,999	46,998
Rhode Island	824	65	297	365	2,755	4,306
South Carolina	7,421	242	2,809	1,487	26,274	38,233
South Dakota	1,012	175	225	576	2,298	4,286
Tennessee	7,906	622	3,152	4,495	25,954	42,129
Texas	35,730	2,760	15,970	14,723	147,436	216,618
Utah	2,455	317	1,043	1,048	5,202	10,064
Vermont	1,112	101	244	394	1,377	3,229
Virginia	10,236	838	2,854	4,609	17,745	36,282
Washington	4,703	501	3,273	0	16,000	24,476
West Virginia	4,383	143	1,512	514	8,355	14,907
Wisconsin	5,216	915	1,171	3,295	9,168	19,766
Wyoming	714	80	215	229	956	2,195
American Samoa	0	0	0	0	0	0
Guam	176	15	40	285	795	1,311
North Mariana Islands	0	0	0	0	0	0
Puerto Rico	2,629	13	2,090	63	17,171	21,966
Trust Territory (excluding NMI)	0	0	0	0	0	0
Virgin Islands	146	0	49	0	467	662
Indian Tribe Set Asi	0	0	0	0	0	0
Indian Tribes	0	0	0	0	0	0
Freely Associated States	0	0	0	0	0	0
DOD Army/AF/USMC/Navy	4	6	0	10	0	20
Anticipated Adjustment	0	0	0	0	0	0
TOTAL	332,363	24,640	138,751	118,466	1,097,687	1,711,908

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received. Totals may not add due to rounding.

**CHILD AND ADULT CARE FOOD PROGRAM
PARTICIPATION AND MEALS SERVED**

FISCAL YEAR 2007

STATE OR TERRITORY	NUMBER OF CENTERS/HOMES	PARTICIPATION PEAK MONTH (000)	TOTAL MEALS SERVED					
			CHILD CARE AND ADULT CENTERS				DAY CARE HOMES (000)	TOTAL (000)
			PAID (000)	REDUCED PRICE (000)	FREE (000)	TOTAL (000)		
Alabama	2,054	48	5,455	1,209	16,666	23,330	5,787	29,117
Alaska	728	12	1,667	329	1,240	3,236	1,421	4,657
Arizona	4,227	49	0	0	0	0	0	0
Arkansas	1,750	46	6,989	1,973	12,663	21,625	13,420	35,046
California	23,918	356	5,403	1,517	13,814	20,733	5,574	26,307
Colorado	2,615	36	20,659	11,429	71,393	103,481	89,684	193,165
Connecticut	1,243	19	5,023	897	6,625	12,545	6,433	18,978
Delaware	1,084	16	1,816	880	4,153	6,848	2,999	9,847
District of Columbia	306	7	1,059	307	3,558	4,924	3,388	8,312
Florida	5,336	169	930	202	1,973	3,106	209	3,314
Georgia	5,740	156	19,783	8,676	66,362	94,821	9,632	104,453
Utah	551	10	21,233	4,983	37,396	63,612	15,226	78,837
Idaho	588	10	153	5	116	274	16	290
Illinois	9,777	134	2,978	371	1,375	4,724	729	5,453
Indiana	2,780	64	1,514	255	1,771	3,540	1,821	5,361
Iowa	2,944	37	13,203	3,730	30,542	47,475	36,754	84,228
Kansas	4,676	51	6,815	832	9,896	17,543	14,639	32,183
Kentucky	1,668	50	6,702	628	4,817	12,147	10,108	22,255
Louisiana	6,511	60	5,159	769	5,031	10,959	17,379	28,338
Maine	1,439	14	7,482	1,640	13,135	22,257	2,759	25,016
Maryland	4,233	50	3,980	1,156	15,756	20,892	17,220	38,111
Massachusetts	5,953	61	1,029	256	1,387	2,673	5,824	8,497
Michigan	7,449	79	4,673	624	8,933	14,229	14,538	28,768
Minnesota	10,357	99	4,867	1,816	13,944	20,626	17,804	38,430
Mississippi	1,165	42	5,036	610	10,853	16,499	29,065	45,564
Missouri	2,793	67	4,878	704	5,440	11,022	42,705	53,727
Montana	1,035	15	2,530	1,077	16,893	20,500	1,584	22,084
Nebraska	3,301	40	9,713	1,214	15,534	26,461	10,391	36,852
Nevada	454	13	1,166	221	1,610	2,996	4,700	7,696
New Hampshire	318	7	4,102	426	4,720	9,248	12,838	22,085
New Jersey	2,095	76	1,298	227	1,725	3,250	726	3,976
New Mexico	5,701	83	1,262	249	1,141	2,652	857	3,509
New York	12,464	276	7,350	3,610	28,684	39,645	2,234	41,878
North Carolina	5,487	135	3,134	950	7,368	11,452	12,895	24,347
North Dakota	1,561	18	14,248	4,423	59,915	78,586	34,998	113,584
Ohio	5,733	136	20,615	5,417	31,255	57,286	13,952	71,238
Oklahoma	3,761	62	1,962	174	1,213	3,349	6,275	9,623
Oregon	3,096	34	14,170	2,408	26,394	42,972	14,376	57,348
Pennsylvania	4,523	119	7,619	1,718	17,597	26,934	15,318	42,252
Rhode Island	638	12	1,736	199	4,517	6,452	10,473	16,925
South Carolina	1,412	39	12,958	3,104	27,053	43,115	10,215	53,331
South Dakota	938	14	511	441	15,076	16,028	335	16,363
Tennessee	2,954	67	1,109	429	2,730	4,268	1,785	6,053
Texas	10,900	272	3,523	738	11,481	15,743	4,462	20,204
Utah	1,962	27	2,032	210	1,455	3,698	3,770	7,468
Vermont	710	8	6,752	1,299	18,493	26,544	9,032	35,577
Virginia	3,756	63	31,942	9,574	91,283	132,799	34,131	166,930
Washington	4,439	137	3,116	446	3,041	6,602	8,661	15,264
West Virginia	2,142	18	516	96	733	1,345	2,194	3,539
Wisconsin	4,416	68	8,884	1,143	9,188	19,215	10,662	29,877
Wyoming	585	9	30	23	425	478	0	478
American Samoa	0	0	9,480	1,904	11,744	23,128	13,990	37,118
Guam	33	1	3,165	441	4,167	7,773	4,819	12,592
North Mariana Island	0	0	10,684	1,397	10,086	22,166	13,110	35,276
Puerto Rico	1,543	33	1,147	267	1,038	2,453	2,246	4,698
Trust Territory (excluding NMI)	0	0	0	0	0	0	0	0
Virgin Islands	34	1	0	0	0	0	0	0
Indian Tribe Set Asi	0	0	0	0	0	0	0	0
Indian Tribes	0	0	0	0	0	0	0	0
Freely Associated States	0	0	0	0	0	0	0	0
DOD Army/AF/USMC/Navy	0	0	0	0	0	0	0	0
Anticipated Adjustment	0	0	0	0	0	0	0	0
TOTAL	197,876	3,526	345,239	89,625	785,394	1,220,258	626,162	1,846,420

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received. Totals may not add due to rounding.

**SUMMER FOOD SERVICE PROGRAM
NUMBER OF SITES, PARTICIPATION AND MEALS SERVED**

FISCAL YEAR 2007

STATE OR TERRITORY	NUMBER OF SITES	PARTICIPATION (JULY) (000)	TOTAL MEALS SERVED (000)
Alabama-----	487	26	1,208
Alaska-----	0	1	106
Arizona-----	163	11	996
Arkansas-----	285	14	957
California-----	1,295	93	7,544
Colorado-----	153	10	659
Connecticut-----	144	7	337
Delaware-----	413	8	688
District of Columbia-----	404	48	1,524
Florida-----	1,759	83	8,197
Georgia-----	964	84	3,086
Hawaii-----	87	5	203
Idaho-----	213	18	1,162
Illinois-----	1,286	51	4,001
Indiana-----	957	33	2,180
Iowa-----	185	8	538
Kansas-----	178	14	701
Kentucky-----	2,007	64	3,791
Louisiana-----	260	28	2,452
Maine-----	123	6	313
Maryland-----	587	38	1,955
Massachusetts-----	790	44	2,380
Michigan-----	849	46	2,004
Minnesota-----	308	25	1,144
Mississippi-----	213	20	1,497
Missouri-----	445	25	2,982
Montana-----	151	6	275
Nebraska-----	93	5	373
Nevada-----	78	4	392
New Hampshire-----	90	4	265
New Jersey-----	940	40	2,744
New Mexico-----	561	39	1,879
New York-----	2,435	422	16,431
North Carolina-----	646	40	1,984
North Dakota-----	33	2	187
Ohio-----	1,238	57	3,022
Oklahoma-----	254	12	1,164
Oregon-----	448	23	1,423
Pennsylvania-----	2,032	105	5,866
Rhode Island-----	157	12	592
South Carolina-----	1,021	65	3,245
South Dakota-----	39	3	243
Tennessee-----	906	26	2,550
Texas-----	1,608	84	12,760
Utah-----	87	14	699
Vermont-----	55	2	120
Virginia-----	1,183	0	2,460
Washington-----	557	40	1,439
West Virginia-----	418	13	736
Wisconsin-----	430	33	1,715
Wyoming-----	36	3	163
American Samoa-----	0	0	0
Guam-----	0	0	0
North Mariana Islands-----	0	0	0
Puerto Rico-----	449	35	4,621
Trust Territory (excluding NMI)-----	0	0	0
Virgin Islands-----	158	11	307
Indian Tribe Set Aside-----	0	0	0
Indian Tribes-----	0	0	0
Freely Associated States-----	0	0	0
DOD Army/AF/USMC/Navy-----	0	0	0
Anticipated adjustment-----	0	0	0
TOTAL-----	30,658	1,911	120,258

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received. Totals may not add due to rounding.

**SPECIAL MILK PROGRAM
HALF-PINTS OF MILK SERVED**

FISCAL YEAR 2007

STATE OR TERRITORY	AVERAGE SERVED DAILY			TOTAL SERVED FY 2007		
	FREE (000)	PAID (000)	TOTAL (000)	FREE (000)	PAID (000)	TOTAL (000)
Alabama	0	2	2	4	282	287
Alaska	0	0	0	30	23	53
Arizona	0	4	4	57	625	682
Arkansas	0	0	1	22	103	125
California	1	16	17	149	3,817	3,965
Colorado	0	5	5	35	994	1,028
Connecticut	1	11	12	158	2,020	2,178
Delaware	1	1	2	92	166	259
District of Columbia	0	0	0	0	78	79
Florida	0	2	2	3	430	433
Georgia	0	1	1	0	181	181
Hawaii	0	0	0	0	47	47
Idaho	0	5	5	18	1,232	1,249
Illinois	12	98	109	2,088	17,838	19,926
Indiana	1	8	9	291	1,848	2,139
Iowa	0	1	1	11	483	495
Kansas	1	3	4	90	623	713
Kentucky	0	3	3	6	483	490
Louisiana	0	1	1	0	218	218
Maine	0	1	1	18	268	286
Maryland	0	16	16	7	2,699	2,706
Massachusetts	1	10	11	170	2,500	2,670
Michigan	2	21	23	305	4,229	4,534
Minnesota	0	23	23	0	5,926	5,926
Mississippi	0	0	0	0	12	12
Missouri	0	19	19	58	3,288	3,346
Montana	0	1	1	46	203	249
Nebraska	0	1	1	15	334	349
Nevada	0	3	3	5	711	716
New Hampshire	0	3	3	37	1,182	1,219
New Jersey	1	29	31	237	5,066	5,303
New Mexico	0	0	0	68	6	73
New York	1	24	25	1,637	3,946	5,582
North Carolina	0	4	5	36	958	994
North Dakota	0	1	1	7	385	392
Ohio	1	22	22	118	3,989	4,108
Oklahoma	0	2	2	4	255	259
Oregon	0	4	4	42	872	914
Pennsylvania	2	14	16	299	3,790	4,089
Rhode Island	0	1	1	41	482	523
South Carolina	0	0	0	90	0	90
South Dakota	0	1	1	6	214	220
Tennessee	0	0	0	161	0	161
Texas	0	1	1	0	343	343
Utah	0	2	2	4	450	454
Vermont	0	1	1	20	601	621
Virginia	0	10	10	0	1,802	1,802
Washington	0	6	6	13	1,624	1,638
West Virginia	0	1	1	23	226	249
Wisconsin	1	27	27	125	6,768	6,893
Wyoming	0	0	0	0	94	94
American Samoa	0	0	0	0	0	0
Guam	0	0	0	0	0	0
North Mariana Islands	0	0	0	0	0	0
Puerto Rico	0	0	0	0	0	0
Trust Territory (excluding NMI)	0	0	0	0	0	0
Virgin Islands	0	0	0	13	0	13
Indian Tribe Set Asi	0	0	0	0	0	0
Indian Tribes	0	0	0	0	0	0
Freely Associated States	0	0	0	0	0	0
DOD Army/AF/USMC/Navy	0	0	0	0	0	0
Anticipated Adjustment	0	0	0	0	0	0
TOTAL	28	411	439	6,658	84,713	91,371

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received. Totals may not add due to rounding.

**SPECIAL MILK PROGRAM
NUMBER OF PARTICIPATING OUTLETS AND OBLIGATIONS BY STATE**

FISCAL YEAR 2007

STATE OR TERRITORY	O U T L E T S				OBLIGATIONS 1/
	SCHOOLS	NON-RESIDENTIAL CHILD CARE INSTITUTIONS	SUMMER CAMPS	TOTAL	
Alabama-----	7	2	5	14	\$43,269
Alaska-----	2	0	0	2	8,229
Arizona-----	33	0	2	35	101,393
Arkansas-----	8	0	3	11	18,934
California-----	157	5	77	239	602,144
Colorado-----	59	0	17	76	154,619
Connecticut-----	206	0	13	219	328,225
Delaware-----	10	0	0	10	38,939
District of Columbia-----	3	0	0	3	11,587
Florida-----	3	0	1	4	64,692
Georgia-----	5	0	4	9	27,344
Hawaii-----	2	0	0	2	7,019
Idaho-----	153	44	17	214	188,464
Illinois-----	783	1	24	808	2,978,883
Indiana-----	109	0	22	131	326,213
Iowa-----	52	0	24	76	75,999
Kansas-----	113	0	4	117	107,270
Kentucky-----	20	5	0	25	73,743
Louisiana-----	7	0	1	8	32,915
Maine-----	51	0	50	101	45,350
Maryland-----	99	0	6	105	402,375
Massachusetts-----	130	42	42	214	407,471
Michigan-----	263	0	63	326	688,380
Minnesota-----	430	56	14	500	897,911
Mississippi-----	1	0	0	1	1,758
Missouri-----	132	0	20	152	501,593
Montana-----	43	0	1	44	37,342
Nebraska-----	49	0	5	54	52,387
Nevada-----	79	10	0	89	106,595
New Hampshire-----	62	9	27	98	192,839
New Jersey-----	230	0	8	238	781,490
New Mexico-----	7	0	0	7	11,516
New York-----	262	46	93	401	854,688
North Carolina-----	5	0	47	52	151,232
North Dakota-----	22	0	12	34	60,763
Ohio-----	193	0	31	224	616,280
Oklahoma-----	29	0	0	29	38,620
Oregon-----	34	0	26	60	140,371
Pennsylvania-----	229	35	42	306	626,261
Rhode Island-----	69	8	8	85	82,458
South Carolina-----	4	0	0	4	14,330
South Dakota-----	28	4	3	35	33,587
Tennessee-----	0	2	14	16	25,784
Texas-----	10	2	10	22	52,341
Utah-----	96	0	6	102	69,274
Vermont-----	24	4	4	32	99,437
Virginia-----	83	1	11	95	268,539
Washington-----	49	7	16	72	251,232
West Virginia-----	27	0	8	35	37,615
Wisconsin-----	449	247	63	759	1,039,768
Wyoming-----	8	0	7	15	14,714
American Samoa-----	0	0	0	0	0
Guam-----	0	0	0	0	0
North Mariana Islands-----	0	0	0	0	0
Puerto Rico-----	0	0	0	0	0
Trust Territory (excluding NMI)-----	0	0	0	0	0
Virgin Islands-----	1	0	0	1	2,070
Indian Tribe Set Asi-----	0	0	0	0	0
Indian Tribes-----	0	0	0	0	0
Freely Associated States-----	0	0	0	0	0
DOD Army/AF/USMC/Navy-----	0	0	0	0	0
Anticipated Adjustment-----	0	0	0	0	428,432
TOTAL-----	4,930	530	851	6,311	14,224,678

1/ Obligations as reported September 30, 2007.

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received. Totals may not add due to rounding.

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Special Supplemental Nutrition Program for Women, Infants and Children:

- For necessary expenses to carry out the special supplemental nutrition program as authorized by section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786), [~~\$6,020,000,000~~] \$6,100,000,000 to remain available through September 30, [2009] 2010, of which such sums as are necessary to restore the contingency reserve to \$150,000,000 shall be placed in reserve, to remain available until expended, to be allocated as the Secretary deems necessary, notwithstanding section 17(i) of such Act, to support participation should cost or participation exceed budget estimates: *Provided*, That of the total amount available, the Secretary shall obligate not less than [~~\$15,000,000~~] \$14,850,000 for a breastfeeding support initiative in addition to the activities specified in section 17(h)(3)(A): *Provided further*, That notwithstanding Section 17(h)(10)(A) of such Act, only the provisions of section 17(h)(10)(B)(i) [and section 17(h)(10)(B)(ii)] shall be effective in [2008] 1 2009; including \$14,000,000 for the purposes specified in section 17(h)(10)(B)(i) [and \$30,000,000 for the purposes specified in section 17(h)(10)(B)(ii): *Provided further*, That funds made available for the purposes specified in section 17(h)(10)(B)(ii) shall only be made available upon determination by the Secretary that funds are available to meet caseload requirements without the use of the contingency reserve funds after the date of enactment of this Act]: *Provided further*, That none of the funds in this Act shall be available to pay administrative expenses of WIC clinics except those that have an announced policy of prohibiting smoking within the space used to carry out the program: *Provided further*, That none of the funds provided in this account shall be available for the purchase of infant formula except in accordance with the cost containment and 2 competitive bidding requirements specified in section 17 of such Act: *Provided further*, That notwithstanding Section 17(h)(1)(B) of the Child Nutrition Act of 1966, the amount of the national average per participant grant shall be not more than \$14.97: *Provided further*, That none of the funds made available under this heading may be used to provide WIC benefits to an individual who receives medical assistance under Title XIX of the Social Security Act, or is a member of a family in which a pregnant woman or an infant receives assistance unless such individual's family income is below 250 percent the applicable nonfarm income poverty limit: *Provided further*, That none of the funds provided shall be available for activities that are not fully reimbursed by other Federal Government departments or agencies unless authorized by section 17 of such Act 3 [*Provided further*, That of the amount provided under this paragraph, \$400,000,000 is designated as described in section 5 (in the matter preceding division A of this consolidated Act)].

The First Change eliminates special funding for management information systems.

The Second Change requires that the national average participant grant for nutrition services and administrative grants shall be capped at the FY 2007 level.

The Third Change provides guidance that funds under this heading shall not be used for WIC benefits for individuals who receive medical assistance or whose family member is a pregnant woman or infant who receives assistance, unless their family income falls below 250 percent of the applicable poverty guidelines.

FOOD AND NUTRITION SERVICE

LEAD-OFF TABULAR STATEMENT
AND SUMMARY OF INCREASES AND DECREASESSPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND
CHILDREN (WIC)

Appropriations Act, 2008..... \$6,020,000,000
 Budget Estimate, 2009 6,100,000,000
 Increase in Appropriation +80,000,000

Summary of Increases and Decreases

(On basis of appropriation)

Item of Change	2008 Estimated	Program Changes	2009 Estimated
Grants to States for Supplemental Food and Nutrition Services and Admin. Costs	\$5,841,000,000	\$80,150,000	\$5,921,150,000
Infrastructure Grants	13,600,000	0	13,600,000
Technical Assistance	400,000	0	400,000
Breastfeeding Peer Counselors	15,000,000	-150,000	14,850,000
WIC Contingency	150,000,000	0	150,000,000
Total Appropriation	6,020,000,000	80,000,000	6,100,000,000

PROJECT STATEMENT
(On basis of appropriation)

Project	2007 Actual	2008 Estimated	Increase or Decrease	2009 Estimated
Grants to States for Supplemental Food and Nutrition Services and Admin. Costs	\$5,175,720,000	\$5,841,000,000	\$80,150,000 (1)	\$5,921,150,000
Infrastructure Grants	13,464,000	13,600,000	0	13,600,000
Technical Assistance	396,000	400,000	0	400,000
Breastfeeding Peer Counselors	14,850,000	15,000,000	-150,000	14,850,000
WIC Contingency	0	150,000,000	0	150,000,000
Total Appropriation	5,204,430,000	6,020,000,000	80,000,000	6,100,000,000

PROJECT STATEMENT
(On basis of available funds)

Project	2007 Actual	2008 Estimated	Increase or Decrease	2009 Estimated
Grants to States for Supplemental Food Nutrition Services and Admin. Costs	\$3,892,293,000	\$4,351,334,000	\$143,026,000	\$4,494,360,000
Infrastructure Grants	1,548,963,600	1,673,669,000	-96,773,000	1,576,896,000
Technical Assistance	13,576,923	13,600,000	0	13,600,000
Breastfeeding Peer Counselors	399,340	400,000	0	400,000
	15,223,550	15,000,000	-150,000	14,850,000
Total Program Expense	5,470,456,413	6,054,003,000	46,103,000	6,100,106,000
Projected Carryout	77,320,237	151,277,000	-106,000	151,171,000
Total Obligations	5,547,776,650	6,205,280,000	45,997,000	6,251,277,000
Recovery of Prior Year Obligations:				
WIC Program	-288,479,691	-77,320,000	-73,957,000	-151,277,000
WIC Contingency	-20,844	0	0	0
Unobligated Balances:				
Available Start of Year				
WIC Program	-21,990,632	0	0	0
WIC Contingency	-141,069,709	-107,960,000	107,960,000	0
Available End of Year				
WIC Program	151,423	0	0	0
WIC Contingency	107,960,359	0	0	0
Lapse	102,444	0	0	0
Total Appropriation	5,204,430,000	6,020,000,000	80,000,000	6,100,000,000

Justification of Increases and Decreases

The FY 2009 request for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) reflects an increase of \$80,150,000.

- (1) An increase of \$80,150,000 for WIC Grants to States (\$6,020,000,000 available in FY 2008).

Explanation of Change: The average monthly food cost per person is estimated to increase from \$42.56 in FY 2008 to \$43.55 in FY 2009. The food cost increase is partially offset by a proposal for capping the national average per participant grant for nutrition services and administration at \$14.97 for FY 2009. The average administrative cost per person is estimated to decrease from \$16.37 in FY 2008 to \$15.28 in FY 2009. The FY 2009 request would support an average monthly participation of 8.6 million women, infants and children, an increase of approximately 80,000 over the projected participation level for FY 2008.

- (2) A decrease of \$150,000 for Breastfeeding Peer Counselors (\$15,000,000 available in FY 2008).

Explanation of Change: The decrease in Breastfeeding Peer Counseling reflects the continuation of this activity at FY 2007 levels.

Program Cost and Performance Summary

Program Performance Data	2007 Actual	2008 Estimated	Change	2009 Estimated
Program Level (\$ in millions)				
Grants to States for Supplemental Food	\$3,892.3	\$4,351.3	\$143.1	\$4,494.4
Nutrition Services and Administrative Costs	1,549.0	1,673.7	-96.8	1,576.9
Infrastructure Grants	13.6	13.6	0.0	13.6
Technical Assistance	0.4	0.4	0.0	0.4
Breastfeeding Peer Counselors	15.2	15.0	-0.1	14.9
Total Program Expense <i>a/</i>	5,470.5	6,054.0	46.2	6,100.2
Average Participation Per Month (in millions)	8.285	8.520	0.08	8.600
Average Food Cost Per Person Per Month	\$39.15	\$42.56	\$0.99	\$43.55
Average Admin. Cost Per Person Per Month <i>b/</i>	15.58	16.37	-1.09	15.28
Total Benefit Costs	54.73	58.93	-0.10	58.83

a/ Based on projected program level. Excludes projected recoveries in the subsequent fiscal year.

b/ The drop in the administrative expenditures per person (AEP) from FY 2008 to FY 2009 is due to the implementation of a cap on the national average per person grant for nutrition services and administration of \$14.97 in FY 2009.

**FNCS PRESIDENT'S BUDGET FISCAL YEAR 2009
CURRENT LAW**

- Program:** Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
- Proposal:** For fiscal year (FY) 2009, the amount available for grants to State agencies for nutrition services and administration (NSA) expenses would be capped at an amount that guarantees a national average per participant grant (AGP) of \$14.97, the FY 2007 AGP level. This cost containment initiative would make Federal funds currently allocated to State agencies for NSA expenses available to cover State agency food costs.
- Rationale:** WIC participant benefits and services are funded by both the food and NSA components of a WIC State agency's grant. Supplemental foods for participants are funded with the State agency's food grant. All other critical services such as nutrition education, obesity prevention, breastfeeding promotion and support, health care referrals, immunization screening assessments and referrals, as well as many other client benefits are supported by the State agency's NSA grant.
- Historically, WIC State agencies have been extremely successful in containing food costs. Opportunities to further reduce food costs are therefore limited. However, further cost containment is needed to maintain the Program's ability to serve all eligible persons expected to seek services in FY 2009, which is estimated to be approximately 8.6 million persons.
- Therefore, to induce State agencies to increase efforts to achieve similar success in the containment of NSA costs, the funds available for NSA in FY 2009 would be limited to \$14.97 per participant, or the FY 2007 AGP level. This reduced AGP level would allow for a greater proportion of appropriated funds to be used for food benefits. It is anticipated that the total appropriation needed for FY 2009 would be reduced by approximately \$145 million through this redirection of NSA funds to food funds.
- Current legislation provides that the AGP for each fiscal year shall be based on the prior year's AGP, inflated. Legislation also requires the State and Local Purchase Index be used to inflate the prior year's AGP. The State and Local Purchase index has increased 32 percent from FY 1999 to FY 2006 while the actual WIC per participant NSA spending has risen only 21 percent. Reducing total funds available for NSA funding by decreasing the estimated FY 2009 AGP from \$16.32, \$15.71 inflated by the State and Local Purchase Index, to \$14.97 would result in each individual State agency receiving a pro-rata reduction to the NSA grant it would have otherwise received. Although this reduction may not be easy for some State agencies, they will seek ways to be more efficient without affecting core services supported by NSA funds.
- Goal:** USDA Strategic Goal 5: Improve the Nation's Nutrition and Health; Objective 5.3: Improve Nutrition Assistance Program Management and Customer Service.

Budget Impact:
(\$ in millions)

	FY 2008
Budget Authority	\$-145

Classification by ObjectsWIC Program2007 Actual and Estimated 2008 and 2009

(in thousands of dollars)

	Personnel Compensation:	2007	2008	2009
	Washington D.C.	0	0	0
	Field	0	0	0
11	Total personnel compensation	0	0	0
12	Personnel benefits	0	0	0
13	Benefits for former personnel	0	0	0
	Total personnel compensation and benefits	0	0	0
	Other Objects:			
21	Travel and transportation of persons			
22	Transportation of things			
23.1	Rental payments to GSA			
23.2	Rental payments to others			
23.3	Communications, utilities, and misc. charges			
24	Printing and reproduction			
25	Other Services			
25.1	Contractual Services Performed by Other Federal Agencies			
25.2	Related Expenditures			
25.3	Repair, Alteration or Maintenance of Equipment, Furniture or Structures			
25.4	Contractual Services - Other			
25.5	Agreements			
25.6	ADP Services and Supplies			
25.7	Miscellaneous Services			
25.8	Fees			
26	Supplies and materials			
31	Equipment			
32	Land and structures			
41	Grants, subsidies and contributions	\$5,547,777	\$6,205,280	\$6,251,277
42	Insurance claims and indemnities			
43	Interest and dividends			
45	Special Payments			
92	Undistributed			
	Total other objects	5,547,777	6,205,280	6,251,277
	Total direct obligations	5,547,777	6,205,280	6,251,277

SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND CHILDREN (WIC)

STATUS OF PROGRAM

Program Mission

The Special Supplemental Nutrition Program for Women, Infants and Children (WIC) provides nutritious supplemental foods, nutrition education, and health care referrals at no cost to low-income pregnant, postpartum, and breast-feeding women, to infants, and to children up to their fifth birthday, who are determined by health professionals to be at nutritional risk. "Low-income" is defined as at or below 185 percent of poverty; for the period of July 1, 2007, to June 30, 2008, this represents \$38,203 for a family of four. WIC also promotes breastfeeding as the feeding method of choice for infants, provides drug abuse education, and promotes immunization.

FNS makes funds available to participating State health agencies and ITOs that in turn distribute the funds to participating local agencies. State and local agencies use WIC funds to pay the costs of specified supplemental foods provided to WIC participants and to pay specified nutrition services and administration (NSA) costs, including the cost of nutrition assessments, blood tests for anemia, nutrition education, breastfeeding promotion, and health care referrals.

Facts in Brief

Selected Characteristics of WIC Participants

	April 1998	April 2000	April 2002	April 2004	April 2006
Infants	25.5%	26.3%	25.7%	25.7%	25.9%
Children	51.2%	49.6%	50.1%	49.8%	48.9%
Women	23.3%	24.1%	24.1%	24.5%	25.1%
Under 18 Years Old	9.1%	8.0%	6.8%	6.3%	6.2%
Breastfeeding	4.8%	5.3%	5.7%	6.0%	6.7%
Black	22.9%	21.9%	20.2%	20.0%	19.6%
Hispanic	32.3%	35.3%	38.1%	39.2%	41.2%
White	39.2%	37.4%	35.9%	34.8%	55.3%
On Food Stamps	26.6%	19.6%	17.5%	19.8%	21.8%
On Medicaid	48.3%	49.5%	54.3%	61.1%	63.2%
On TANF	17.0%	12.1%	9.6%	9.4%	9.3%
Poverty Status:					
0-50%	28.1%	26.5%	26.5%	28.6%	29.3%
51-100%	28.7%	29.1%	27.4%	28.6%	30.5%
101-130%	12.5%	13.7%	13.4%	13.1%	13.4%
131-150%	6.1%	7.1%	6.7%	6.2%	6.4%
151-185%	6.6%	8.4%	8.2%	7.7%	7.6%
Mean Income (whole \$)	\$12,479	\$13,819	\$14,550	\$14,758	\$15,577
Mean Household Size (persons)	3.9	4.0	4.0	4.0	4.0
One Person Households	2.1%	1.8%	1.5%	1.3%	1.3%
Enrollment in 1 st Trimester	46.6%	47.7%	48.4%	50.7%	51.2%
Enrollment in 2 nd Trimester	37.8%	39.0%	39.8%	38.4%	37.9%

Source: WIC Participant and Program Characteristics reports 1998-2006

Note: The 2006 WIC Participant and Program Characteristics Report is the first to contain data on race and ethnicity applying the new data collection procedures required by the Office of Management and Budget (OMB). Because the 2006 race/ethnicity categories differ significantly from previous reports, explicit comparison across years is not possible.

Program Participation and Costs

Average Monthly Participation (In Thousands)	2002	2003	2004	2005	2006	2007
Women	1,812.8	1,856.9	1,931.7	1,966.2	2,023.3	2,093.0
Infants	1,928.8	1,947.8	2,015.2	2,047.1	2,076.2	2,166.5
Children <5	3,749.2	3,825.1	3,957.5	4,009.2	3,988.5	4,025.1
Total	7,490.8	7,629.8	7,904.4	8,022.6	8,088.0	8,284.6
Change from Prior Year	2.5%	1.9%	3.6%	1.5%	0.8%	2.4%
Food Cost Total (Million \$)	\$3,131	\$3,225	\$3,562	\$3,603	\$3,598	\$3,892
Avg./Person/Month	\$34.83	\$35.22	\$37.54	\$37.42	\$37.08	\$39.15
Change in Per Person Food Cost	1.5%	1.1%	6.6%	-0.3%	-0.9%	5.6%
Per Person Per Month Total (Food/Admin.) Cost	\$47.98	\$49.30	\$50.99	\$51.30	\$51.52	\$54.73

Source: Program Information Report, November 2007. Actual totals may be received in future reporting periods.

Program Assessment Rating Tool

OMB completed a PART review of the Special Supplemental Nutrition Program for Women, Infants and Children in 2006 and rated the program as effective. The review found that WIC has a positive impact on key health outcomes. Evaluations provide suggestive evidence that WIC has a positive impact on: (1) the incidence of low birthweight and other key birth outcomes, and that these positive effects lead to savings in Medicaid costs; and (2) children's intake of key nutrients and immunization rates. Further, program funds are utilized efficiently to maximize service to the eligible population. While WIC is largely meeting its long-term performance goals, remaining challenges include childhood obesity, which has grown in both the WIC and non-WIC populations.

These findings reinforce the importance of FNS efforts to change the food package to reflect current nutritional guidelines, promote breastfeeding, and better address the health risks facing the WIC population, including childhood obesity. The interim final rule was published December 6, 2007. FNS will also support special State projects which will build on previously developed WIC-specific obesity prevention interventions and continue to promote cost efficiencies.

Reauthorization of the WIC Program

The Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265), enacted June 30, 2004, reauthorized the WIC Program through September 30, 2009, and incorporated a number of program changes. The agency is continuing to promulgate regulations to implement these new provisions.

Nutrition Education: An Important Benefit

Nutrition education is integral to the success of the WIC Program and is an important part of the WIC benefit package. In fact, the statute requires that 1/6th of the amounts States spend for nutrition service and education must go for nutrition education and breastfeeding promotion. Nutrition education is conducted through individual or group sessions and through the provision of materials designed to achieve a positive change in dietary and physical activity habits and improve health status. Participants are also counseled on the importance of WIC foods in preventing and overcoming specific risk conditions identified during certification activities. Special emphasis is given to appropriate infant feeding and to breastfeeding support and promotion. Program regulations require States to offer at least two nutrition education contacts for each participant during each certification period, and to promote breastfeeding to all pregnant women unless contraindicated.

FNS is working in cooperation with the Food and Nutrition Information Center, which is located at USDA's National Agricultural Library, to expand availability of nutrition services tools for WIC State and local

agency staff through the WIC Works Resource System, located on the USDA Web site at www.nal.usda.gov/wicworks. Features of the WIC Works Resource System include: 1) WIC-Talk, an online discussion forum; 2) WIC Sharing Center, where State-developed materials can be downloaded; 3) WIC Learning Center, where WIC staff can improve their nutrition services skills; 4) WIC databases for educational materials and information about WIC formulas; and 5) WIC Learning Online, a Web-based course for staff development and continuing education. The WIC Works Resource System receives over 200,000 hits per month.

Breastfeeding Promotion Efforts

The WIC Program promotes breastfeeding as the best form of nutrition for infants through the provision of support and encouragement to new mothers and through nutrition education during pregnancy. In addition, to encourage breastfeeding, WIC mothers receive a larger food package and are able to stay on WIC for a longer period of time than non-breastfeeding postpartum women. States are required to spend a minimum amount of WIC NSA funding, based on the number of participating postpartum women, for breastfeeding promotion and support. In FY 2006, State agencies spent \$89.5 million for breastfeeding promotion and support. In FY 2003, FNS began the development of "Using *Loving Support* to Implement Best Practices in Peer Counseling," a project designed to prepare staff within the WIC Program to implement and expand breastfeeding peer counseling programs. The goal of the project is to equip WIC Programs throughout the country with a research-based implementation and management model that is effective and feasible and to serve as a guide in designing, building and sustaining peer counseling programs. During FY 2007, \$14.85 million was allocated among all WIC State agencies to continue States' implementation of an effective and comprehensive peer counseling program and/or to expand an existing program. State agencies are now implementing plans that institutionalize peer counseling as a core service in WIC.

FNS continues to partner with other member organizations to sponsor the bi-annual meetings of the Breastfeeding Promotion Consortium (BPC). The mission of the BPC is to be a forum for the Federal Government and breastfeeding advocacy groups to promote, protect and support breastfeeding. The BPC comprises over 30 organizations, including professional and public health associations, government agencies and breastfeeding advocacy groups. Meetings are held in conjunction with the meetings of the United States Breastfeeding Committee, which FNS attends as the government liaison.

WIC Food Package Review

On August 7, 2006, the Department published a proposed rule in the Federal Register to amend the WIC food packages based largely on the recommendations made by the Institute of Medicine's (IOM) 2005 report, *WIC Food Packages: Time For A Change*. The proposed rule provides revisions to the food packages based on current dietary guidance for infants and young children; encourages consumption of fruits and vegetables; emphasizes whole grains and lower saturated fat; and considers the cultural preferences of diverse populations. Over 46,000 comments were received on the proposal. The interim final rule was published December 6, 2007.

Cost Containment Initiatives

In an effort to use food grants more efficiently, all geographic WIC State agencies and most ITOs have implemented cost containment strategies, including competitive bidding, rebates, least cost brands and use of economically-priced package sizes. Savings generated by such actions are used by State agencies and ITOs to provide benefits to more participants within the same total budget. Due to the success of cost saving measures, average per person WIC food costs have grown much more slowly than general food inflation over the last 17 years. The average monthly food cost has increased by approximately 23 percent since FY 1990, while general food inflation, as measured by the Thrifty Food Plan (TFP), has increased by 53 percent.

The most successful strategy has been competitively bid infant formula rebate contracts between State agencies and infant formula manufacturers. In addition, 13 State agencies, including State agencies that are

parties in 3 multi-State contracts, have rebate contracts for juice (frozen and shelf), infant juice and cereal. In FY 2007, the estimated rebate savings was \$1.83 billion. Approximately one-half (23) of the geographic State agencies (excluding Mississippi and Vermont) received a 90 to 97 percent discount on the wholesale cost of infant formula. Most of the remaining geographic State agencies (22) received discounts ranging from 84 to 89 percent and three received discounts ranging from 77 to 79 percent. Twelve geographic State agencies implemented contracts for FY 2007 with discounts ranging from 83 to 89 percent, with a median discount of 85.7 percent. To date, 24 geographic State agencies awarded contracts in FY 2008 with discounts ranging from 70 to 95 percent with a median discount of 92.32 percent. As these numbers indicate, in recent years, States have been receiving smaller discounts on infant formula than in prior years, a trend that FNS is aware of and continues to monitor.

WIC is a discretionary grant program, so higher food costs result in fewer participants receiving benefits. The Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265) required State agencies to establish cost containment systems to ensure that the WIC Program pays competitive prices for WIC foods. The law also contains new provisions regarding vendors that derive more than 50 percent of their annual food sales from WIC redemptions, and further requires that State agencies ensure that use of such vendors does not result in higher food costs than if participants used regular vendors (average payments to above-50-percent vendors cannot be higher than average payments to regular vendors). FNS published an interim final rule on November 29, 2005, that implements these provisions of the law. By law, State agencies were required to implement the rule provisions by December 30, 2005. During FY 2006, FNS worked with State agencies to certify their vendor cost containment systems and to implement the regulatory provisions. FNS provided training and technical assistance to assist States in developing their vendor cost containment systems throughout FY 2007.

Electronic Benefit Transfer (EBT)

FNS is working to advance EBT systems, which hold the potential to enhance benefit delivery and improve accountability of food benefits and vendor payment systems. FNS is working with, and providing funds to, individual State agencies on initiatives to research, plan, develop and implement WIC EBT systems. Since FY 1995, FNS has provided approximately \$40 million in EBT grant funds for EBT project development. To date, four WIC State agencies (Wyoming, Nevada, Texas and New Mexico) have successfully implemented EBT projects using smartcard technology. The Wyoming State agency has expanded this effort Statewide, and Texas and New Mexico have been approved for Statewide expansion.

In addition to the smartcard pilot projects, FNS continues to explore other technologies, including online technologies that may enhance the WIC Program. In FY 2006, FNS awarded grant funds to Kentucky to conduct an EBT project using magnetic stripe cards with existing retailer equipment in an online real time capacity, and Michigan began pilot operations using an online approach to WIC EBT. Data collected from these projects will be evaluated to help determine the future of WIC EBT technologies.

For the first time in FY 2007, FNS announced the availability of grant funds for EBT pre-planning activities. As a result of this announcement, Virginia received funds to conduct an EBT cost benefit analysis and feasibility study.

In FY 2007, FNS completed the design and development of a national database of Universal Product Codes (UPCs), which will provide a central repository of WIC food products by UPC. The database will support EBT as well as non-EBT WIC State agencies in the identification of eligible foods for inclusion in State authorized food lists.

State Agency Model (SAM) Project

The SAM Project is an initiative to develop model WIC information systems (IS) through multiple State agency consortia. It also includes the transfer of these models to other WIC State agencies in order to eliminate systems development duplication and streamline the IS procurement process. The SAM Project is consistent with FNS' 5-year technology plan to improve WIC system functionality through the replacement

of automated legacy systems.

FY 2007 was the fourth year in which FNS awarded grant funds to the three consortia. The consortia are: Successful Partners in Reaching Innovative Technology (SPIRIT), comprised of 13 ITOs in New Mexico and Oklahoma; the Mountain Plains State Consortia, comprised of three State agencies (Colorado, Wyoming and Utah); and Crossroads, comprised of four State agencies in the Mid-Atlantic and Southeast regions (Virginia, West Virginia, North Carolina and Alabama). Development of the first model system, SPIRIT, was completed in FY 2007. With the completion of the SPIRIT model, FNS provided funding to the first transfer State agencies: Arkansas, Missouri and Montana.

Value Enhanced Nutrition Assessment (VENA)

In 1999, FNS contracted with the IOM Food and Nutrition Board to review the assessment of dietary risk. The VENA initiative is a response to the resulting IOM Report, *Dietary Risk Assessment in the WIC Program*, published in 2002, which determined that traditional dietary assessment protocols do not identify nutritional inadequacies for individuals with sufficient precision to target enhanced services. VENA Policy and Guidance (developed with the assistance of a joint workgroup of FNS and National WIC Association representatives) was sent to all WIC State agencies in February 2006. In addition, FNS awarded a competitive grant to the Rochester Institute of Technology to develop competency training to enhance the nutrition assessment skills of WIC staff. The training focused on three skills/competencies determined to be essential to the successful and effective implementation of VENA: critical thinking, rapport building, and health outcome-based WIC nutrition assessment. VENA competency training was conducted in all 7 FNS regions in the last quarter of FY 2006. State agency staff is responsible for training their own local agency staffs as needed in these competencies, in order to be able to implement VENA by the target date of FY 2010. To assist State agencies in this process, in FY 2007, FNS developed training videos for State agencies based on the key competencies that were addressed in the FY 2006 training.

WIC Special Project Grants – Revitalizing Quality Nutrition Services in the WIC Program

In FY 2007, FNS awarded full grants for Revitalizing Quality Nutrition Services (RQNS) in the WIC Program to four State agencies (Iowa, Massachusetts, New Mexico and Pennsylvania), and a concept paper development grant to Maine. The full grant projects focused on encouraging physical activity and combating overweight and obesity among WIC children through nutrition education and counseling activities; or strengthening nutrition assessment skills as part of WIC's VENA initiative. Maine received funding to develop a concept paper on implementing VENA. RQNS involves partners at the Federal, State and local levels in improving and strengthening the effectiveness of WIC nutrition services.

State	Award
<i>Full Grants</i>	
Iowa	\$313,206
Massachusetts	\$390,000
New Mexico	\$389,261
Pennsylvania	\$390,000
<i>Concept Paper</i>	
Maine	\$20,000

WIC Studies and Evaluations

The following study report was released by FNS in FY 2007 and may be found on the FNS Web site at www.fns.usda.gov/oane.

2005 WIC Vendor Management Study: This Congressionally mandated study examined the extent to which vendors complied with program rules and ensured that proper foods were purchased from retail stores. This is the first WIC vendor management study since new regulations were issued in 1998 to correct vendor management practices. The objectives were to: describe the characteristics of vendors; estimate the frequency of violations; estimate the proportions of vendors committing violations; examine the relationship between vendor characteristics and vendor violations; estimate the financial loss to WIC due to vendor violations; and compare national estimates from this study with others from earlier studies. Key findings include: (1) the frequency and dollar impact of overcharging and undercharging reached historically low rates in 2005; (2) of the \$3.56 billion spent by WIC on food benefits in 2005, overcharging accounted for \$6.1 million and undercharging for \$15.4 million – the first time undercharging exceeded overcharging; and (3) this results in an Improper Payments Improvement Act erroneous payment estimate of \$21.5 million, or six-tenths of one percent of the 2005 food benefit portion of the WIC Program.

SPECIAL SUPPLEMENTAL NUTRITION PROGRAM (WIC)

PARTICIPATION AND PROGRAM FINANCING

FISCAL YEAR 2007

STATE OR TERRITORY	AVERAGE MONTHLY PARTICIPATION				PROGRAM GRANT 2/ (\$000)
	WOMEN	INFANTS	CHILDREN	TOTAL	
Alabama.....	31,446	36,287	58,547	126,280	\$95,783
Alaska.....	6,179	6,176	12,849	25,204	23,068
Arizona 1/.....	47,874	52,608	85,921	186,403	117,780
Arkansas.....	23,959	24,945	35,553	84,457	57,018
California.....	347,362	317,802	713,584	1,378,748	899,006
Colorado 1/.....	23,025	24,758	43,279	91,062	54,979
Connecticut.....	12,172	14,892	26,075	53,138	41,111
Delaware.....	4,576	5,869	9,942	20,387	12,214
District of Columbia.....	4,352	4,782	6,070	15,204	11,604
Florida.....	113,029	115,633	191,655	420,316	288,556
Georgia.....	74,294	78,557	130,065	282,917	197,784
Hawaii.....	8,116	8,147	16,350	32,612	30,416
Idaho.....	9,312	9,624	19,151	38,087	21,943
Illinois.....	71,879	83,547	124,556	279,982	198,109
Indiana.....	36,480	41,704	62,377	140,561	86,927
Iowa.....	17,130	17,024	35,314	69,468	40,804
Kansas.....	16,760	18,189	34,118	69,067	39,255
Kentucky.....	30,955	33,498	65,192	129,645	89,293
Louisiana.....	35,301	37,680	56,096	129,076	95,140
Maine 1/.....	5,843	5,790	13,043	24,676	16,888
Maryland.....	33,587	34,633	55,647	123,867	75,419
Massachusetts.....	30,109	28,653	59,336	118,098	81,351
Michigan.....	54,890	56,099	120,877	231,867	159,028
Minnesota.....	32,959	32,366	69,333	134,657	82,232
Mississippi 1/.....	25,121	34,419	43,129	102,669	71,802
Missouri.....	37,001	38,954	58,687	134,642	81,508
Montana.....	4,471	4,308	10,502	19,281	13,485
Nebraska 1/.....	10,258	10,652	21,177	42,087	26,948
Nevada 1/.....	14,244	15,361	22,737	52,342	31,025
New Hampshire.....	4,330	4,535	8,546	17,411	12,586
New Jersey.....	37,954	40,239	72,200	150,393	99,002
New Mexico 1/.....	15,286	16,846	32,285	64,417	43,369
New York 1/.....	124,915	124,305	233,442	482,662	362,291
North Carolina 1/.....	61,369	65,592	115,128	242,088	152,933
North Dakota 1/.....	3,453	3,502	7,589	14,545	11,501
Ohio.....	68,253	87,727	125,601	281,581	171,805
Oklahoma 1/.....	30,115	31,733	57,845	119,693	78,675
Oregon.....	26,405	24,247	53,102	103,753	63,935
Pennsylvania.....	57,334	64,137	122,708	244,179	149,618
Rhode Island.....	5,679	5,910	12,623	24,212	18,041
South Carolina.....	32,851	35,584	46,303	114,737	78,092
South Dakota 1/.....	5,155	5,808	10,844	21,807	14,338
Tennessee.....	43,110	46,010	70,938	160,058	116,873
Texas.....	225,180	230,327	444,890	900,396	510,492
Utah.....	17,451	14,888	32,059	64,397	34,101
Vermont.....	3,480	3,227	9,602	16,308	12,522
Virginia.....	39,697	38,674	64,900	143,271	91,750
Washington.....	40,397	39,022	85,803	165,222	112,464
West Virginia.....	12,123	12,228	25,237	49,588	32,403
Wisconsin.....	28,736	29,421	58,514	116,672	71,893
Wyoming 1/.....	3,307	3,266	5,768	12,341	8,288
American Samoa.....	1,169	1,193	4,417	6,779	6,795
Guam.....	1,433	1,751	3,352	6,535	7,593
North Mariana Island.....	15	16	33	64	1,943
Puerto Rico.....	39,784	42,184	117,572	199,540	207,509
Trust Territory (excluding NMI).....					
Virgin Islands.....	1,327	1,216	2,654	5,197	5,857
Indian Tribe Set Asi.....					
Indian Tribes.....					
Freely Associated States.....					
DOD Army/AF/USMC/Navy.....	--	--	--	--	--
Undistributed.....					1,434
TOTAL.....	2,092,990	2,166,544	4,025,112	8,284,646	\$5,518,578

1/ Includes Indian Agencies.

2/ Excludes \$399,340 for WIC technical assistance and WIC advisory council, \$13,576,923 for WIC infrastructure, special projects and breastfeeding promotion and \$15,223,550 for Breastfeeding Peer Counselors.

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received. Totals may not add due to rounding.

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Commodity Assistance Program:

- 1 For necessary expenses to carry out disaster assistance [and the Commodity Supplemental Food Program] as authorized by section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note); the Emergency food Assistance Act of 1983; special for the nuclear affected islands, as authorized by section 103(f)(2) of the Compact of Free Associate Amendments Act of 2003 (Public Law 108-188); and the Farmers' Market Nutrition Program, as authorized by section 17(m) of the Child Nutrition Act of 1966, [~~\$211,770,000~~] \$70,370,000, to remain available through September 30, [2009] 2010: *Provided*, That none of these funds shall be available to reimburse the Commodity Credit Corporation for commodities donated to the program: *Provided further*, That notwithstanding any other provision of law, effective with funds made available in fiscal year [2008] 2009 to support the Seniors Farmers' Market Nutrition Program (SFMNP) as authorized by section 4402 of Public Law 107-171, such funds shall remain available through September 30, [2009] 2010: *Provided further*, That no funds available for SFMNP shall be used to pay State or local sales taxes on food purchased with SFMNP coupons or checks: *Provided further*, That the value of assistance provided by the SFMNP shall not be considered income or resources for any purposes under any Federal, State or local laws related to taxation, welfare and public assistance programs: *Provided further*, That of the funds made available under section 27(a) of the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), the Secretary may use up to \$10,000,000 for costs associated with the distribution of commodities.

The First Change deletes the Commodity Supplemental Food Program from this appropriation.

FOOD AND NUTRITION SERVICE
 LEAD-OFF TABULAR STATEMENT
 AND SUMMARY OF INCREASES AND DECREASES
COMMODITY ASSISTANCE PROGRAM (CAP)

Appropriations Act, 2008	\$211,770,000
Budget Estimate, 2009	<u>70,370,000</u>
Decrease in Appropriation	<u>-141,400,000</u>
Adjustments in 2008:	
Appropriations Act, 2008	\$211,770,000
Rescission under P.L. 110-161 <u>a/</u>	<u>-1,482,000</u>
Adjusted base for 2008	210,288,000
Budget Estimate, Current Law, 2009	<u>70,370,000</u>
Decrease from adjusted 2008	<u>139,918,000</u>

a/ The amount is rescinded pursuant to Division A, Title VII, Section 752 of Public Law 110-161.

Summary of Increases and Decreases – Current Law
 (On basis of adjusted appropriation)

Item of Change	2008 Estimated	Program Changes	2009 Estimated
Commodity Supplemental Food Program	\$139,715,000	-\$139,715,000	0
Farmers' Market Nutrition Program	19,860,000	-60,000	\$19,800,000
The Emergency Food Assistance Program <u>a/</u>	49,650,000	-150,000	49,500,000
Nuclear Affected Islands	571,000	4,000	575,000
Disaster Assistance	492,000	3,000	495,000
Adjusted Appropriation	210,288,000	-139,918,000	70,370,000
Rescission	1,482,000	-1,482,000	0
Total CAP Appropriation	211,770,000	-141,400,000	70,370,000

a/ The Food Stamp appropriation request provides \$140,000,000 for the Emergency Food Assistance Program (TEFAP) for the procurement of commodities.

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	2007 Actual	2008 Estimated	Increase or Decrease	2009 Estimated
1. Commodity Supplemental Food Program				
Commodities	\$78,102,000	\$109,852,000	-\$109,852,000	0
Administrative Costs	29,100,000	29,863,000	-29,863,000	0
Total Adjusted CSFP	107,202,000	139,715,000	-139,715,000	0
2. Farmers' Market Programs				
Farmers' Market Nutrition Program	19,800,000	19,860,000	-60,000	\$19,800,000
Senior Farmers' Market Nutrition Program (transfer) <u>a/</u>	15,000,000	15,000,000	-15,000,000	0
Total Adjusted FMP	34,800,000	34,860,000	-15,060,000	19,800,000
3. The Emergency Food Assistance Program				
Administrative Costs	49,500,000	49,650,000	-150,000	49,500,000
4. Other Programs				
Nutrition Services Incentive Program (transfer) <u>b/</u>	1,950,000	2,659,000	341,000	3,000,000
Nuclear Affected Islands	575,000	571,000	4,000	575,000
Disaster Assistance	495,000	492,000	3,000	495,000
Transfers (SFMNP and NSIP)	-16,950,000	-17,659,000	14,659,000	-3,000,000
Total Adjusted Appropriation	177,572,000	210,288,000	-139,918,000	(1) 70,370,000
Rescission	0	1,482,000	-1,482,000	0
Total Appropriation	177,572,000	211,770,000	-141,400,000	70,370,000
Proposed Legislation (SFMNP transfer: non-add)	0	0	15,000,000	15,000,000
Total Available or Estimated	177,572,000	210,288,000	-139,918,000	70,370,000

a/ Section 4402 of the Farm Security and Rural Investment Act of 2002, P.L. 107-171, authorized the transfer of \$15,000,000 for the Senior Farmers' Market Nutrition Program from the Commodity Credit Corporation for FYs 2003 through 2007. Both House and Senate farm bills propose continuation of the program.

b/ Nutrition Services Incentive Program (NSIP) transferred to DHHS in FY 2003 though FNS continues to be involved in the purchase of commodities. Obligations for commodity procurement for NSIP are funded under an agreement with DHHS. Special authority to honor FY 2007 commodity orders placed prior to November 14, 2006, was granted by P.L. 109-368. Public Law 110-19, effective April 23, 2007, authorizes the transfer of NSIP funds from DHHS for the purchase of commodities and related expenses.

PROJECT STATEMENT
(On basis of available funds)

Project	2007 Actual	2008 Estimated	Increase or Decrease	2009 Estimated
1. Commodity Supplemental Food Program <u>a/</u>				
Commodity Purchases	\$78,360,912	\$109,967,000	-\$109,967,000	0
Administrative Costs	29,467,169	29,863,000	-29,863,000	0
Perf. Measurement and Prg. Assess.	0	0	0	0
Total CSFP Obligations	107,828,081	139,830,000	-139,830,000	0
Recovery of Prior Year Obligations	-281,098	0	0	0
Unobligated Balances:				
Available Start of Year	-497,441	-115,000	115,000	0
Available End of Year	115,012	0	0	0
Lapse	175,790	0	0	0
Rescission	0	985,000	-985,000	0
Lapse	37,596	0	0	0
Total Appropriation, CSFP	107,202,150	140,700,000	-140,700,000	0
2. Farmers' Market Program's				
Seniors Farmers' Market Nutrition Program (transfer)	16,203,484	16,200,000	-16,200,000	\$0
Farmers' Market Nutrition Program	22,109,323	23,860,000	-60,000	23,800,000
Total FMP Obligations	38,312,807	40,060,000	-16,260,000	23,800,000
Transfer from CCC	-15,000,000	-15,000,000	0	-15,000,000
Recovery of Prior Year Obligations	-3,512,807	-5,200,000	1,200,000	-4,000,000
Unobligated Balances:				
Available Start of Year	0	0	0	0
Available End of Year	0	0	0	0
Rescission P.L. 109-148	0	140,000	-140,000	0
Total Appropriation, FMP	19,800,000	20,000,000	-200,000	19,800,000
3. The Emergency Food Assistance Program <u>b/</u>				
Administrative Costs	50,309,877	49,650,000	-150,000	49,500,000
FS/TEFAP Admin. (non add)	(7,805,377)	(10,000,000)	0	(10,000,000)
FS/TEFAP Commodities (non add)	(132,194,294)	(130,000,000)	0	(130,000,000)
Total TEFAP Obligations	50,309,877	49,650,000	-150,000	49,500,000
Recovery of Prior Year Obligations	-881,759	0	0	0
Unobligated Balances:				
Available Start of Year	0	0	0	0
Available End of Year	0	0	0	0
Available End of Year	0	0	0	0
Lapse	0	0	0	0
Rescission	0	350,000	-350,000	0
Lapse	71,882	0	0	0
Total Appropriation, TEFAP	49,500,000	50,000,000	-500,000	49,500,000
4. Other Programs:				
Nutrition Services Incentive Program (NSIP): <u>c/</u>	1,914,866	2,659,000	341,000	3,000,000
Nuclear Affected Islands	575,190	571,000	4,000	575,000
Disaster Assistance	266,035	987,000	-492,000	495,000
Rescission	0	0	0	0
Total Other Program Obligations	2,756,091	4,217,000	-147,000	4,070,000
Transfer from DHHS	-1,914,866	-2,659,000	-341,000	-3,000,000
Recovery of Prior Year Obligations	0	0	0	0
Unobligated Balances:				
Available Start of Year	-635,420	-495,000	495,000	0
Available End of Year	495,000	0	0	0
Rescission P. L. 109-148	0	0	0	0
Transfer from DHHS				
Rescission	0	7,000	-7,000	0
Lapse <u>d/</u>	369,385	0	0	0
Total Appropriation, Other Programs	1,070,190	1,070,000	0	1,070,000
Total CAP Obligations	199,206,856	233,757,000	-156,387,000	77,370,000
Rescission	0	1,482,390	-1,482,390	0
Total Appropriation	177,572,340	211,770,000	-141,400,000	70,370,000
Proposed Legislation (SFMNP)	0	0	15,000,000	15,000,000

- a/ FY 2007 CSFP fund includes \$459,844 in carryover from FY 2006 from the Emergency Supplemental.
- b/ The Food Stamp appropriation provides \$140,000,000 for the TEFAP for the procurement of commodities. In FY 2007 and FY 2008, up to \$10 million of that amount was permitted to be used for administrative costs. The FY 2009 budget proposes the continuation of this provision.
- c/ NSIP transferred to DHHS in FY 2003 though FNS continues to be involved in the purchase of commodities. Special authority to honor FY 2007 commodity orders placed prior to November 14, 2006, was granted by P.L. 109-368. Public Law 110-19, effective April 23, 2007, authorizes the transfer of NSIP funds from DHHS for the purchase of commodities and related expenses.
- d/ Lapse includes net change in unfilled customer orders for NSIP.

Justification of Increases and Decreases

The FY 2009 request for the Commodity Assistance Program reflects a decrease of \$139,918,000.

- (1) Explanation of Change: The primary reduction results from the President's budget proposal to terminate funding for the CSFP. The program is significantly duplicative of the services provided to the CSFP population under the Food Stamp and WIC Programs. Resources are available to encourage and cover the cost of increased participation in these programs. Many elderly CSFP recipients are expected to migrate to the Food Stamp Program, from which they may receive benefits that can be more flexibly used to avoid conflicts with their individual medical issues and other needs. Resources have been added to the Food Stamp Program account for outreach and temporary benefits to help transition these participants to the Food Stamp Program. Bonus commodities that otherwise have been distributed by CSFP are expected to go to the Emergency Food Assistance Program.

The remaining decrease reflects the net impact of the continuation of FY 2007 funding for PIA, DA, TEFAP admin., and the FMNP in the FY 2009 request.

**COMMODITY SUPPLEMENTAL FOOD PROGRAM
CALENDAR YEAR AUTHORIZED CASELOAD LEVELS
FOR WIC AND ELDERLY ^{a/}**

<u>STATE / TRIBAL ORG.</u>	<u>2007</u>	<u>2008</u>
Alaska	2,277	2,109
Arizona	16,572	14,473
California	53,827	53,827
Colorado	18,844	17,211
District of Columbia	7,121	6,880
Illinois	14,463	13,676
Indiana	4,358	4,286
Iowa	3,781	3,337
Kansas	5,763	5,069
Kentucky	15,652	15,652
Louisiana	66,206	64,939
Michigan	78,430	77,290
Minnesota	14,071	14,071
Mississippi	6,996	6,986
Missouri	9,374	9,280
Montana	6,783	6,783
Nebraska	13,770	12,875
Nevada	5,982	5,909
New Hampshire	7,619	7,276
New Mexico	16,950	16,309
New York	31,068	31,068
North Carolina	1,249	1,182
North Dakota	2,799	2,799
Oglala Sioux, SD	725	617
Ohio	15,892	15,529
Oregon	1,418	1,318
Pennsylvania	14,600	14,541
Red Lake, MN	102	98
South Carolina	3,705	3,705
South Dakota	2,812	2,812
Tennessee	13,721	13,315
Texas	15,923	15,923
Vermont	4,005	3,625
Washington	3,652	3,652
<u>Wisconsin</u>	<u>5,051</u>	<u>5,051</u>
TOTALS	485,614	473,473

^{a/} Excludes supplemental caseload slots. FNS allocated supplemental resources made available under the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006, among the three CSFP Gulf States directly affected by Hurricane Katrina, as evidenced by Federal disaster or emergency declarations—Louisiana, Mississippi, and Texas. A combined total of 24,577 supplemental caseload slots were allocated to these three States for use beginning July 1, 2006, through March 31, 2007. Both Louisiana and Mississippi were granted their full requests of 2,000 and 3,500 slots, respectively. Based on the justification provided by Texas, the State was granted a total of 19,077 supplemental caseload slots. Supplemental caseload was provided in addition to each State's final caseload allocation.

	2007 <i>a/</i> Actual	2008 Estimated	Difference	2009 Estimated
RESOURCES--START OF YEAR:				
Appropriation	\$107,202	\$140,700	-\$140,700	0
Cash Carry-In/Recoveries	259	115	-115	0
Rescission	0	-985	985	0
Beginning Inventory (Federal-State-Local)	47,693	30,174	-30,174	0
TOTAL RESOURCES	155,154	170,004	-170,004	0
DEMAND:				
1. Program Performance Data:				
Caseload	485.614	473.473	-473.473	0.000
Participation	466.094	464.004	-464.004	0.000
<i>Women-Infants-Children</i>	33.263	29.937	-29.937	0.000
<i>Elderly</i>	432.831	434.067	-434.067	0.000
Avg. Food Cost Person/Month (whole \$):				
<i>Women-Infants-Children</i>	\$25.22	26.65	-26.65	0.00
<i>FNS Funded <i>b/</i></i>	21.92	24.27	-24.27	0.00
<i>Free (donated)</i>	3.30	2.38	-2.38	0.00
<i>Elderly</i>	19.74	20.86	-20.86	0.00
<i>FNS Funded <i>c/</i></i>	16.64	18.15	-18.15	0.00
<i>Free (donated)</i>	3.10	2.71	-2.71	0.00
2. Food Costs:				
Food Distribution Costs	\$95,177	103,259	-103,259	0
<i>Women-Infants-Children</i>	8,749	8,719	-8,719	0
<i>Elderly</i>	86,428	94,540	-94,540	0
Commodity Administrative Costs	703	661	-661	0
Total Food Costs	95,880	103,920	-103,920	0
3. State Administrative Expenses				
	29,100	29,863	-29,863	0
TOTAL DEMAND	\$124,980	133,783	-133,783	0
BALANCES--YEAR-END:				
Ending Inventory	30,174	36,239	-36,239	0
COMMODITY ACTIVITY:				
Purchases	78,361	109,968	-109,968	0

a/ Does not reflect carryover resources of \$459,844 provided under the FY 2006 Emergency Supplemental pursuant to P.L. 109-148 in FY 2007.

b/ Reflects carryover from the FY 2006 Emergency Supplemental pursuant to P.L. 109-148.

c/ Section 745 of Public Law 110-161 made unexpended resources from FY 2006 Emergency Supplemental available for normal program operation.

COMMODITY ASSISTANCE PROGRAMSummary of Farm Bill Legislative Proposals

Proposed Legislation
Budget Authority (in millions)

Proposed Legislation	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	Total
Improving Program Integrity:							
Senior Farmers Market Nutrition Program (SFMNP)	0.0	\$15.0	\$15.0	\$15.0	\$15.0	\$15.0	\$75.0

Explanation of Proposed Legislation:**Improving Program Integrity:**

- **Continuation of the Senior Farmers' Market Nutrition Program:** Farm Bill proposes continuation of the SFMNP, funded by transfer from Commodity Credit Corporation.

FOOD AND NUTRITION SERVICE

Commodity Assistance Program

Classification by Objects2007 Actual and Estimated 2008 and 2009

(in thousands of dollars)

	Personnel Compensation:	2007	2008	2009
	Washington D.C.	0	0	0
	Field	0	0	0
11	Total personnel compensation	0	0	0
12	Personnel benefits	0	0	0
13	Benefits for former personnel	0	0	0
	Total personnel compensation and benefits	0	0	0
	Other Objects:			
21	Travel and transportation of persons			
22	Transportation of things			
23.1	Rental payments to GSA			
23.2	Rental payments to others			
23.3	Communications, utilities, and misc. charges			
24	Printing and reproduction			
25	Other Services			
25.1	Contractual Services Performed by Other Federal Agencies			
25.2	Related Expenditures			
25.3	Repair, Alteration or Maintenance of Equipment, Furniture or Structures			
25.4	Contractual Services - Other			
25.5	Agreements			
25.6	ADP Services and Supplies			
25.7	Miscellaneous Services			
25.8	Fees			
26	Supplies and materials	\$80,276	\$112,626	\$3,000
31	Equipment			
32	Land and structures			
41	Grants, subsidies and contributions*	118,930	121,131	74,370
42	Insurance claims and indemnities			
43	Interest and dividends			
45	Special Payments			
92	Undistributed			
	Total other objects	199,206	233,757	77,370
	Total direct obligations	199,206	233,757	77,370

Totals may not add due to rounding.

COMMODITY ASSISTANCE PROGRAM

STATUS OF PROGRAM

The Commodity Assistance Program (CAP) account combines funding for the Commodity Supplemental Food Program (CSFP), administrative expenses for the Emergency Food Assistance Program (TEFAP), Assistance to the Nuclear Affected Islands, Disaster Relief, the Senior Farmers' Market Nutrition Program, and the Farmers' Market Nutrition Program.

Commodity Supplemental Food Program

Program Mission

CSFP provides supplemental foods to low-income pregnant, postpartum and breastfeeding women, infants, children up to age six and the elderly. The program operates in 32 States, the District of Columbia, and through two Indian Tribal Organizations (ITOs). The foods provided are purchased by the U.S. Department of Agriculture (USDA) utilizing funds appropriated for the program each year as well as funds provided for the support of domestic agricultural markets through the removal of agricultural market surpluses and price support activities. Food packages are designed with the specific nutritional needs of women, infants, children, and the elderly in mind and include such nutritious foods as canned fruits and vegetables, juices, meats, fish, peanut butter, cheese, cereal and grain products, and dairy products. Infants receive formula and rice cereal. USDA also provides administrative funding to States.

Facts in Brief

- In 2007, 485,614 caseload slots were allocated to participating States and Indian tribes.
- For FY 2007, program participation averaged 466,094, monthly.
- From FY 2006 to 2007, monthly participation of women, infants, and children decreased from 40,026 to 33,263, while elderly participation increased from 422,323 to 432,831.

Program Participation and Caseload Utilization

Each year, to the extent that resources are available, FNS assigns a base caseload to all of the States and ITOs participating in the program. Base caseload equals the greatest of (1) monthly average participation for the previous fiscal year, (2) monthly average participation for the final quarter of the previous fiscal year, or, in certain limited circumstances, (3) participation during September of the previous fiscal year. Base caseload cannot exceed total caseload for the previous year. If resources are available, States may also be eligible to receive additional caseload in the following year, in response to their requests for such caseload and FNS' determination of the number of slots that States can effectively utilize.

CSFP Average Monthly Participation ^{1/}

Participation	2001	2002	2003	2004	2005	2006	2007
Women	14,684	12,839	11,064	11,038	9,180	6,729	5,280
Infants	11,038	9,464	8,131	7,670	6,337	4,482	3,241
Children Less than 6	57,963	52,976	47,071	44,208	36,988	28,815	24,742
Total WIC Type	83,685	75,279	66,266	62,916	52,505	40,026	33,263
Elderly	323,503	352,165	389,392	458,798	459,929	422,323	432,831
Total, CSFP	407,187	427,444	455,659	521,714	512,433	462,349	466,094

^{1/} Based on National Databank version 8.2 data through September FY 2007. Due to rounding, the sum of the average participation by women, infants, children and elderly may not equal the total average participation.

Free Commodities: Under market support authorities, FSA and AMS conduct price-support and surplus-removal commodity procurements to aid American agriculture. These agencies may donate these commodities to FNS, which decides how to allocate them among its programs. If commodities donated to FNS are among the foods used in the CSFP food package (e.g., canned green beans but not pudding), FNS may choose to provide them to CSFP. The availability of such foods depends entirely on market conditions that cannot be predicted or controlled. To the extent that free foods are used in CSFP, the average amount of CSFP appropriations needed to complete each food package is reduced. Thus, free foods enable FNS to provide more food packages than could be funded exclusively with CSFP appropriations. Though the volume of free foods available to CSFP may vary significantly from year to year, FNS uses historical data to project a certain value of free foods per food package that will be available.

Bonus Commodities: Bonus commodities are also purchased to support agricultural markets and donated to FNS. If these foods are compatible with the food package and FNS decides to provide them as a part of the food package, they are “free” commodities, as discussed above. If the donated foods do not meet food package requirements, FNS may decide to offer them to program participants in addition to the food package. Donated commodities offered in addition to the food package are called bonus commodities. The presence or absence of bonus commodities does not affect the number of food packages provided through the program.

Administrative Funding

Section 4201 of the Farm Security and Rural Investment Act of 2002, (P.L. 107-171), established the method of calculating administrative funds for State agencies in CSFP. State agencies are provided an administrative grant per assigned caseload slot, adjusted each year for inflation. For FY 2007, \$59.71 was the legislatively mandated administrative grant per assigned caseload slot. Allowable administrative costs include nutrition education, warehousing, food delivery, participant certification, and other costs associated with State and local administration of the program.

Supplemental Resources

In FY 2006 and FY 2007, FNS made available a combined total of \$4 million in supplemental resources appropriated by Congress to the three CSFP Gulf States directly affected by Hurricane Katrina, as evidenced by Federal disaster or emergency declarations—Louisiana, Mississippi and Texas. Based on each State’s request and accompanying justification, FNS allocated a combined total of 24,577 supplemental caseload slots to these three States for use from July 1 through December 31, 2006. All three States were subsequently permitted to use any remaining commodities and administrative resources through March 31, 2007.

Program Assessment Rating Tool

OMB completed a PART review of the CSFP in 2004 and rated the program as results not demonstrated. The review found that the program duplicates other nutrition programs which operate nationwide and serve all eligible people who apply, and that it lacks performance measures to demonstrate whether it is helping meet the nutritional needs of program participants. USDA has proposed eliminating the program and enrolling eligible CSFP participants in the WIC and Food Stamp Programs.

The Emergency Food Assistance Program (TEFAP)

Program Mission

TEFAP supplements the diet of needy Americans through donations of nutritious USDA commodity foods to States. States provide the food to local agencies for distribution to households for home consumption and to organizations that prepare meals for needy people. Recipients of food for home use must meet program eligibility criteria set by the States. USDA also provides TEFAP administrative funding to States to support the storage and distribution of USDA donated commodities and commodities from other sources, including private donations.

Facts in Brief

- TEFAP commodities and administrative funds are allocated to States based on a formula that considers the number of unemployed people in each State and the number of persons in each State with incomes below the poverty level.
- States may direct their “fair share” of TEFAP foods to: (1) distribution to needy households, (2) provision of meals to the needy at congregate feeding sites, or (3) a combination of the two.
- Each State is responsible for selecting organizations to participate in the program, allocating commodities and administrative funds among such organizations, and establishing eligibility criteria. Many local TEFAP agencies are faith-based operations and many depend significantly on volunteers.

Administrative Funding

TEFAP administrative funds are provided to States under the CAP account to help defray State and local costs associated with the transportation, processing, storage and distribution of donated commodities provided by USDA or commodities secured from other sources such as the private sector. Unless expressly prohibited by appropriations legislation, a State can also choose to convert TEFAP administrative funds to commodity funds which are used by USDA to purchase additional commodities. States can also use administrative funds to support food rescue activities such as gleaning and other food recovery efforts. In these ways, administrative funds are efficiently leveraged to increase the total flow of food, from all sources, through the TEFAP network.

Entitlement Commodities

Funds for TEFAP commodity purchases are provided in the Food Stamp Program account. A great variety of healthful foods were purchased specifically for distribution in the TEFAP in FY 2006. The types of commodities purchased included: egg mix, blackeye beans, great northern beans, kidney beans, lima beans, pinto beans, bakery mix, lowfat bakery mix, egg noodles, white and yellow corn grits, macaroni, oats, peanut butter, rice, spaghetti, vegetable oil, rice cereal, corn flakes, corn squares, oat cereal, bran flakes, frozen ground beef, frozen chicken, frozen ham, frozen turkey roast. The following canned items were also purchased: mixed vegetables, green beans, refried beans, vegetarian beans, carrots, cream corn, whole kernel corn, peas, pumpkin, spinach, sliced potatoes, spaghetti sauce, tomatoes, tomato sauce, tomato soup, vegetable soup, sweet potatoes, diced tomatoes, apple juice, cranapple juice, grape juice, orange juice, pineapple juice, tomato juice, mixed fruits, apricots, peaches, pineapples, applesauce, pears, plums, beef, beef stew, chicken, pork, tuna, and roasted peanuts.

Bonus Commodities

In addition to the commodities purchased with TEFAP appropriations, USDA purchased commodities under market support authorities valued at \$58.2 million that were donated to TEFAP during FY 2007. The bonus commodities included: apple juice, applesauce, apricots, asparagus, cherries, chicken, geese, grape juice, grapefruit juice, lamb, peanut butter, tomatoes, and instant dry milk.

FY 2007 TEFAP Spending

In FY 2007, \$49,500,000 was appropriated for TEFAP administrative funds, and the Secretary was authorized to make available up to \$10 million of TEFAP commodity funds to support administrative costs. The FY 2007 appropriation for TEFAP food, which occurs in the Food Stamp Program account, was \$140 million, the level authorized by section 4204 of the Farm Security and Rural Investment Act of 2002 (P.L. 107-171).

TEFAP Summary (In Millions)

	2001	2002	2003	2004	2005	2006	2007
State Administrative Expenses ¹	\$44.7	\$54.3	\$59.7	\$59.2	\$58.6	\$63.5	\$58.0
CCC Administrative Funds	10.0	0	0	0	0	0	0
Bonus Commodities	319.4	171.4	242.1	233.0	154.3	67.0	58.2
Entitlement Commodities ²	99.6	134.8	130.3	128.5	130.5	136.1	130.6
AMS/FSA/PCIMS Administration	0.9	0.9	1.0	0.4	1.0	1.0	1.0
TOTAL	474.6	361.4	433.1	421.1	344.4	267.6	246.9

¹ These include administrative funds, commodity funds converted to administrative funds, and administrative funds recovered from the previous year. In FYs 2004-2007, appropriation language permitted the use of up to \$10 million of the TEFAP commodities funding, appropriated under the Food Stamp Program account, to provide administrative funds to the States. In all four years, most States opted to convert most or all of their "fair share" of these commodity funds to administrative funds. In FY 2004, \$9.3 million was converted; in FY 2005, \$8.5 million was converted; in FY 2006, \$7.8 million was converted; and in FY 2007, \$7.8 million was converted. The balance of the funds were used to purchase commodities.

² In FY 2002, the Farm Security and Rural Investment Act of 2002 (P.L. 107-171) increased the authorized level of TEFAP entitlement commodity funds to be provided under the Food Stamp Program account. Also included are administrative funds that States chose to use instead to increase their commodity entitlements: FY 2001, \$0.5 million; FY 2002, \$0.6 million; FY 2004, \$0.1 million; and in FY 2006, \$0.1 million, and in FY 2007, \$0.1 million. In FY 2003, appropriations legislation prohibited use of administrative funds under the CAP account to increase States' commodity allocations, and in FY 2005 no States elected to use administrative funds to increase their commodity entitlements.

Program Assessment Rating Tool

OMB completed a Program Assessment Rating Tool (PART) review of TEFAP in 2005 and rated the program as results not demonstrated. The review showed that while TEFAP addresses an important need, in that many people in the United States need emergency food assistance, the program has no standardized means to demonstrate that it is effective. In addition, OMB concluded that USDA oversight activities do not provide sufficient knowledge of grantee activities, nor is a system in place to identify and correct management deficiencies. Based on the findings, USDA has worked to develop annual and long-term performance measures, and a plan for establishing baselines and targets, as well as a plan for more comprehensive and periodic review of program management.

WIC Farmers' Market Nutrition Program (FMNP)

The FMNP provides a direct link between nutrition and the Nation's small resource farmers by providing women, infants, and children special vouchers to purchase and consume fresh local fruits, vegetables and herbs directly from farmers, farmers' markets and roadside stands. As a result, the FMNP has enhanced local agricultural economies by promoting the development of farmers' markets, which has increased the customer base for small local farmers and become a major income source. During FY 2007, the FMNP was operated by 46 State agencies and ITOs.

In FY 2006, the FMNP provided coupons to 2,497,162 WIC participants. The participants redeemed their coupons at 5,032 authorized Farmers' Markets and roadside stands, providing revenue to 14,259 small family farmers.

WIC Farmers' Market Nutrition Program

	2003	2004	2005	2006	2007
Funding (\$000)	\$24,995	\$27,952	\$28,067	\$23,814	\$22,109
WIC Recipients	2,372,256	2,516,724	2,686,210	2,497,162	*
Farmers' Markets**	3,423	4,131	4,714	5,032	*
Farmers	16,226	14,050	14,323	14,259	*

*Data not yet available

**Farmers' Markets data includes roadside stands.

Senior Farmers' Market Nutrition Program (SFMNP)

Program Mission

The purposes of the SFMNP are to: (1) provide resources in the form of fresh, nutritious, unprepared, locally grown fruits, vegetables, and herbs from farmers' markets, roadside stands and community supported agriculture programs to low-income seniors; (2) increase the domestic consumption of agricultural commodities by expanding or aiding in the expansion of domestic farmers' markets, roadside stands, and community support agriculture programs; and (3) develop or aid in the development of new and additional farmers' markets, roadside stands and community supported agriculture programs.

After the first (pilot) year of the SFMNP, Congress provided \$10 million through the Agriculture Appropriations Act of 2002 to continue the program's operation. Section 4306 of the Farm Security and Rural Investment Act of 2002 (P.L. 107-171) provided an additional \$5 million for the program for FY 2002 and further established the SFMNP as a permanent nutrition assistance program. This legislation authorized \$15 million to be provided by the Commodity Credit Corporation for the SFMNP each year from FY 2003 through FY 2007, and gave USDA the authority to develop regulations for the program.

FY 2007 Grantees

During FY 2007, the SFMNP operated in 38 States, in the District of Columbia, Puerto Rico, and through six Federally-recognized ITOs. SFMNP grants were awarded through a non-competitive process on a proportional basis to current grantees based on FY 2006 grant levels. The grant funds are used to provide low-income seniors with coupons that can be exchanged for eligible foods at farmers' markets, roadside stands and community supported agriculture programs. A State agency may spend up to 10 percent of its total SFMNP grant to cover costs associated with the operation and administration of the SFMNP.

Senior Farmers' Market Nutrition Program

	2004	2005	2006	2007
Funding	\$15,000,000	\$15,000,000	\$15,843,618	\$16,203,649
SFMNP Recipients	802,102	771,285	825,691	*
Farmers	14,518	14,668	14,575	*
Farmers' Markets	2,495	2,663	2,911	*
Roadside Stands	1,982	2,001	2,323	*
Community Supported Agriculture Programs	213	237	260	*

*Data not yet available

On December 12, 2006, FNS published the final rule for Senior Farmers' Market Nutrition Program (SFMNP) regulations. The final rule implements the provision of the Farm Security and Rural Investment Act of 2002 that gives USDA the authority to promulgate regulations to make the SFMNP a permanent program. The SFMNP will continue to provide low-income senior citizens coupons that can be exchanged for fresh, locally grown fruits, vegetables, and herbs through authorized farmers, farmers' markets, and community supported agriculture programs.

Program Assessment Rating Tool

OMB completed a PART review of the Senior and WIC Farmers' Market Programs in 2006 and rated the programs as results not demonstrated. The review found that the programs have no standardized annual or long-term performance measures to demonstrate that they are effective. It also noted that the programs' design and scope – in particular, the low value of benefits – limits the ability of the programs to improve the diets of participants. The regulations published on December 12, 2006, established standard monitoring and reporting requirements for the Senior Farmers Market Nutrition Program.

Pacific Island and Disaster Assistance

Program Mission

Pacific Island Assistance provides commodities and funds to the nuclear-affected zones of the Republic of the Marshall Islands. Disaster Assistance provides funding for use in non-Presidentially declared disasters and for Presidentialy declared disasters.

Certain islands in nuclear-affected zones of the Republic of the Marshall Islands received USDA commodities and administrative funds. This assistance is authorized by the Compact of Free Association Amendments Act of 2003, (P.L. 108-188). USDA previously provided nutrition assistance under this account to the former Trust Territory of the Pacific Islands; however, as the trust relationship ended for the Federated States of Micronesia, the Republic of Palau, and the Republic of the Marshall Islands, this assistance was phased out. Under its Compact of Free Association, Palau is not eligible to receive emergency assistance.

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (P.L. 93-288) assigns certain responsibilities relating to disaster food assistance to the Secretary of Agriculture. Other duties have been assigned to the Secretary by Executive Order #12673. These include using, pursuant to the authority of the Act, funds appropriated under Section 32 to purchase food commodities for assistance in major disasters or emergencies when other food supplies are not readily available.

Nutrition Services Incentive Program (NSIP)

Program Mission

The NSIP provides cash and commodities to States for distribution to local organizations that prepare

nutritionally sound meals served through meals-on-wheels programs or in senior citizen centers and similar settings where the elderly participate in social and rehabilitative activities. The program promotes good health through nutrition assistance and by reducing the isolation experienced by the elderly.

In 2003, Congress transferred NSIP funding and the allocation of resources in this program from USDA to DHHS. However, State Agencies on Aging could still choose to receive all or part of their NSIP allotments in the form of commodities. They may also receive bonus commodities, as available. USDA's role is to purchase and deliver commodities to States that elect to receive them. DHHS reimburses USDA for commodity purchases and related administrative expenses. FNS and DHHS' Administration on Aging enter into annual agreements to ensure the effective provision of commodities to State Agencies on Aging. Pursuant to P.L. 109-365, effective October 1, 2006, States were no longer authorized to opt for commodities. However, special authority to honor FY 2007 commodity orders placed prior to November 14, 2006, was granted by P.L. 109-368.

Surplus Commodity Donations to Charitable Institutions and Summer Camps

Program Mission

Charitable institutions and summer camps are eligible to receive bonus commodities, as available. These are commodities provided through price-support and surplus removal authority to a wide variety of institutions serving needy persons. Charitable institutions and summer camps do not receive commodities through specific program appropriations.

Facts in Brief

- Under section 416 price support and Section 32 surplus removal authorities, commodities are acquired by the Commodity Credit Corporation (CCC) and AMS and are made available at no cost to a variety of institutional types, including nonprofit charitable institutions serving needy persons and summer camps for children, among many others.
- To be eligible, an institution must be nonprofit, tax-exempt under the Internal Revenue Code, and serve meals on a regular basis. Among the charitable institutions eligible to receive donated commodities are: homes for the elderly, hospitals that offer general and long term health care, soup kitchens, meals-on-wheels programs, and schools, service institutions, or nonresidential child care institutions that do not participate in any of the Child Nutrition Programs.
- Due to favorable market conditions, bonus commodities were not available to charitable institutions and summer camps in fiscal year 2007.

FOOD AND NUTRITION SERVICE
COMMODITY SUPPLEMENTAL FOOD PROGRAM
Quantity and Value of Commodities

Fiscal Year 2007

ENTITLEMENT COMMODITIES	Pounds	Dollars
SECTION 6/32 TYPE:		
APPLE JUICE, CANNED	13,605,079	\$3,914,541
APPLESAUCE, CANNED	1,403,552	585,588
APRICOTS, CANNED	1,166,403	760,211
BEANS, CANNED	1,806,025	785,286
BEANS, GREEN CANNED	2,340,960	844,475
BEEF STEW, CHUNKY	1,247,400	899,593
BEEF, CANNED	1,893,096	4,108,369
CARROTS, CANNED	1,667,255	596,052
CHICKEN, CANNED BONED	1,896,675	3,776,374
CORN, CANNED WHOLE KERNEL	2,306,721	757,321
EGG MIX	36,000	89,093
FRUIT, MIXED CANNED	1,531,802	958,091
GRAPE J	4,861,074	1,933,987
ORANGE JUICE, CANNED	15,752,559	7,725,041
PEACHES, CANNED	2,550,003	1,476,689
PEARS, CANNED	1,439,779	855,921
PEAS, CANNED	1,391,852	495,012
PLUMS, CANNED	36,450	18,101
PORK, CANNED	405,000	640,613
POTATOES, CANNED	1,278,000	485,311
SPINACH, CANNED	474,810	232,869
SWEET POTATOES, CANNED	1,067,180	620,043
TOMATO JUICE, CANNED	4,709,453	1,213,845
TOMATOES, CANNED	1,050,746	385,674
TUNA, CANNED	1,554,102	2,709,934
VEG MIX CANNED	1,494,453	699,226
Total Section 6/32 Type	68,966,429	\$37,567,260
SECTION 416 TYPE:		
CEREAL, DRY CORN	1,295,030	\$1,514,765
CEREAL, DRY CORN & RICE	993,385	1,364,669
CEREAL, DRY OATS	761,378	1,528,847
CEREAL, DRY RICE	1,508,545	2,224,215
CEREAL, INFANT RICE	24,000	46,120
CEREAL, WB FLAKES	1,146,772	1,483,531
CHEESE, REDUCED FAT	11,089,320	19,811,748
FARINA	543,312	273,284
FORMULA, INFANT*	113,553	918,439
GRITS, CORN	556,920	160,274
MACARONI	1,632,000	600,620
MILK, EVAPORATED	9,480,800	4,809,636
OATS, ROLLED	1,721,376	676,049
PEANUT BUTTER	1,121,851	899,316
RICE, MILLED	2,604,000	734,186
SPAGHETTI	2,113,200	700,074
Total Section 416 Type	36,705,442	\$ 37,745,773
Anticipated Adjustment		2,345,197
*Anticipated Transportation & Storage AMS / FSA / PCIMS Admin. Expenses		702,682
TOTAL COMMODITY ENTITLEMENT	105,671,871	\$78,360,912

FOOD AND NUTRITION SERVICE

COMMODITY SUPPLEMENTAL FOOD PROGRAM (Cont.)

Quantity and Value of Commodities

Fiscal Year 2007

BONUS COMMODITIES	Pounds	Dollars
SECTION 32 TYPE:		
APPLE J	4,462,502	\$1,527,008
APPLESAUCE	911,250	381,037
ASPARAGUS CANNED	607,501	555,656
BEANS	526,770	191,165
BEEF STEW CHUNKY	314,280	239,373
CHICKEN, CANNED*	1,087,500	2,370,750
CORN KERNEL	245,259	88,319
GRAPE J	10,635,744	4,335,030
PORK, CANNED	468,000	774,803
Total Section 32 Type	19,258,806	10,463,141
BONUS COMMODITIES	Pounds	Dollars
SECTION 416 TYPE:		
INSTANT 2	6,881,280	10,046,670
NFD BULK 25 KG	399,692	329,938
PEANUT BUTTER	3,135,780	2,828,140
Total Section 416 Type	10,416,752	13,204,748
Anticipated Adjustment		
TOTAL BONUS COMMODITIES	29,675,558	23,667,889
TOTAL -- ALL COMMODITIES	135,347,429	102,028,801
Adjustment	0	0
Cash In-Lieu of Commodities		
GRAND TOTAL	135,347,429	102,028,801

Source: PCIMS -- Delivery order and contract information.

COMMODITY SUPPLEMENTAL FOOD PROGRAM
PROJECTS, PARTICIPATION AND FOOD COST

FISCAL YEAR 2007

STATE OR TERRITORY	PROJECTS	AVERAGE MONTHLY PARTICIPATION (FNS-153)					FOOD COSTS IN DOLLARS 2/	ADMINISTRATIVE COST IN DOLLARS 3/ 4/
		WOMEN	INFANTS	CHILDREN	ELDERLY	TOTAL 1/		
Alaska-----	2	24	4	127	1,938	2,093	\$386,462	\$53,376
Arizona-----	13	551	0	1,444	12,361	14,356	2,625,655	947,324
California-----	6	519	454	3,054	49,071	53,098	10,948,134	3,213,242
Colorado-----	7	995	904	3,222	11,822	16,943	3,984,538	507,118
District of Columbia-----	1	16	10	240	6,499	6,765	1,289,399	432,715
Illinois-----	1	151	168	1,074	12,283	13,676	2,361,511	877,716
Indiana-----	2	0	0	0	4,223	4,223	828,745	261,439
Iowa-----	1	24	14	148	3,150	3,336	621,189	227,180
Kansas-----	3	23	6	184	4,856	5,069	1,001,756	322,189
Kentucky-----	6	31	18	142	15,419	15,610	2,984,631	415,777
Louisiana-----	1	219	175	620	63,312	64,326	11,767,679	4,170,432
Michigan-----	17	855	738	5,994	69,671	77,258	14,641,739	4,682,278
Red Lake, Minnesota-----	1	0	0	7	92	99	15,722	6,091
Minnesota-----	3	158	32	1,198	12,873	14,261	2,841,403	839,427
Mississippi---3/-----	1	0	0	379	6,584	6,963	1,480,156	417,710
Missouri-----	6	13	2	18	9,201	9,234	1,773,250	557,523
Montana-----	12	0	0	126	6,596	6,722	1,122,734	404,264
Nebraska-----	8	201	18	723	11,577	12,519	2,181,756	773,998
Nevada-----	4	49	44	233	5,584	5,910	1,020,383	357,959
New Hampshire-----	7	676	0	838	5,453	6,967	1,275,793	406,820
New Mexico-----	4	134	84	1,001	15,011	16,230	3,356,920	1,012,076
New York-----	3	510	521	2,449	26,834	30,314	5,887,599	1,854,311
North Carolina-----	1	0	1	1	1,181	1,183	196,218	74,995
North Dakota-----	6	0	0	0	2,774	2,774	507,301	167,127
Ohio-----	5	0	0	66	13,573	13,639	2,675,293	896,749
Oregon-----	3	1	0	22	1,268	1,291	1,220,456	42,958
Pennsylvania-----	1	7	0	51	14,430	14,488	2,751,828	871,403
South Carolina-----	2	0	0	3	3,718	3,721	676,809	221,224
South Dakota-----	2	0	0	0	2,805	2,805	518,430	121,252
Ogala Sioux, S.D.-----	1	6	15	141	455	617	120,582	26,004
Tennessee-----	4	88	14	460	12,753	13,315	2,438,327	822,903
Texas---3/-----	2	17	23	339	14,343	14,722	4,441,431	676,534
Vermont-----	1	4	2	70	3,550	3,626	660,234	243,093
Washington-----	6	6	1	245	2,575	2,827	522,885	197,906
Wisconsin-----	1	19	0	133	4,996	5,148	957,178	289,245
AMS/FSA/PCIMS Admin. Exp.-----	0	0	0	0	0	0	702,682	
Anticipated Adjustment-----	0	0	0	0	0	0	-13,425,896	2,074,811
TOTAL-----	144	5,280	3,241	24,742	432,831	466,094	\$78,360,912	\$29,467,169

SOURCE: FPRS FNS-153 data - Food distributed to participants in fiscal year 2007.

1/ If a State operated for less than a full year its annual average does not include non-operating months (e.g., if it operated for two months the annual participation sum is divided by two rather than twelve). Consequently, the sum of the States exceeds the total for most years.

Totals may not add due to rounding.

2/ Total value of FNS funded entitlement foods. Costs do not include free commodities, bonus commodities, food losses, storage and transportation for certain items (Group A fruits and vegetables, all Group B commodities), or the value of food used for nutrition education.

3/ Includes CSFP Emergency Supplemental funds.

4/ Total outlays and unliquidated obligations.

NOTE: These data are based in part on preliminary reports submitted by State and local agencies and are subject to change as revisions are received.

FOOD AND NUTRITION SERVICE
THE EMERGENCY FOOD ASSISTANCE PROGRAM
Quantity and Value of Commodities
Fiscal Year 2007

ENTITLEMENT COMMODITIES	Pounds	Dollars
SECTION 6/32 TYPE:		
APPLE JUICE, CANNED	7,681,142	\$2,282,581
APPLESAUCE, CANNED	9,604,395	3,922,973
APRICOTS HALVES, CANNED	1,676,708	1,088,364
BEANS, GREEN CANNED	11,909,467	4,367,413
BEANS, BLKEYE CANNED	2,679,872	1,097,574
BEANS, B LIMA 2	161,280	99,068
BEANS, GRT NORTH 2	2,096,640	893,405
BEANS, KIDNEY	1,507,204	652,543
BEANS, PINTO	9,545,184	3,616,838
BEANS REFRIED, CANNED	2,607,120	938,352
BEANS VEGETARIAN, CANNED	3,011,040	1,060,166
BEEF, FINE GROUND	3,416,000	5,275,282
BEEF, CANNED	540,000	1,220,721
BEEF STEW, CANNED	12,483,000	8,970,532
CARROTS, CANNED	4,920,768	1,927,048
CHICKEN, CANNED DEBONED	1,543,789	3,091,231
CHICKEN, CUT UP	537,600	528,090
CHICKEN, FROZEN WHOLE	10,293,433	8,190,321
CORN, CANNED KERNEL	14,569,701	4,874,168
CORN, CANNED CREAM	947,703	375,824
CRANBERRY APPLE JUICE, CANNED	2,963,106	1,175,058
EGG MIX	252,000	607,350
GRAPE J	1,927,448	789,457
HAM, FROZEN	1,116,000	1,693,929
MIXED FRUIT, CANNED	3,535,673	2,282,483
ORANGE JUICE, CANNED	3,677,110	1,811,327
PEACHES, CANNED	3,982,588	2,407,351
PEARS, CANNED	4,330,780	2,595,616
PEAS, CANNED	5,993,578	2,114,056
PINEAPPLE JUICE, CANNED	1,085,761	415,558
PINEAPPLE, CANNED	388,080	306,963
PLUMS, CANNED	437,403	214,469
PORK, CANNED	1,935,000	3,096,875
POTATOES, SLICED	5,662,080	2,175,465
PUMPKIN, CANNED	72,900	41,639
SPAGHETTI SAUCE, CANNED	9,695,745	3,211,290
SPINACH, CANNED	983,535	474,861
SWEET POTATOES, CANNED	1,204,878	714,900
SYRUP	226,512	105,292
TOMATO JUICE, CANNED	1,806,901	466,053
TOMATO SAUCE, CANNED	4,475,260	1,441,337
TOMATO SOUP	1,206,151	618,619
TOMATOES, CANNED	3,930,894	1,435,514
TUNA, CANNED	3,580,200	6,309,148
TURKEY ROAST, FRZ	520,000	1,080,720
VEGETABLE MIX	3,371,869	1,617,212
VEGETABLE SOUP	3,689,409	2,274,963
Total Section 6/32 Type	173,782,907	\$95,949,999
SECTION 416 TYPE:*		
CEREAL, CORN	2,293,396	2,749,397
CEREAL, CORN & RICE	244,946	334,304
CEREAL, OATS	207,360	416,379
CEREAL, RICE	1,372,032	2,017,502
CEREAL, WB FLAKES	353,190	480,800
FLOUR MIX	714,000	380,653
FLOUR MIX, LOW FAT	1,848,000	1,136,297
GRITS	2,142,000	581,986
MACARONI	5,887,200	2,199,826
EGG NOODLES	3,087,360	1,738,787
OATS	2,361,888	930,510
PEANUT BUTTER	11,119,423	8,911,922
RICE	21,126,000	6,252,137
PEANUTS, ROASTED	199,584	275,592
SPAGHETTI	12,444,000	4,210,741
VEGETABLE OIL	3,058,905	1,529,388
Total Section 416 Type	68,459,284	34,146,221
Anticipated Transportation/misc		550,000
Cash In-Lieu of Commodities - CNMI		22,156
AMS/FSA/PCIMS/Computer Support		1,098,490
Anticipated Adjustment		427,428
TOTAL COMMODITY ENTITLEMENT	242,242,191	132,194,294

FOOD AND NUTRITION SERVICE
THE EMERGENCY FOOD ASSISTANCE PROGRAM (Cont.)
Quantity and Value of Commodities
Fiscal Year 2007

BONUS COMMODITIES	Pounds	Dollars
SECTION 32C TYPE:		
APPLE JUICE	9,317,738	3,221,553
APPLESAUCE	3,608,571	1,551,153
APRICOTS, CANNED	36,450	25,003
ASPARAGUS, CANNED	911,252	833,485
ASPARAGUS, FROZEN	288,000	318,864
BEANS, GREEN	70,470	26,309
BEEF STEW	1,863,720	1,407,717
CERRIES DRIED	1,803,648	6,905,768
CERRIES FRZ	1,920,000	1,612,518
CHERRY APPLE JUICE	4,069,819	1,628,347
CHICKEN CANNED*	4,687,510	10,218,771
GEESE	351,000	804,647
GRAPE J	10,201,632	4,178,302
GRAPEFRUIT J	29,658,608	8,973,778
LAMB LEG ROAST	144,000	448,916
LAMB SHOULDER CHOPS	180,000	538,880
TOMATOES	3,680,000	2,120,760
<i>Total Section 32C Type</i>	72,792,418	44,814,771
SECTION 416 TYPE:		
INSTANT 2	7,526,398	10,777,653
PB SMTH	3,454,390	2,959,721
<i>Total Section 416 Type</i>	10,980,788	13,737,374
Anticipated Adjustment	0	0
TOTAL BONUS COMMODITIES	83,773,206	58,552,145
TOTAL -- ALL COMMODITIES	326,015,397	190,746,439
Anticipated Adjustment	0	0
GRAND TOTAL	326,015,397	190,746,439

Source: PCIMS -- Delivery order and contract information.

FOOD AND NUTRITION SERVICE
THE EMERGENCY FOOD ASSISTANCE PROGRAM
Administrative Funds / Entitlement and Bonus Commodities
Fiscal Year 2007

State or Territory	Total Admin. Funds 1/	Entitlement Commodities	Bonus Commodities	Total Food	Total Admin. and Food
Alabama.....	\$779,768	2,162,764	950,489	3,113,253	3,893,021
Alaska.....	136,349	294,915	72,601	367,516	503,865
Arizona.....	1,201,368	2,602,776	950,508	3,553,284	4,754,652
Arkansas.....	632,890	1,376,326	779,623	2,155,949	2,788,839
California.....	7,221,245	15,447,032	6,891,839	22,338,871	29,560,116
Colorado.....	831,815	1,823,034	602,675	2,425,709	3,257,524
Connecticut.....	454,198	1,276,943	311,979	1,588,922	2,043,120
Delaware.....	120,487	261,265	156,727	417,992	538,479
District of Columbia.....	146,568	311,479	136,343	447,822	594,390
Florida.....	2,451,536	6,446,830	2,174,488	8,621,318	11,072,854
Georgia.....	1,657,139	4,104,588	1,847,392	5,951,980	7,609,119
Hawaii.....	146,751	377,860	154,446	532,306	679,057
Idaho.....	216,959	468,767	588,588	1,057,355	1,274,314
Illinois.....	2,347,412	5,160,405	2,373,168	7,533,573	9,880,985
Indiana.....	1,010,824	2,845,204	1,368,839	4,214,043	5,224,867
Iowa.....	448,031	1,051,099	433,321	1,484,420	1,932,451
Kansas.....	510,704	1,100,422	596,453	1,696,875	2,207,579
Kentucky.....	982,192	2,132,707	805,934	2,938,641	3,920,833
Louisiana.....	953,585	2,044,948	556,190	2,601,138	3,554,723
Maine.....	251,969	542,930	252,155	795,085	1,047,054
Maryland.....	781,078	1,993,762	716,195	2,709,957	3,491,035
Massachusetts.....	1,124,858	2,411,814	1,208,867	3,620,681	4,745,539
Michigan.....	2,079,981	4,933,705	1,937,740	6,871,445	8,951,426
Minnesota.....	711,740	1,509,803	741,724	2,251,527	2,963,267
Mississippi.....	669,430	1,838,804	892,232	2,731,036	3,400,466
Missouri.....	1,058,253	2,303,877	1,207,355	3,511,232	4,569,485
Montana.....	183,270	386,337	223,847	610,184	793,454
Nebraska.....	213,128	593,492	194,699	788,191	1,001,319
Nevada.....	412,573	931,476	350,175	1,281,651	1,694,224
New Hampshire.....	143,391	339,139	427,823	766,962	910,353
New Jersey.....	1,358,887	2,920,760	1,551,037	4,471,797	5,830,684
New Mexico.....	440,751	946,702	616,523	1,563,225	2,003,976
New York.....	4,018,522	8,792,812	4,624,622	13,417,434	17,435,956
North Carolina.....	1,649,531	4,023,026	2,386,257	6,409,283	8,058,814
North Dakota.....	99,849	226,194	59,161	285,355	385,204
Ohio.....	1,881,838	5,258,248	2,425,096	7,683,344	9,565,182
Oklahoma.....	540,304	1,521,187	664,750	2,185,937	2,726,241
Oregon.....	746,025	1,619,227	998,345	2,617,572	3,363,597
Pennsylvania.....	2,228,634	4,791,877	1,650,666	6,442,543	8,671,177
Rhode Island.....	219,650	468,009	356,222	824,231	1,043,881
South Carolina.....	992,250	2,118,912	974,034	3,092,946	4,085,196
South Dakota.....	131,651	283,468	166,216	449,684	581,335
Tennessee.....	1,364,763	2,948,532	1,649,221	4,597,753	5,962,516
Texas.....	5,347,795	11,425,501	5,652,873	17,078,374	22,426,169
Utah.....	354,098	760,862	396,136	1,156,998	1,511,096
Vermont.....	84,325	190,577	116,223	306,800	391,125
Virginia.....	1,062,134	2,290,457	967,583	3,258,040	4,320,174
Washington.....	1,214,546	2,610,494	1,466,365	4,076,859	5,291,405
West Virginia.....	394,093	843,151	239,960	1,083,111	1,477,204
Wisconsin.....	1,029,544	2,208,704	825,540	3,034,244	4,063,788
Wyoming.....	65,624	189,289	78,184	267,473	333,097
American Samoa.....	0	0	0	0	0
Guam.....	20,389	42,301	26,622	68,923	89,312
Northern Mariana Island.....	10,271	22,156	0	22,156	32,427
Puerto Rico.....	2,141,853	4,493,044	745,663	5,238,707	7,380,560
Trust Territory.....	0	0	0	0	0
Virgin Islands.....	22,558	48,383	10,431	58,814	81,372
Indian Tribes Set Asi.....	0	0	0	0	0
Freely Associated States.....	0	0	0	0	0
AMS/FSA/PCIMS/CompSup.....	0	1,098,490	0	1,098,490	1,098,490
Estimated transportation/misc.....	0	550,000	0	550,000	550,000
Undistributed.....	815,877	427,428	0	427,428	1,243,305
TOTAL.....	\$58,115,254	\$132,194,294	58,552,145	190,746,439	248,861,693

Source: PCIMS -- Delivery order and contract information.

1/ TEFAP Food Stamp Commodity Funds made available as Administrative funds is \$7,805,877.

WIC FARMERS MARKET NUTRITION PROGRAM
PARTICIPATION AND PROGRAM FINANCING

FISCAL YEAR 2006 and 2007

STATE OR TERRITORY	Fiscal Year 2006 TOTAL PARTICIPATION 1/				Fiscal Year 06 PROGRAM GRANT	Fiscal Year 07 PROGRAM GRANT
	WOMEN	INFANTS	CHILDREN	TOTAL		
Alabama-----	8,773	0	22,512	31,285	\$428,980	\$393,238
Alaska-----	4,865	3,194	9,621	17,680	245,559	225,100
Arizona-----	3,817	0	6,303	10,120	256,824	235,426
Arkansas-----	7,508	0	9,907	17,415	207,434	190,151
California-----	171,415	102,848	297,120	571,383	2,622,887	2,404,358
Connecticut-----	13,270	0	35,193	48,463	347,033	318,120
District of Columbia-----	5,646	0	7,374	13,020	329,589	302,128
Florida-----	11,920	253	19,579	31,752	310,342	284,486
Georgia-----	15,329	4,453	21,656	41,438	1,108,499	1,016,142
Illinois-----	12,414	0	23,456	35,870	423,337	388,066
Indiana-----	12,476	4,699	20,041	37,216	278,055	254,888
Iowa-----	14,706	0	31,981	46,687	542,988	497,748
Kentucky-----	7,773	1,074	14,936	23,783	245,535	225,077
Louisiana-----	139	64	143	346	6,667	6,667
Maine-----	1,822	0	4,057	5,879	75,000	75,000
Maryland-----	28,620	0	25,380	54,000	373,382	342,273
Massachusetts-----	33,348	21	56,324	89,693	514,124	471,289
Michigan-----	8,925	341	19,157	28,423	436,452	400,088
Minnesota-----	16,314	0	20,936	37,250	335,847	307,865
Mississippi 2/-----	2,836	63	4,986	7,885	89,500	89,500
Missouri 3/-----	0	0	0	0	0	235,713
Montana-----	2,029	0	3,503	5,532	57,353	57,353
New Hampshire-----	4,791	1,221	8,570	14,582	117,727	107,918
New Jersey-----	26,000	0	28,398	54,398	1,343,170	1,231,261
New Mexico 2/-----	8,130	1,085	16,093	25,308	347,653	319,937
New York-----	120,335	96,953	171,592	388,880	3,769,708	3,455,625
North Carolina-----	13,618	0	8,902	22,520	309,433	283,652
Ohio-----	9,392	0	19,202	28,594	569,208	521,783
Oklahoma Chickasaw-----	948	426	1,948	3,322	75,000	75,000
Oklahoma Osage Tribe-----	336	288	941	1,565	31,325	31,325
Oregon-----	7,405	3,663	16,994	28,062	400,053	366,722
Pennsylvania-----	46,771	0	99,395	146,166	1,957,834	1,794,715
Puerto Rico-----	20,107	6,994	54,895	81,996	1,975,806	1,811,188
Rhode Island-----	4,514	0	12,386	16,900	166,621	152,739
South Carolina-----	6,408	0	9,718	16,126	140,747	129,021
Tennessee-----	4,544	0	7,495	12,039	75,000	75,000
Texas-----	80,096	0	158,297	238,393	1,397,010	1,280,615
Vermont-----	629	257	1,918	2,804	75,000	75,000
Virginia-----	9,865	0	21,770	31,635	328,468	301,101
Washington-----	45,616	0	84,743	130,359	643,471	589,859
West Virginia-----	919	0	1,952	2,871	70,000	70,000
Wisconsin-----	31,931	0	59,276	91,207	676,753	620,368
Guam-----	1,385	0	2,930	4,315	104,527	95,818
Undistributed-----	0	0	0	0	4,107	0
TOTAL-----	827,685	227,897	1,441,580	2,497,162	\$23,814,008	\$22,109,323

1/ Participation data reflects Fiscal Year 2006. Participation data for Fiscal Year 2007 is not due until February 2008.

2/ Includes Indian Tribal Organizations.

3/ State agency did not participate in the program for FY 2006.

NOTE: These data are based in part on preliminary data submitted by State and local agencies and are subject to change as revised reports are received. Totals may not add due to rounding.

FOOD AND NUTRITION SERVICE**Presidentially Declared Disaster Feeding****Quantity and Value of Commodities****Fiscal Year 2007**

ENTITLEMENT COMMODITIES	Disaster Feeding*	
	Pounds	Dollars
SECTION 6/32 TYPE:		
APPLE JUICE	298,688	87,139
APPLESAUCE	291,713	135,693
APRICOTS, CANNED	299,183	165,800
BEANS	1,318,796	487,151
BEEF, CANNED	360,000	790,318
BEEF STEW CHUNKY	122,328	89,066
CARROTS	29,520	12,460
CHICKEN, CANNED	298,080	615,816
CORN, CANNED	266,167	93,928
CRANBERRY APPLE J	66,863	25,622
EGG MIX	144,000	368,640
FRUIT, MIXED	328,050	231,053
GRAPE J	44,650	16,889
LUNCHMEAT	14,976	31,118
ORANGE J	410,588	188,304
PEARS, CANNED	377,213	218,763
PEAS, CANNED	8,618	3,615
PINEAPPLE, CANNED	35,280	27,413
PINEAPPLE JUICE	97,643	38,470
PLUMS	55,982	82,798
PORK, CANNED	360,000	600,876
POTATOES, DEHY	23,904	21,630
POTATOES, SLICED	2,472	1,005
PUMPKIN, CANNED	48,060	29,201
RAISINS	99,743	73,455
SPAGHETTI SAUCE	364,500	126,326
SPINACH, CANNED	7,875	3,855
SYRUP	5,668	2,358
TOMATO JUICE	298,315	76,424
TOMATO SAUCE	277,785	92,440
TOMATO SOUP	10,030	4,665
TOMATOES, CANNED	260,115	73,505
TUNA	119,016	206,308
TURKEY W 29	57,899	164,743
VEG MIX 300	227,070	119,727
VEG SOUP	23,639	13,844
Total Section 6/32 Type	7,054,439	\$5,320,418

ENTITLEMENT COMMODITIES	Pounds	Dollars
SECTION 416 TYPE:		
CEREAL, CORN & RICE	4,085	\$5,261
CEREAL, DRY CORN	9,063	12,656
CEREAL, DRY OATS	8,651	17,371
CEREAL, DRY RICE	122,724	193,008
CEREAL, WB FLAKES	15,064	22,549
CHEESE SLICED	10,320	14,889
CORNMEAL	63,920	9,139
CRACKERS, UNSALTED	13,092	9,928
EGG NOODLES	4,080	1,999
EVAP 24	117,760	52,437
FARINA	194,040	94,138
FLOUR	10,320	14,889
INSTANT 2	18,989	26,917
MAC AND CHEESE	3,920	2,205
OATS	410,085	139,158
PEANUT BUTTER	214,515	211,498
RICE	451,980	\$123,180
ROASTED	7,056	\$7,320
SHORTENING	59,652	\$44,104
SPAGHETTI	313,728	\$99,638
VEGETABLE OIL	228,644	\$114,375
Total Section 416 Type	2,281,698	\$1,216,659
Anticipated Transp. & Storage		
DOD Regional Pilot		
AMS /FSA /PCIMS /Comp. Supp		
Anticipated Adjustment		-\$36,213
TOTAL COMMODITY ENTITLEMENT	9,336,137	\$6,500,864

BONUS COMMODITIES	Pounds	Dollars
SECTION 416 TYPE:		
INSTANT 2	268,800	299,727
PEANUT BUTTER	349,920	\$244,944
Total Section 416 Type	618,720	\$544,671
Anticipated Adjustment		0
TOTAL BONUS COMMODITIES	618,720	\$544,671
TOTAL - ALL COMMODITIES	9,954,857	\$7,045,535
Anticipated Adjustment		
GRAND TOTAL	9,954,857	\$7,045,535

*2007 - California Freeze

Source: PCIMS - Delivery order and contract information.

Note: These funds are in addition to FNS Disaster Assist, funded through Section 32.

FOOD AND NUTRITION SERVICE
DISASTER ASSISTANCE & DISASTER FEEDING
 Value of Commodities to States
 Entitlement and Bonus
 Fiscal Year 2007

State or Territory	Entitlement	Bonus	Total
Alabama.....			
Alaska.....			
Arizona.....			
Arkansas.....			
California.....	\$6,414,899	\$544,671	\$6,959,570
Colorado.....			
Connecticut.....			
Delaware.....			
District of Columbia.....			
Florida.....			
Georgia.....			
Hawaii.....			
Idaho.....			
Illinois.....			
Indiana.....			
Iowa.....			
Kansas.....			
Kentucky.....			
Louisiana.....			
Maine.....			
Maryland.....			
Massachusetts.....			
Michigan.....			
Minnesota.....			
Mississippi.....			
Missouri.....	5,280		5,280
Montana.....			
Nebraska.....			
Nevada.....			
New Hampshire.....			
New Jersey.....			
New Mexico.....			
New York.....			
North Carolina.....			
North Dakota.....			
Ohio.....			
Oklahoma.....	14,889		14,889
Oregon.....			
Pennsylvania.....			
Rhode Island.....			
South Carolina.....			
South Dakota.....			
Tennessee.....			
Texas.....			
Utah.....			
Vermont.....			
Virginia.....			
Washington.....			
West Virginia.....			
Wisconsin.....			
Wyoming.....			
American Samoa.....			
Fed Micronesia (chuuk)	65,796		65,796
Guam.....			
Northern Mariana Island.....			
Puerto Rico.....			
Trust Territory.....			
Virgin Islands.....			
Indian Tribes Set Asi.....			
Indian Tribes.....			
Freely Associated States.....			
DOD Army / AF.....			
AMS / FSA / PCIMS.....			
Undistributed.....			
TOTAL.....	\$6,500,864	\$544,671	\$7,045,535

Source: PCIMS -- Delivery order and contract information.

FOOD AND NUTRITION SERVICE

Pacific Island Assistance Quantity and Value of Commodities

Fiscal Year 2007

ENTITLEMENT COMMODITIES	Pounds	Dollars
SECTION 6/32 TYPE:		
BEEF STEW CHUNKY	36,000	\$24,852
PINEAPPLE JUICE	36,192	13,391
Total Section 6/32 Type	72,192	\$38,243
ENTITLEMENT COMMODITIES	Pounds	Dollars
SECTION 416 TYPE:		
RICE	42,000	17,438
Total Section 416 Type	42,000	\$17,438
TOTAL COMMODITY	114,192	55,681
Anticipated Adjustment	0	519,509
TOTAL COMMODITY ENTITLEMENT	\$114,192	\$575,190
BONUS COMMODITIES	Pounds	Dollars
SECTION 32 TYPE:		
GRAPEFRUIT JUICE	35,224	\$12,229
Total Section 32 Type	35,224	\$12,229
BONUS COMMODITIES	Pounds	Dollars
SECTION 416 TYPE:		
INSTANT MILK	26,880	\$39,245
Total Section 416 Type	26,880	\$39,245
Anticipated Adjustment		
TOTAL BONUS COMMODITIES	62,104	\$51,474
TOTAL -- ALL COMMODITIES	176,296	\$626,664

Source: PCIMS -- Delivery order and contract information.
FY 2007 Report

FOOD AND NUTRITION SERVICE
NUTRITION SERVICES INCENTIVE PROGRAM
Quantity and Value of Commodities
Fiscal Year 2007

ENTITLEMENT COMMODITIES	Pounds	Dollars
SECTION 6/32 TYPE:		
BEEF, 40	240,000	\$345,465
BEEF, COARSE BULK	168,000	255,215
BEEF, ALL PATTIES 40	160	272
BONELESS PICNIC 60LB	40,020	32,911
CHICKEN, BRD 7 PC	240	351
CHICKEN, CHILLED BULK	684,000	442,022
CHICKEN, CUT-UP FROZEN	120,320	87,476
CHICKEN, DICED	66,000	117,200
CHICKEN, FAJITA	78,030	136,382
CORN, FROZEN	118,800	50,043
HAM, COOKED WATER ADD FRZ	40,000	54,892
PEACHES, CLING CANNED	7,950	4,641
PEARS, CANNED	144,096	71,631
PEAS, FROZEN	118,800	61,885
TOMATO SAUCE, CANNED	72,504	19,686
TOMATOES, DICED CANNED	34,884	11,760
TURKEY BREAST DELI	80	173
TURKEY, ROASTS FROZEN	136,400	231,749
Total Section 6/32 Type	2,070,284	\$1,923,754

ENTITLEMENT COMMODITIES	Pounds	Dollars
SECTION 416 TYPE:		
NONE		
Total Section 416 Type	0	0
Anticipated Adjustment AMS / FSA / PCIMS Admin. Expenses		-8,888
TOTAL COMMODITY ENTITLEMENT	2,070,284	\$1,914,866

BONUS COMMODITIES	Pounds	Dollars
SECTION 32 TYPE:		
APPLE SLICES	106,704	\$56,834
APPLE SLICES FRZ	39,600	15,270
APPLESAUCE 10	267,786	87,379
APRICOTS 10	73,872	36,254
CHERRIES DRIED 4	118,272	454,603
CHERRIES IQF	115,200	98,842
Total Section 32 Type	721,434	\$749,182

BONUS COMMODITIES	Pounds	Dollars
SECTION 416 TYPE:		
NONE		
Total Section 416 Type	0	0
Anticipated Adjustment		
TOTAL BONUS COMMODITIES	721,434	\$749,182
TOTAL -- ALL COMMODITIES	2,791,718	\$2,664,048
Cash In-Lieu of Commodities		
GRAND TOTAL	2,791,718	\$2,664,048

Source: PCIMS -- Delivery order and contract information.

FOOD AND NUTRITION SERVICE
NUTRITION SERVICES INCENTIVE PROGRAM
 Value of Commodities to States
 Entitlement and Bonus
 Fiscal Year 2007

State or Territory	Entitlement	Bonus	Total
Alabama.....	-	-	-
Alaska.....	-	-	-
Arizona.....	-	-	-
Arkansas.....	-	-	-
California.....	-	-	-
Colorado.....	-	-	-
Connecticut.....	\$17,800	-	\$17,800
Delaware.....	71,764	\$3,013	74,777
District of Columbia.....	-	-	-
Florida.....	-	-	-
Georgia.....	-	-	-
Hawaii.....	-	-	-
Idaho.....	-	-	-
Illinois.....	-	-	-
Indiana.....	-	-	-
Iowa.....	-	-	-
Kansas.....	287,482	666,489	953,971
Kentucky.....	-	-	-
Louisiana.....	-	-	-
Maine.....	-	-	-
Maryland.....	-	-	-
Massachusetts.....	1,296,751	43,491	1,340,242
Michigan.....	-	-	-
Minnesota.....	-	-	-
Mississippi.....	-	-	-
Missouri.....	-	-	-
Montana.....	248,878	36,189	285,067
Nebraska.....	-	-	-
Nevada.....	-	-	-
New Hampshire.....	-	-	-
New Jersey.....	-	-	-
New Mexico.....	-	-	-
New York.....	-	-	-
North Carolina.....	-	-	-
North Dakota.....	-	-	-
Ohio.....	-	-	-
Oklahoma.....	1,079	-	1,079
Oregon.....	-	-	-
Pennsylvania.....	-	-	-
Rhode Island.....	-	-	-
South Carolina.....	-	-	-
South Dakota.....	-	-	-
Tennessee.....	-	-	-
Texas.....	-	-	-
Utah.....	-	-	-
Vermont.....	-	-	-
Virginia.....	-	-	-
Washington.....	-	-	-
West Virginia.....	-	-	-
Wisconsin.....	-	-	-
Wyoming.....	-	-	-
American Samoa.....	-	-	-
Guam.....	-	-	-
Northern Mariana Island.....	-	-	-
Puerto Rico.....	-	-	-
Trust Territory.....	-	-	-
Virgin Islands.....	-	-	-
Indian Tribes Set Asi.....	-	-	-
Indian Tribes.....	-	-	-
Freely Associated States.....	-	-	-
DOD Army / AF.....	-	-	-
AMS/FSA /PCIMS/COM. SUP.....	-	-	-
Undistributed.....	-8,888	-	-8,888
TOTAL.....	1,914,866	749,182	2,664,048

Source: PCIMS -- Delivery order and contract information.

FOOD AND NUTRITION SERVICE

The estimate includes appropriation language for this item as follows (new language underscored):

Nutrition Programs Administration:

- For necessary administrative expenses of the Food and Nutrition Service, for carrying out any domestic nutrition
- 1 assistance program, [\$142,727,000 of which \$2,475,000 is for the purpose of providing Bill Emerson and
 - 2 Mickey Leland Hunger Fellowships, through the Congressional Hunger Center] \$150,251,000.

The First Change broadens availability of funds to not only those programs funded in annual appropriation, but also those funded by authorizing statute or by transfer.

The Second Change eliminates funding for the Congressional Hunger Center for which the Administration has not traditionally requested funding.

FOOD AND NUTRITION SERVICE

LEAD-OFF TABULAR STATEMENT
AND SUMMARY OF INCREASES AND DECREASESNUTRITION PROGRAMS ADMINISTRATION

Appropriations Act, 2008\$142,727,000
 Budget Estimate, 2009 150,251,000
 Increase in Appropriation +7,524,000

Adjustments in 2008:

Appropriations Act, 2008.....\$142,727,000
 Rescission a/ -999,000
 Activities transferred to Departmental Administration
 Office of Ethics b/ -147,000

Adjusted base for 2008 141,581,000
 Budget Estimate, 2009 150,251,000
 Increase over adjusted 2008 +8,670,000

a/ The amount is rescinded pursuant to Division A, Title VII, Section 752 of PL 110-161.

b/ Beginning with 2008, the Department will transfer and consolidate all Ethics activities under the Office of Ethics in Departmental Administration. On a comparable basis the full annual cost of the activity is \$147,000 for 2009.

SUMMARY OF INCREASES AND DECREASES – CURRENT LAW
 (On basis of adjusted appropriation)

Item of Change	2008 Estimated	Pay Costs	Program Changes	2009 Estimated
Direct Program, FNS and CNPP a/	\$141,581,000	\$3,472,000	-\$2,458,000	\$142,595,000
Program Integrity and Oversight			5,656,000	5,656,000
Dietary Guidelines/My Pyramid			2,000,000	2,000,000
Total Adjusted Appropriation	141,581,000	3,472,000	5,198,000	150,251,000
Rescission	999,000		-999,000	0
Transfer to Office of Ethics	147,000		-147,000	0
Total Appropriation	142,727,000	3,472,000	4,052,000	150,251,000

a/ The FY 2008 estimate for the salaries and expenses of the Center for Nutrition Policy and Promotion is \$2,835,363; the FY 2009 request is \$5,084,000.

PROJECT STATEMENT

Project	2007 Actual		2008 Estimated		Increase or Decrease	2009 Estimated	
	Amount	SY	Amount	SY		Amount	SY
Food and Nutrition Service/CNPP	\$139,654,532	1,099	\$139,123,000	1,050	\$11,128,000	\$150,251,000	1,085
Congressional Hunger Center			2,458,000		-2,458,000	0	
Congressional Relations	266,000		0		0	0	
Miscellaneous Reimbursements	573,342		0		0	0	
Total Obligations	140,493,874	1,099	141,581,000	1,050	8,670,000	150,251,000	1,085
Unobligated Balance Expiring	597,858						
Rescission			999,000				
Transfer to Office of Ethics			147,000				
Transfer from Congressional Relations	-266,000		0				
Transfer from Miscellaneous	-573,342		0				
Total Appropriation	140,252,390	1,099	142,727,000	1,050			

Administrative Expenses Breakout by FNS Programs

(This is an informational display linking administrative funding and program activities.)

FNS Program	FY 2009
Food Stamp Program	\$76,535,000
Child Nutrition Programs	32,177,000
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	30,573,000
Commodity Assistance Program	5,882,000
Subtotal	145,167,000
Center for Nutrition Policy and Promotion	5,084,000
Total Request, Nutrition Programs Administration	150,251,000

Justification of Increases and Decreases

A net increase of \$8,670,000 for the Food and Nutrition Service in support of Nutrition Assistance Programs (\$141,581,000 available in FY 2008) consisting of:

- (1) An increase of \$3,472,000 to fund increased pay costs.

Explanation of Change. The requested increase for pay costs will fund personnel costs generated by pay raises approved by the President.

- (2) An increase of \$5,656,000 (including 35 staff years) for program integrity and oversight.

Explanation of change. FNS requests funding to continue efforts directed toward the improvement of program administration, the prevention of erroneous payments, and the enhancement of oversight and compliance activities.

The Improper Payments Information Act of 2002 (IPIA) requires rigorous estimates of program errors and related erroneous payments. Resources required to address these gaps exceed current baseline administrative funding. The small amounts of IPIA specific funding available tends to be program specific and very narrowly targeted. This funding increase would support cross-cutting efforts to address payment accuracy and program effectiveness improvements. Outcomes supported include improvement of the FSP combined payment accuracy rate from the reported FY 2006 level of 94%, as well as continuing efforts to both accurately measure, as well as improve, a variety of payment accuracy-related aspect of the Child Nutrition and WIC programs.

Funding is also needed to enhance the Agency retailer compliance and oversight initiatives for the nutrition assistance programs in which Federal benefits are transacted through retail outlets. In the FSP alone, over 160,000 retailers are authorized to transact benefits. In FY 2007 3,811 retailer compliance investigations were conducted. Resources would support the evaluation of current policies and practices to find ways to maximize the effectiveness of our retailer integrity staff. Outcomes would include better targeting of investigative activities to reduce benefit trafficking and the use of FSP benefits for ineligible items.

The additional resources would also support policy development, financial management reviews, and management evaluations across all programs. These activities inherently operate across FNS program boundaries and are not only essential to the full execution of our Federal oversight responsibilities, but also permit us share best practices, foster collaboration among State agencies and coordinate program-based strategies for maximum impact.

- (3) An increase of \$2,000,000 to fund the 2010 Dietary Guidelines and MyPyramid Food Guidance System.

Explanation of Change. FNS requests \$2,000,000 to continue development of (1) an evidence-based system for the 2010 *Dietary Guidelines for Americans* and other USDA nutrition policy and education needs and (2) enhancements to MyPyramid, maintenance-level functionalities, outreach, and interactive applications and information technology services. For more information, please refer to issue paper on page NPA-xx.

- (4) A decrease of \$2,458,000 for the Congressional Hunger Center.

Explanation of Change. Funds were appropriated to FNS to be provided to the Congressional Hunger Center. The Congressional Hunger Center is a Congressional entity which was established in 1993 with the purpose of combating hunger and poverty at the community, national, and international levels. The Administration has traditionally not requested funding for the Congressional Hunger Center.

**FNCS PRESIDENT'S BUDGET FISCAL YEAR 2009
CURRENT LAW**

- Program:** Nutrition Programs Administration—Evidence-based system and administration for the 2010 *Dietary Guidelines for Americans* and MyPyramid.
- Proposal:** The Center for Nutrition Policy and Promotion (CNPP) is requesting \$2,000,000 in FY 2009 to continue implementation of (1) an evidence-based system for the 2010 *Dietary Guidelines for Americans*, and (2) hosting and maintenance support, outreach and Web site evaluation, and Web site enhancements for MyPyramid.
- Rationale:** The funding requested will be the only source available to CNPP to make a significant contribution to USDA's goal to "Improve the Nation's Nutrition and Health" by helping Americans develop "Eating Habits More Consistent with [the] *Dietary Guidelines for Americans*." The FY 2009 request will enable CNPP to continue the work begun in FY 2007, as described below.

2010 *Dietary Guidelines for Americans* (\$1,000,000)

The USDA and DHHS, by law, must review the *Dietary Guidelines for Americans* at least every five years. The USDA has the lead administrative role for the development of the 2010 *Dietary Guidelines for Americans*, the process for which began in FY 2008. CNPP requests additional funding for planning and implementing phases of the development of the 2010 *Dietary Guidelines for Americans*. Specifically, CNPP requests funds that will support an evidence-based systems approach to reviewing the science on nutrition and health to support the dietary guidance process and USDA's administrative role in leading it. Successful completion of these planning and implementation initiatives will promote the Federal Government's goal of speaking with one voice regarding nutrition policy issues and will promote USDA's goal to improve the diets of Americans by providing sound, scientifically-based nutrition information.

CNPP will operate an evidence-based system that involves systematically reviewing, summarizing, and assessing the quality of the published research on nutrition to ensure that Federal nutrition guidance is based on a preponderance of the scientific literature. This will result in Americans using science-based information, as required by the Information Quality Act, toward achieving positive dietary behavior changes. Specific tasks under this procurement include:

- Population of the evidence-based system with scientific literature since the 2005 *Dietary Guidelines for Americans* report;
- Staff training for usage of the evidence-based system; and
- Hosting and maintenance of the evidence-based system.

CNPP will procure administrative services that will facilitate process management for the 2010 *Dietary Guidelines for Americans*. Specific tasks consist of the following:

- Procurement of an administrative planner to coordinate all meeting-planning functions (including arrangements for facilities to be used for committee deliberations); and
- Procurement of services that will support the work of the Dietary Guidelines Advisory Committee (including services of a scientific writer and transcription services).

MyPyramid (\$1,000,000)

These funds are necessary for CNPP to procure ongoing hosting and maintenance support for both MyPyramid.gov and MyPyramid Tracker. Specific tasks under this procurement include:

- o Maintenance of annual hosting services;
- o Maintenance and upgrades of hardware and software;
- o Operational costs incurred from spike usage of the Web site;
- o Developmental costs associated with the Tracker;
- o Continuation of efficient distribution of the thousands of pieces of materials requested by the public; and
- o Communication of MyPyramid-based messages.

Consistent with the USDA strategic goal, CNPP will fund an evaluation system for MyPyramid.gov to ascertain its usefulness to the American public and health professionals, to improve dietary quality scores, as documented by the HEI and, ultimately, to foster more positive dietary behaviors. Specifically, CNPP will use these funds to evaluate the following:

- o Rates of consumer usage and usability of the program features of MyPyramid.gov;
- o Rates of usage and usability by health/nutrition professional counselors in a counseling setting; and
- o Consumer testing of usability and applicability of software applications.

CNPP will contract for technical expertise to enhance MyPyramid.gov. Enhancements will ensure that the American public has specialized tools that will help it personalize nutritional guidance to meet individual needs. Specific tasks under this procurement include the following:

- o Incorporation of an interactive recipe file feature; and
- o Development, testing, and incorporation of targeted messages for special purposes and populations, such as programs for worksite wellness and programs for young children and older Americans.

Goal: USDA Strategic Goal 5: Improve the Nation’s Nutrition and Health; Objective 5.2: Promote Healthier Eating Habits and Lifestyles.

Budget Impact:
(\$ in millions)

	FY 2009
Budget Authority	\$2

Food and Nutrition Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
 2007 and Estimated 2008 and 2009

Nutrition Programs Administration						
	FY 2007 Amount	Staff Years	FY 2008 Amount	Staff Years	FY 2009 Amount	Staff Years
Alabama	\$272,002	3	\$268,174	3	\$289,660	3
Alaska	0	0	0	0	0	0
Arizona	249,738	2	246,223	2	265,950	2
Arkansas	22,835	3	22,514	3	24,317	3
California	8,366,007	79	8,248,263	75	8,909,104	78
Colorado	6,936,545	72	6,838,920	68	7,386,845	71
Connecticut	174,087	2	171,637	2	185,388	2
Delaware	0	0	0	0	0	0
District of Columbia	98,097	1	2,571,716	1	106,324	1
Florida	299,686	4	295,468	4	319,141	4
Georgia	4,153,514	76	4,095,057	73	4,423,148	75
Hawaii	286,696	3	282,661	3	305,307	3
Idaho	5,292	0	5,218	0	5,636	0
Illinois	6,328,948	65	6,239,874	62	6,739,805	65
Indiana	702,705	8	692,815	8	748,323	8
Iowa	389,677	4	384,193	4	414,974	4
Kansas	214,290	2	211,274	2	228,201	2
Kentucky	187,843	2	185,199	2	200,037	2
Louisiana	306,835	4	302,517	4	326,754	4
Maine	2,980	0	2,938	0	3,173	0
Maryland	392,390	4	386,867	4	417,863	4
Massachusetts	6,789,681	64	6,694,123	61	7,230,447	63
Michigan	569,770	7	561,751	7	606,758	7
Minnesota	1,103,345	12	1,087,816	12	1,174,971	12
Mississippi	264,891	4	261,163	3	282,087	3
Missouri	202,413	2	199,564	2	215,553	2
Montana	316,884	3	312,424	2	337,455	2
Nebraska	212,678	2	209,685	2	226,484	2
Nevada	0	0	0	0	0	0
New Hampshire	186,843	2	184,213	2	198,972	2
New Jersey	7,593,689	73	7,486,815	70	8,086,649	72
New Mexico	0	0	0	0	0	0
New York	1,622,200	18	1,599,369	17	1,727,509	18
North Carolina	352,507	4	347,546	4	375,391	4
North Dakota	106,228	1	104,733	1	113,124	1
Ohio	655,374	8	646,150	8	697,919	8
Oklahoma	193,817	2	191,089	2	206,399	2
Oregon	574,283	7	566,201	6	611,564	7
Pennsylvania	588,587	7	580,303	6	626,796	7
Rhode Island	1,800	0	1,775	0	1,917	0
South Carolina	367,559	4	362,386	4	391,420	4
South Dakota	113,662	1	112,062	1	121,041	1
Tennessee	340,466	4	335,674	4	362,568	4
Texas	8,216,320	81	8,100,683	77	8,749,700	80
Utah	218,222	1	215,151	1	232,388	1
Vermont	500	0	493	0	532	0
Virginia	79,165,891	445	78,641,153	425	84,939,923	439
Washington	107,364	1	105,853	1	114,334	1
Wisconsin	253,973	3	250,399	3	270,460	3
Wyoming	101,881	1	100,447	1	108,495	1
West Virginia	294,293	3	290,151	3	313,398	3
American Samoa	0	0	0	0	0	0
Freely Associated States	0	0	0	0	0	0
Guam	0	0	0	0	0	0
N. Mariana Islands	0	0	0	0	0	0
Puerto Rico	588,586	6	580,302	6	626,795	6
Virgin Islands	0	0	0	0	0	0
Indian Tribes	0	0	0	0	0	0
DOD Army/AF	0	0	0	0	0	0
Undistributed	0	0	0	0	0	0
TOTAL	\$140,493,874	1,099	\$141,581,003	1,050	\$150,251,000	1,085

FOOD AND NUTRITION SERVICE

Nutrition Programs Administration

Classification by Objects2007 Actual and Estimated 2008 and 2009

(in thousands of dollars)

	Personnel Compensation:	2007	2008	2009
	Washington D.C.	\$40,816	\$41,120	\$42,559
	Field	49,887	50,258	52,017
11	Total personnel compensation	90,703	91,378	94,576
12	Personnel benefits	21,418	21,782	22,152
13	Benefits for former personnel	16	16	16
	Total personnel compensation and benefits	112,137	113,176	116,744
	Other Objects:			
21	Travel and transportation of persons	2,015	1,629	2,332
22	Transportation of things	36	29	42
23.1	Rental payments to GSA	25	20	29
23.2	Rental payments to others	384	310	444
23.3	Communications, utilities, and misc. charges	975	788	1,128
24	Printing and reproduction	231	187	267
25	Other Services	240	194	278
25.1	Contractual Services Performed by Other Federal Agencies	4,839	3,911	5,600
25.2	Related Expenditures	421	340	487
25.3	Repair, Alteration or Maintenance of Equipment, Furniture or Structures	455	368	527
25.4	Contractual Services - Other	13,058	13,538	15,803
25.5	Agreements	244	197	282
25.6	ADP Services and Supplies	560	453	648
25.7	Miscellaneous Services	145	117	168
25.8	Fees	13	11	15
26	Supplies and materials	1,936	1,565	2,240
31	Equipment	2,758	2,229	3,192
32	Land and structures		0	0
41	Grants, subsidies and contributions		2,500	0
42	Insurance claims and indemnities	7	6	8
43	Interest and dividends	2	2	2
45	Special Payments	13	11	15
92	Undistributed	0	0	0
	Total other objects	28,357	28,405	33,507
	Total direct obligations	140,494	141,581	150,251

Totals may not add due to rounding.

NUTRITION PROGRAMS ADMINISTRATION

STATUS OF PROGRAM

The Nutrition Programs Administration (NPA) appropriation funds operating expenses for administering the nutrition assistance programs of FNS. It also includes the budget of the Center for Nutrition Policy and Promotion (CNPP).

FNS Administrative Resources – A Critical Program Management and Oversight Tool

FNS employees play a central role in managing the Federal nutrition assistance programs. While the programs operate in partnership with State agencies and local service providers, FNS is solely responsible for:

- Developing program policies and regulations to ensure program design and operation are consistent with the law and current nutrition science;
- Disbursing and accounting for Federal funds provided to those who operate the programs; and
- Monitoring program operations and conducting oversight, technical assistance and evaluation to ensure that programs are managed and operated consistent with law, and to maximize their effectiveness and value to clients and taxpayers.

Meeting these responsibilities is central to accomplishing core program objectives, including ensuring access to benefits for eligible individuals, improving the nutrition of program recipients, and strengthening program integrity. The Child Nutrition and WIC Reauthorization Act of 2004 resulted in new management and oversight responsibilities in several areas including program expansion activities (e.g., the SFSP and CACFP eligibility pilots); the expansion of the “Simplified Summer Program” and the FFVP; activities related to healthier eating (e.g., school wellness); and improvements in program integrity in the Child Nutrition Programs. Ongoing efforts to improve food stamp payment accuracy, CACFP management, WIC vendor cost containment, and school meals certification accuracy are critical to the agency’s mission and require intensive staff focus and travel funding.

While substantial funding is also provided to States to operate these programs, State agencies have fundamentally different financial incentives than the Federal Government. In many areas, the cost of program problems or inefficiencies affects Federal expenditures, while the cost to resolve them has an impact on the States. Therefore, strong Federal policy and oversight staffs are fundamental to ensuring effective levels of program accountability.

Although information technology improvements have resulted in large productivity gains in the past decade, many of FNS’ functions are labor-intensive and require constant attention. Since the NPA appropriation funds most of the salaries and administrative expenses of FNS, it is integral to ensuring and leveraging the effective use of the other program appropriations. Over the last two decades, FNS staff levels have decreased by about fifty percent, a particularly significant reduction considering the growing fiduciary responsibilities of the agency and the increasing complexity of the programs it administers. The reduction in staff has occurred while FNS Federal nutrition assistance programs have increased in size, number, and complexity and new legislation has increased workload. Administrative funding for FNS accounts for about ¼ of 1 percent of the total investment in nutrition assistance. Especially in the context of limited resources, this investment in proper fiscal and program management for an agency managing nearly \$60 billion in program funds must be a top priority.

The most significant accomplishments under this NPA appropriation during FY 2007 are cited below by program and activity.

FOOD STAMP PROGRAM

In the Food Stamp Program, NPA funding is used for a range of critically important functions. FNS develops policies and procedures for the administration of the program, provides State agency oversight to ensure compliance with program rules, and provides technical assistance to States. The agency also reviews State quality control activities, determines the effectiveness and efficiency of State administration, and reviews and approves planning documents for computer system acquisitions and electronic benefit transfer issuance systems. FNS authorizes and monitors the 162,013 retail and wholesale firms that are approved to accept food stamp benefits, and maintains fiscal accountability for food stamp benefits. It also allocates employment and training funds to the States.

Highlights of FY 2007 accomplishments supported by the NPA appropriation and related to the Food Stamp Program (FSP) include:

State Oversight: FNS, through its seven regional offices, conducts various on-site reviews of State and local food stamp offices each year. During FY 2007, FNS continued to perform State Agency Operations Reviews (SAORs) and Management Evaluation System Reviews (MEs) which are designed to cover national program priorities and known vulnerable areas. Program Access Reviews, a major component of SAORs, were conducted at the State level in 38 States, and also at the local agency level in 62 offices in 28 States. Federal reviews of State ME systems to oversee local operations were conducted in 28 States.

FNS encourages States to consider ways to increase efficiencies in and the effectiveness of their program administration and operations. FNS has continued to share promising practices and provide State exchange funds to facilitate State and local agency visits to their counterparts who have implemented innovative practices which may be replicated elsewhere. FNS also works with an increasing number of State agencies that are contemplating large-scale changes to their business models for delivering social services. FNS provides technical assistance and performs oversight of States to ensure that their modernization projects and other innovations are implemented in a successful manner that maintains or improves customer service, program access and program integrity.

Improving Benefit Delivery: FNS made important advances in promoting the nutrition benefits of the FSP to eligible people through nutrition education efforts and a national outreach effort. FNS also provided strong oversight and technical assistance to States that are embarking on modernization efforts intended to deliver program benefits more effectively and efficiently, using fewer resources without sacrificing service delivery quality.

Improving Program Integrity: FNS made important advances in its efforts to improve payment accuracy and retailer integrity.

- *Payment Accuracy* – The FSP payment error rate for FY 2006 is 5.99 percent. This is the third consecutive year that the payment error rate has been under 6 percent. The rate reflects an over issuance rate of 4.82 percent and an under-issuance rate of 1.17 percent. To maintain this trend in FY 2007, FNS continued an aggressive payment accuracy improvement program while remaining attentive to the need to avoid compromising program access.
- *Electronic Disqualified Recipient System (EDRS)* - In FY 2007, development of Phase 3 of EDRS was completed and on April 1, 2007, EDRS officially replaced the Disqualified Recipient Subsystem. States now have a faster, far more efficient Web-based application to use to help prevent disqualified individuals from crossing State lines to participate anywhere in the United States, the Virgin Islands and Guam. Due to some technical difficulties, 3 States have yet to make the transition to EDRS but are expected to do so early in 2008.
- *Recipient Claims* – State agencies collected about \$222.5 million in food stamp recipient claims in FY 2006, the most recent year for which final figures are available. This is 7.6 percent more than the FY 2005 collection level of \$206.8 million.

FNS continued monitoring corrective actions performed by States to correct previously identified deficiencies in recipient claims systems. Forty-six States had claims systems without significant problems as of March 2007.

- *Retailer Oversight and Integrity* – In FY 2007, FNS staff authorized or reauthorized 55,505 firms to participate in the FSP. FNS utilized contractor store visits to verify the initial or continued eligibility of 30,524 stores participating in the FSP. In this same period, 18,215 firms were withdrawn from participation because of changes in ownership, business closings, or nonconformance with authorization criteria. In addition, 1,364 stores were fined or disqualified temporarily or permanently for noncompliance with law or FSP regulations. At the end of FY 2007, 165,521 stores were authorized to participate in the FSP, an increase of 3,506 stores from FY 2006 and of 13,022 stores over the last three fiscal years.

The Retailer Investigations Branch (RIB) investigates stores suspected of violating program rules, either by selling ineligible items for food stamps or by trafficking (i.e., buying food stamp benefits for cash). During FY 2007, RIB conducted investigations of 3,811 stores nationwide. Approximately 34 percent (1,296) of these investigations documented evidence of FSP violations. Of the 1,296 positive investigations, RIB investigators uncovered trafficking in 198 stores.

Electronic Benefit Transfer (EBT) Systems: FNS continues oversight of States as their EBT contracts end and they procure subsequent EBT systems through the Request for Proposal (RFP) process. This process includes RFP approvals, contract approvals, as well as oversight of State conversions from one EBT vendor's system to a new vendor's system

FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS (FDPIR)

Through the FDPIR, FNS acquires and distributes agricultural commodities to participating ITOs and State agencies for distribution to low-income persons and families. Cash assistance also is provided to the ITOs/State agencies to help finance the administrative cost of operating the program. FNS sets standards for participant and provider eligibility and provides training and other assistance to program partners as needed.

Highlights of FY 2007 accomplishments supported by the NPA appropriation and related to the FDPIR include:

Food Package Review: FNS continued its commitment to improve the food package offered under FDPIR by partnering with the National Association of Food Distribution Programs on Indian Reservations. A workgroup, representing program directors, Federal partners, nutritionists, and commodity procurement specialists, is focusing on ways to better meet the nutritional needs and food preferences of program participants. In the current review cycle, the panel seeks to reduce saturated fat, sugar, and sodium in the food package and explore "healthier" alternatives to some current products. The workgroup continues to explore ways to increase the convenience and acceptability of products offered; and adjust pack sizes/guide rates to better meet the needs of one-person households.

Improved Customer Service: FNS is implementing a comprehensive plan to significantly improve customer service and program efficiency, including:

- Expanded use of long-term, indefinite delivery/indefinite quantity contracting, which will ensure constant availability of desired commodities and reduce costs;
- Experimentation with best-value contracting, which should improve customer service; and
- Implementing a new ordering system that accepts multi-food orders directly from ITOs/State agencies through a Web-based system, stores commodities purchased by USDA, and ships the orders to ITOs/State agencies.

CHILD NUTRITION PROGRAMS

In the Child Nutrition Programs, the NPA appropriation funds the staff expenses for developing policies, procedures and standards used to administer the programs and determine eligibility, and providing Federal oversight to ensure that the programs are operating effectively and in compliance with law. FNS is improving access and accuracy in the school meals programs by mandated direct certification of children in food stamp households and by enhancing the verification process for those who must continue to complete paper applications to participate. In addition, provisions to simplify the application process for families will allow more eligible children to benefit from nutritious school meals. In areas where the State agencies cannot or do not assume operational responsibility, FNS directly administers the Child Nutrition Programs.

Highlights of FY 2007 accomplishments supported by the NPA appropriation related to the Child Nutrition Programs include:

Child Nutrition Reauthorization: In FY 2007, FNS continued implementation of the Child Nutrition and WIC Reauthorization Act of 2004 including the publication of rules to codify the provisions of the new law and providing guidance materials for States to support prompt and complete implementation.

Accomplishments include:

- *Regulations* - Publication of Regulations in the Federal Register in FY 2007, including:
 - Data Collection Related to the Participation of Faith-Based and Community Organizations;
 - Disclosure of Children's Free and Reduced Price Meals and Free Milk Eligibility Information;
 - Fluid Milk Substitutions in the School Nutrition Programs;
 - For-Profit Center Participation in the CACFP; and
 - CACFP: Afterschool Snacks.

Other rules are in clearance, including verification of free and reduced price eligibility in the National School Lunch and School Breakfast Programs and at-risk afterschool meals in the CACFP.

Nutrition Awareness: Team Nutrition's goal is to improve children's lifelong eating and physical activity habits by using the principles of the *Dietary Guidelines for Americans* and MyPyramid. It strives to instill healthy behaviors in children to prevent nutrition-related health problems, including obesity, diabetes, and other nutrition related illnesses. It complements the goals of the President's HealthierUS Initiative and the Surgeon General's *Call to Action to Prevent and Decrease Overweight and Obesity*.

- *MyPyramid for Kids:* During FY 2007, Team Nutrition continued to distribute MyPyramid for Kids materials to educate elementary school age children on the new MyPyramid food guidance system.
- *HealthierUS School Challenge:* To recognize elementary schools that demonstrate a commitment to the health and well being of their students as well as support the President's HealthierUS Initiative to improve the health and well being of all Americans, Team Nutrition launched the HealthierUS School Challenge in 2004 for elementary schools. Team Nutrition schools that have taken a leadership role in (1) improving the nutritional quality of school meals, (2) providing students with more nutritious food and beverage choices outside of the school meals programs, and (3) providing nutrition education and physical activity opportunities for their students, are recognized as Gold, Silver or Bronze HealthierUS Schools. Through 2007, more than 180 schools have been recognized as a HealthierUS School.

SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)

NPA funds the Federal administration of the WIC Program. FNS uses these funds to manage the allocation of grant resources to State Departments of Health and others to support program operations. NPA also supports the development of policies, procedures, and standards used in administering the program, and

monitoring of State agency operations to ensure program effectiveness and compliance with law and regulation.

Highlights of FY 2007 accomplishments supported by the NPA appropriation and related to the WIC Program include:

Revitalizing Quality WIC Nutrition Services: FNS made important advances in improving nutrition education services in the program.

- *WIC Special Project Grants* - FNS awarded Special Project Grants to four WIC State agencies in FY 2007 to pursue innovative projects that revitalize quality nutrition services. The grants will focus on improving service delivery through Value Enhanced Nutrition Assessment (VENA) and will identify effective ways to encourage physical activity and combat overweight and obesity among WIC children through nutrition education.
- *Breastfeeding Promotion and Support Activities* - Building on the *Loving Support Through Peer Counseling* training received during FY 2004 and FY 2005, State agencies are now implementing plans that institute breastfeeding peer counseling as a core service in WIC.
- *WIC Works Resource System* - FNS, in partnership with the National Agricultural Library, continues to expand the WIC Works Resource System, which provides electronic nutrition information and resources to State and local WIC staff and provides opportunities for WIC staff to share State-developed materials and earn continuing education credits through online education.

National Maternal Nutrition Intensive Course: Improving staff development, competencies, and retention are a priority of the WIC Program. Since FY 2000, WIC has provided funding for the University of Minnesota to conduct the annual National Maternal Nutrition Intensive Course. The course offers in-service training for WIC State and local agency staff to increase knowledge and improve skills needed to deliver quality nutrition services to pregnant and postpartum women. In recent years, WIC has provided funding to add an enhanced distance learning component to the course, enabling greater numbers of WIC staff from around the country to participate. This course provides one of the few opportunities for WIC staff to receive science-based training to increase their technical skills.

Focusing Nutrition Assessment and Education: FNS continued work with the National WIC Association on the joint VENA workgroup. During FY 2006, all State agencies received training on three skills/competencies that are essential to the successful and effective implementation of VENA: critical thinking, rapport building, and health outcome-based WIC nutrition assessment. State agency staff is responsible for training their own local agency staffs as needed in these competencies, in order to be able to implement VENA by the target date of FY 2010. To assist State agencies in this process, in FY 2007, FNS developed training videos for State agencies based on the key competencies that were addressed in the FY 2006 training.

Supporting WIC EBT: In FY 2007, FNS granted about \$5.1 million to five WIC State agencies to develop and implement EBT systems and to learn more regarding the feasibility and affordability of EBT for WIC.

Enhancing Program Management and Oversight: In an effort to improve the management evaluation process, FNS completed revision of the State Technical Assistance Review guidance.

Expanding Services to the Military: FNS continued to provide assistance to the Department of Defense in administering its WIC-like Overseas Program.

Vendor Cost Containment: FNS continued to work with State agencies to ensure their vendor cost containment systems comply with the vendor cost containment provisions of the Child Nutrition and WIC Reauthorization Act of 2004.

COMMODITY ASSISTANCE PROGRAM

The NPA appropriation funds the staff administrative expenses of the Commodity Assistance Program (CAP). In addition to providing commodity support for the Child Nutrition Programs, FNS makes nutritious foods available to State agencies for distribution to low-income people through the Commodity Supplemental Food Program (CSFP) and the Emergency Food Assistance Program (TEFAP). In addition, FNS provides administrative resources to States to support the distribution of these commodities. The agency also provides commodity assistance to four nuclear-affected Pacific islands and delivers food-based relief to the victims of disasters.

An additional range of management initiatives that improved operations in the CAP programs during FY 2007 are described under "Acquisition and Distribution of Commodities" in the Child Nutrition Programs section.

Special Commodity Initiatives: FNS continues to work closely with its partners and customers, such as schools and industry, and with its three sister agencies within the USDA – the FSA, the AMS and the FSIS – to improve service to its customers, streamline operations, and maintain support for American agriculture. Highlights of FNS's most recent efforts in this area include:

- *Processed Commodity Information Management System (PCIMS) Replacement* - PCIMS is a mission-critical system that USDA relies on to buy, inventory, manage, and deliver commodities to customers. PCIMS is currently used and supported by FNS, AMS, and FSA. In FY 2006, sufficient funding was appropriated for initiation of the PCIMS replacement system project, known as the Web-Based Supply Chain Management System (WBSCM). The WBSCM contract was awarded in early FY 2007. Throughout FY 2007 FNS participated in requirements determination and system design sessions in preparation for system development activities in FY 2008.
- *State and Regional commodity program training and communication* - In FY 2007, one Food Distribution 101 training session was provided to 27 participants from 19 State agencies. Training was also provided during various Regional, State, association and industry-sponsored meetings. FNS also developed a "White Paper" for use as a training tool for Commodity Assistance Program stakeholders and partners. FNS' Commodity Foods Network Web site and Food Distribution Division Web site also continue to be a valuable resource to FNS's commodity partners.

Food Safety: In FY 2007, FNS continued to enhance food safety initiatives in support of USDA's strategic performance objective 5.2, "Promote Healthier Eating Habits and Lifestyles". Major initiatives related to both food defense and food safety. These activities complemented the food safety education activities described under the Child Nutrition Programs section.

Food defense activities - In the area of food defense, FNS worked closely with a number of agencies to assure continued awareness of the need for vigilance in protecting the food supply. Highlights of these efforts include:

- FNS solicited State input to the FNS Food and Agriculture Sector Specific Plan, which is part of the National Infrastructure Protecting Plan coordinated by the Department of Homeland Security (DHS). In December 2006, FNS completed a draft plan that described how we protect the food that is a part of our nutrition assistance programs from intentional contamination when it is within our control. FNS received information from 8 States about their food defense strategies.
- FNS participated in the FDA Food Defense Surveillance Assignment (FDSA), the latest in a series of FDA food defense activities designed particularly around a food product with dual jurisdiction between FDA and USDA. The exercise tested communication and coordination at the Federal, State and local levels. USDA FSIS, AMS and FNS collaborated with State and local staff on the assignment, which involved collection and testing of product and product ingredients at over 400 sites in 43 States. Because the food product identified for the FDSA threat scenario was a product that could be used in

schools, as well as in retail food service operations, FNS coordinated on providing eight volunteer school central kitchen sites for some sample collections. The exercise also tested the Food Emergency Response Network laboratory system which tests for threat agents in foods.

- A pilot food defense exercise was conducted in Des Moines, Iowa in September 2007. Feedback from that exercise will be used to develop a table top exercise package that States can use to test their own food defense and/or emergency preparedness plans.
- FNS was invited to provide the school food service perspective to FDA as they develop Version 2.0 of the CARVER + Shock vulnerability assessment software tool for retail food service, which can be amended to be suitable for school food service.
- FNS continued providing food defense training at regional office and State program cooperator meetings throughout the year. FNS was able to multiply their efforts by providing powerpoint slides and scripts to State agency trainers and to FDA field Public Affairs Specialists upon request in order for them to provide food defense training to their audiences.
- The Food Safety Staff (FSS) also collaborates with the USDA Office of Homeland Security by participating in the Strategic Partnership Program on Agroterrorism (SPPA) initiative with the FSIS, the DHS, the FBI, State agencies and private industry. The purpose of SPPA is to develop mitigation strategies to reduce the threat of, or prevent a bioterrorism attack on, the Nation's food supply by identifying vulnerabilities in the agricultural sector. FSS participated in an assessment of a commodity foods warehouse in Kansas City in September 2007. The SPPA will result in a comprehensive report on key vulnerabilities and potential mitigation strategies to defend against agroterrorism.

Food safety issues - commodity food safety complaints - ECOS is an Internet-based system that allows States to submit food quality or food safety complaints in the following categories: 1) quality issues, such as: Quality of Product, Foreign Material, Poor Packaging and Cooking/Preparation; and 2) food safety issues, such as: Foreign Object, Allergic Reaction, Illness, Injury or other potential food safety issues. In 2007 the Food Safety Staff coordinated investigation of problems with frozen egg products and chicken fajita meat.

Rapid Alert System (RAS) - During FY 2006, FNS tested and implemented an electronic tracking and communication tool to support food safety activities in the NSLP and other commodity distribution programs. The RAS, an integral part of ECOS, allows FNS to send emergency food safety information, such as hold and recall announcements about USDA-purchased commodities, to recipient States, and eventually to schools, and receive confirmations from them that potentially hazardous food was sequestered and removed from inventory. The RAS also provides a response form for States to submit detailed information on product disposition. Currently about 97 percent of ECOS users have identified recall contacts in the system. In FY 2007, the RAS was used to conduct a recall on approximately 3 million pounds of beef stew and bison stew. The RAS dramatically reduced the time required to notify program operators about the recall and obtain information on the disposition of the product from them.

Liaison work with other Federal food safety partners:

- USDA Food Safety Risk Assessment Committee (FSRAC) quarterly meeting: The Food Safety Staff participated in the quarterly meetings of FSRAC. FSRAC was formed in 2003 to enhance communication and coordination among various USDA agencies and to promote scientifically sound risk assessments in support of food safety policy and regulatory decisions. Topics of interest to FNS include the use of nano-technology in food production and processing and norovirus.
- The Food Safety Staff participated in the review of the food safety components of Healthy People 2010 in order to make sure the document reflects the food safety activities accomplished for nutrition assistance program cooperators.
- The Food Safety Staff was added to the CDC Environmental Health Staff's Net Steering Committee.

CROSS-PROGRAM NUTRITION INITIATIVES

Federal nutrition assistance programs are designed to work together to form a nutrition safety net that promotes access to food and improved nutrition for the children and low-income people they serve. While FNS activities support the effective administration of each program individually, many of our administrative efforts are designed to improve coordination across programs to achieve goals and outcomes that they share. Currently, the NPA account funds these multi-program activities. Key areas of focus include:

Promoting Healthy Eating and Active Living: Promoting healthy eating and active living behaviors among those eligible to participate in Federal nutrition assistance programs is a critical part of the FNS mission. Research shows that nutrition education and promotion that reaches people through multiple channels with consistent messages, and environmental strategies that support healthy behaviors both within and beyond program delivery settings, are essential tools in achieving behavior change. Furthermore, coordination of nutrition education, promotion and services across FNS programs leverages these individual investments for greater impact.

FNS employees develop guidance materials and policy documents; formulate education interventions; disseminate knowledge and effective strategies; and perform a variety of other activities. The agency also works with public and private entities that have a shared interest and responsibility for nutrition and related issues to coordinate and promote nutrition education for the FNS target populations. Key FY 2007 accomplishments in this area include:

National Nutrition Education and Promotion Campaign – FNS continued development and implementation of the Eat Smart. Play Hard.™ (ESPH) Campaign, a long-term effort designed to promote healthy eating and physical activity by developing behavior-focused and motivational messages based on the *Dietary Guidelines for Americans* and the MyPyramid food guidance system. These messages are conveyed through multiple channels, including the Power Panther™ spokes-character featured on educational resources provided in hard copy and on the Web, and in person at nutrition-related events. In FY 2007, FNS program cooperators requested and received over 4 million pieces of ESPH nutrition education and promotional materials. All materials have been updated to reflect the current *Dietary Guidelines*. The updated ESPH Educators' and new Kids' Web sites averaged approximately 86.4 million hits each month during FY 2007.

FNS recently launched a new phase of the campaign, now underway, to maximize the effectiveness of the limited investment in the ESPH while maintaining key benefits for FNS' program partners. FNS developed and distributed new procedures for use of the Power Panther costumes designed to increase access to the costumes and ensure its use at high-value nutrition activities. The agency is also upgrading Web capacity and increasing distribution of resources via the Internet to reduce the ongoing cost of printing, storing, and distributing ESPH materials, and exploring options for cost-sharing for printed materials with States and other partners.

Coordination on Crosscutting Food, Nutrition, and Nutrition Education Policy – FNS focuses on opportunities to work across programs to ensure consistent application of nutrition knowledge in agency policy, regulations, guidance and technical assistance. Examples include:

- *National Nutrition Education Conference* - FNS continued to plan and prepare for its third National Nutrition Education Conference, which targets Federal, State and local agency staff, collaborators, partners, and stakeholders working in or with USDA's nutrition assistance programs. Conference sessions will facilitate the understanding of FNS nutrition priorities and enhance skills in planning, implementing and evaluating nutrition education, with a focus on leveraging the strengths, energies, and resources of nutrition assistance programs and their partners through collaboration. The testing of an online system for the submission of conference abstracts, awards, and project profiles was advanced in FY 2007.

- *State Nutrition Action Plans (SNAP)* – The SNAP Web site was updated to provide State-specific information on goals, objectives, contacts, funding levels for nutrition education and participation levels for each FNS program within a State. Regional SNAP profiles were disseminated to respective Regions, SNAP performance measures were finalized, and State accomplishments posted. Two FNS regional offices conducted cross-program conferences in FY 2007 to further collaboration efforts.
- *Core Nutrition Messages* – A FNS workgroup continued work to develop FNS core nutrition education messages for use across its nutrition assistance programs. This effort supports the agency's commitment to improving the nutrition of children and low-income groups by advancing coordinated, comprehensive, and integrated nutrition education that is consistent with the *Dietary Guidelines for Americans* and MyPyramid. The workgroup consists of experts in nutrition and communications, with representatives from each FNS program, government partners, and external stakeholders. The workgroup drafted message concepts targeting low-income mothers and school-age kids and developed plans for testing these concepts.
- *Employee Wellness Initiative* – FNS continued a program of innovative fitness opportunities and challenges, nutrition and wellness seminars, and other special events to promote wellness among agency staff and encourage awareness and modeling of healthy behaviors. FNS led the development and dissemination of wellness Web pages for all USDA employees. The pages are designed to draw employees to the MyPyramid Website and to guide them in putting it into action.
- *Inter/Intra Agency Leadership and Representation* – FNS supports and coordinates committees chaired by the Under Secretary and served in leadership and liaison roles for a number of internal/external organizations.

FINANCIAL MANAGEMENT INITIATIVES

Continue EBT Implementation

FNS continues to provide needed technical assistance to States which are renegotiating contracts for the continuation of EBT services.

The Account Management Agent (AMA) system/EBT has successfully rolled out its Web-based platform. Enhancements to the software are now under development. AMA release 3.0 upgrades will augment some of the reporting capabilities, increase the awareness of system issues by providing automated notifications of these issues, automate some of the current manual processes, and provide better communication to users through broadcast messages on the AMA.gov Web page.

The AMA was developed by FNS as a payment authorization and account management interface for the United States Department of Treasury's Automated Standard Application for Payments (ASAP) system. Both systems reside at the Federal Reserve Bank of Richmond and are integrated into one seamless process. The AMA's purpose is to manage the ASAP Food Stamp Program accounts for FNS in support of their EBT process, which utilizes electronic debit cards. The debit cards carry a food stamp benefits balance reduced by the amount of purchases when swiped by the retailer. The retailer is subsequently reimbursed by the State's EBT contractor.

A historic record of States' Monthly Funding Limits is in place to provide for better funding estimates.

Accounting and Financial Tracking Improvements

FNS continues to maintain its strong record of financial management oversight. FNS implemented updates to the Standard General Ledger and Financial Statements mandated for FY 2007.

Debt Collection Activity in FY 2007

For Federally managed Federal debt, FNS continued its vigorous pursuit of debt owed the agency by billing \$42 million in new receivables during the fiscal year. Year-end outstanding debts for the FY decreased from the previous year by \$2 million. The overall debt resolution rate achieved was about 105 percent.

Federally Managed Federal Debt Profile FY 2005 – FY 2007 (\$ millions)

Debt Management Category	2005	2006	2007
Accounts Receivable	\$35	\$59	\$55
Collections	37	38	28
Litigation	2	2	15
Past due	31	17	16
Food Stamp Recipient Claims	179	179	181

In its accounts receivable, FNS also records the Federal “share” of the value of recipient overpayments established by food stamp State agencies. State agencies are allowed to retain a portion of the claims collected. The receivable consists of the total claims established less the States’ share.

For Federal Debts managed by food stamp State agencies, such agencies establish claims against households for errors in issuing program benefits to these households. These overpayments can result from the client’s incorrect reporting of household circumstances, through client fraud, or by State administrative error.

Food Stamp Recipient Claims Activity FY 2005 – FY 2007 (\$ Millions)

Claims Activity	2005	2006	2007
<u>Claims</u>			
Established	\$192	\$208	\$232
Collected	170	195	180
Ending Balance	1,107	1,149	1,192

^u Figures provided on the FNS-209 are preliminary and subject to change.

Financial Management (FM) Reviews

The FM organization conducted five on-site financial reviews and one self-assessment of regional offices during FY 2007 with the objective of ensuring the propriety of financial operations and transactions within FNS. These reviews have been instrumental in raising the confidence level of management officials within the agency over the past several fiscal years.

Financial Statements Audit

During FY 2007, FNS received an unqualified (“clean”) opinion on the FY 2006 Financial Statements, meaning that the agency met the highest auditing standards. FNS met accelerated due dates for the financial statements notwithstanding resource shortages. FNS successfully implemented changes to Financial Statements Form and Content in accordance with OMB Circular A-136.

ADMINISTRATIVE MANAGEMENT INITIATIVES

Human Capital Management

In FY 2007, FNS continued to pursue the President's Human Capital Initiative, focusing on the areas of employee development, decreasing skill gaps, workforce planning, performance management, diversity, and organizational efficiency:

- During FY 2007, FNS finalized the 2007-2009 Workforce Plan, Succession Plan, Recruitment Plan, and Accountability System Plan to complement the 2007-2009 Human Capital Plan.
- During FY 2007, FNS issued detailed instructions for implementation of performance plans for all supervisors and employees that are fully aligned with the strategic plan, and contain measurable outcomes. To facilitate this process, a desk guide for developing performance elements and standards was issued. Technical assistance in reviewing draft performance plans was provided to supervisors by the Human Resources Division. A performance management action plan was developed and activities have taken place to meet requirements, and prepare the agency for the next Performance Appraisal Assessment Tool (PAAT).
- FNS University (FNSU) – nearly 1,000 training opportunities were available to FNS employees through one- and two-day learning labs and seminars offered at the national offices and in all regional offices. The labs for 2007 were once again selected based upon the results of the agency's Foundation of Continual Learning (FOCL) skill gap analysis, and represent the second year of a three-year corporate training plan based on FOCL data. FNSU also held the fifth annual Field Academy, during which over 20 percent of all FNS field employees attended learning labs, program training, and supervisory seminars. The Supervisory Excellence Program continued in full force, offering two seminars, one on motivating staff and the other on employee relations and labor relations. The FNSU Tuition Reimbursement Program paid for over 90 courses at an investment of approximately \$50,000. These courses improve employees' work-related knowledge, skills, and abilities. A pilot of the Job Enrichment Program, a modified Job Rotation Program, was run in the Mid-Atlantic Region with great success, and the agency is currently in negotiations with its union on implementation in the national office and in the other regional offices as they decide to offer it.
- AgLearn—FNS continues to support AgLearn, the Department's learning management system. All FNSU courses and training opportunities are entered in AgLearn and employees must use AgLearn to register for them. Mandatory all-employee training was conducted through AgLearn, including computer security training, Privacy Act training, and No Fear Act training.
- Leadership Institute—FNS' intensive 16 month program is designed to build leadership skills for selected GS/GM 11-14 employees. This program is the agency's primary succession planning tool. The 15-member class of 2008 was inducted into the Institute in September, 2007 and the participants are currently developing Personal Learning Contracts to improve performance in competencies identified through an extensive assessment process. They will soon be developing Action Learning Projects sponsored by agency senior leaders that address an agency issue or project, and will lead a team to complete the project.
- Representation – In 2007, FNS analyzed and distributed demographic profiles to senior managers with statistics regarding race, national origin, sex, and disability in the permanent workforce. Despite FNS' continued decline in the size of its permanent workforce, FNS has maintained or exceeded the comparative labor force representation for women, minorities and persons with disabilities as evidenced by our continued rating of green in the PMA score card.
- Review of Function—In FY 2007, FNS completed an initiative to move its human resources operations function to the Bureau of Public Debt, Department of Treasury. The move will result in savings, improved efficiency, and improved customer service.

Competitive Sourcing

In 2007, FNS did not conduct any public-private competitions. However, FNS conducted a feasibility study on the human resources operations including staffing, classification, benefits, and processing which resulted in transfer of the human resource operations from FNS to the Department of Treasury, Bureau of Public Debt, Administrative Resources Center.

Procurement Outreach to Small and Disadvantaged Business

In FY 2007, FNS continued its long-standing emphasis on procurement from small and disadvantaged businesses. The agency exceeded all of its procurement goals for FY 2007, including the three percent goal for Service Disabled Veteran-owned small businesses. Representatives from FNS attended the USDA small business outreach sessions each month. Further, the agency held two Small Business Roundtables and participated in the USDA Small Business Awards' Ceremony by nominating a small business firm. This firm, a Service Disabled Veteran-Owned small business was recognized with an agency winner award.

Information Technology and Egovernment

In FY2007, FNCS completed the successful implementation of the Universal Telecommunications Network (UTN). The UTN provides the agency with a cost effective, secure, fast and up-to-date telecommunications infrastructure with flexible and enhanced network services. Further, the agency continued to solidify its information security program by complying with the Federal Information Security Management Act which requires Federal agencies to develop, document and implement agency-wide information security programs to protect the confidentiality, integrity and availability of information and systems that support the operations and assts of the agency.

CENTER FOR NUTRITION POLICY AND PROMOTION

Program Mission

The U.S. Department of Agriculture is the lead Federal agency in human nutrition, charged with providing research-based human nutrition education and information to all American consumers. The mission of the Center for Nutrition Policy and Promotion (CNPP) is to improve the health of Americans by developing and promoting dietary guidance that links scientific research to the nutrition needs of consumers. CNPP staff members link nutrition research to consumers by using an integrated program of nutrition education, promotion, and research. CNPP translates nutrition guidance into consumer-oriented promotion programs to improve the dietary behavior of all Americans. CNPP also helps devise better cost-effective strategies to target nutrition programs to different customers by analyzing consumer dietary needs, characteristics, behaviors, and lifestyles. CNPP serves a diverse consumer base—including customers of food and nutrition assistance programs.

CNPP's Programming Continues to Link Science to the Nutrition Needs of Consumers

Description	Base Programming Areas
Nutrition Education, Promotion, and Analyses	<ul style="list-style-type: none"> • <i>Dietary Guidelines for Americans</i> • MyPyramid Food Guidance System • Healthy Eating Index
Monitoring of Food and Nutrient Intake	<ul style="list-style-type: none"> • USDA Food Plans • Nutrient Content of the U.S. Food Supply

Nutrition Education, Promotion, and Analyses

Preparations Begin for 2010 Dietary Guidelines for Americans: The Food Stamp, Child Nutrition and WIC Programs use the latest *Dietary Guidelines for Americans* to calibrate their food benefits. All of the nutrition assistance programs, myriad nutrition education and promotion programs government-wide, as

well as private sector nutrition education and promotion efforts, use the *Dietary Guidelines for Americans* as their focal point. It is so critical that the *Dietary Guidelines for Americans* be both scientifically up to date and in touch with the realities of contemporary living that P.L. 101-445 requires USDA and the Department of Health and Human Services (DHHS) to review the *Dietary Guidelines for Americans* at least every five years. USDA and DHHS alternate leadership of this review and USDA has leadership responsibility for the 2010 *Dietary Guidelines for Americans*. The effort began in FY 2006, increased in 2007, and must expand significantly in 2009 to ensure timely completion, which is estimated to be Spring 2010.

During the development of the 2005 *Dietary Guidelines for Americans*, the Advisory Committee used a modified evidence-based review process—an evolving process developed to provide a more thorough, comprehensive examination of the scientific literature than would otherwise be achievable. The process provided a transparent method of evaluating research that allows others to use the same process to validate that they would come to the same conclusions. During FY 2006, CNPP began training staff members in the specialized skills and methodologies needed to properly present scientific information in the evidence-based system and also began software development of a Web-based electronic Evidence Analysis Library to be part of the system. In 2007, an operating manual for how the library will operate and a business plan were drafted.

The evidence-based system will ensure Federal nutrition guidance is based on a preponderance of scientific literature, that scientific uncertainty is properly considered, and that the systematic, transparent peer review of the science dictated by the Quality of Information Act will be completed (this act was undergoing implementation during development of the 2005 *Dietary Guidelines for Americans*). Development of the *Dietary Guidelines for Americans* goes well beyond the science and systems work. It also includes administrative functions of operating meetings of the Dietary Guidelines Advisory Committee, publishing notices in the Federal Register, and collecting and presenting stakeholder comments.

MyPyramid Helping Americans Take “Steps To A Healthier You”: When USDA’s MyPyramid food guidance system was released, USDA Secretary Johanns said: “MyPyramid is about the ability of Americans to personalize their approach when choosing a healthier lifestyle that balances nutrition and exercise. Many Americans can dramatically improve their overall health by making modest improvements to their diets and by incorporating regular physical activity into their daily lives.”

Americans are clearly interested in making improvements and using science-based guidance to do so. Use of MyPyramid tools was beyond initial expectations during the first year of the release (2005). The success experienced during FY 2005 continues. Visitors to MyPyramid.gov used a number of interactive tools: MyPyramid Tracker, MyPyramid Plan, Inside MyPyramid, MyPyramid for Kids, MiPirámide (the Spanish-language version of MyPyramid), and the newest addition, MyPyramid for Pregnancy and Breast Feeding (“MyPyramid for Moms”). As a result, MyPyramid.gov had over 4 billion hits, mostly from general consumers, students, and educators and teachers. MyPyramid Tracker, the assessment tool for dietary and physical activity status, has over 2.8 million.

With an on-line evaluation survey, CNPP was able to determine that most survey respondents visited MyPyramid.gov to change their diet or to eat more healthfully, to obtain information for themselves or their family, to lose weight, to obtain information to teach a class, or to fulfill a school assignment. In addition, most respondents indicated that the information prompted them to take action regarding their health: change their diet or their family’s diet; obtain their personalized eating plan; monitor what they eat and reduce their unhealthful eating; and set a physical activity goal.

CNPP will continue making enhancements to MyPyramid.gov to ensure that Americans have dependable access to the site as well as have educational tools that can help them personalize their diets.

Healthy Eating Index Revised: The USDA intends to use broader nutrition education efforts as key opportunities “to promote healthier eating habits and lifestyles” (strategic goal 5.2 of the USDA Strategic Plan for FY 2005-2010) across the Nation, with the outcome being improved eating habits. To measure the effectiveness of these opportunities, USDA will use the Healthy Eating Index (HEI), a general measure of diet quality based on conformance with the *Dietary Guidelines for Americans*. The first HEI report was

based on data from the USDA's 1989-90 *Continuing Survey of Food Intakes by Individuals*. The second and third reports (HEI for 1994-1996 and for 1999-2000) were based on data from the National Health and Nutrition Examination Survey. These three reports show that HEI scores ranged from 63.5 (in 1995) to 63.8 (in 1996 and in 1999-2000), indications that the quality of the American diet needs to improve. By FY 2009, USDA wants its strategies to result in a two-point increase (to 65.6 percent) in the HEI score for the general population.

During FY 2005, CNPP updated the HEI by incorporating new methodology and current dietary guidance. In 2006, CNPP sought stakeholder input and validated the index. In 2007, CNPP released the development and evaluation technical report, as well as a fact sheet that explains the standards for scoring the revised HEI. On December 7, 2007, the HEI-2005 was published at www.cnpp.usda.gov.

Monitoring of Food and Nutrient Intake

USDA Food Plans: The Thrifty, Low-Cost, Moderate-Cost and Liberal Food Plans comprise the USDA Food Plans. These food plans specify the type and quantity of foods that people could consume at home to have a nutritious diet at a minimal cost. The Thrifty Food Plan, consisting of model market baskets of foods, serves as a national standard for a nutritious diet at a minimal cost. It also serves as the basis for setting and adjusting maximum food stamp benefits. The Low-Cost Food Plan is used by bankruptcy courts in determining the portion of income to allocate to necessary food expenses for those seeking bankruptcy. The Moderate-Cost and Liberal Food Plans are used by the Department of Defense in setting the Basic Allowance for Subsistence rate for all enlistees. Many divorce courts use the USDA food plans to set fair alimony and child support payments.

Update to Thrifty Food Plan (TFP) Completed; Monthly Food Costs Reported: Section 3(o) of the Food Stamp Act of 1977, as amended, specifies that the TFP is the basis for determining food stamp benefits and that the amount shall be adjusted on October 1 of each year to reflect changes in the cost of the TFP market basket. CNPP completes the TFP work for the Food Stamp Program. During FY 2006, CNPP completed its revision of the TFP so that the market baskets of the TFP would be (1) based on the *Dietary Guidelines for Americans* and other standards, and (2) available for use by FNS. During FY 2007, CNPP continued to provide monthly cost updates of the food plans. For a family of four that included a couple and children ages two to three and four to five years, monthly costs for the TFP ranged from \$458 to \$482. For a family of four that included a couple and children ages six to eight and nine to eleven years, monthly costs for the TFP ranged from \$534 to \$554.

Update to Low-Cost, Moderate-Cost and Liberal Food Plans Reported: These food plans provide representative healthful market baskets at three different cost levels and are based on the most current dietary standards. They are used by either the Department of Defense to determine the Basic Allowance for Subsistence rates for all service members, the courts to set alimony payments, or the States to establish guidelines for child support and foster care payments. The revisions maintained the same inflation-adjusted costs as those of the previous respective plans, last revised in 2003. CNPP released the revised plans November 2007, www.cnpp.usda.gov.

Food Supply Trends Updated Through 2004: The U.S. food supply series presents data on the amount of nutrients that are available for consumption on a per capita per day basis. Examination of this data is useful to assess trends in food and nutrient consumption over time, for monitoring the potential of the food supply to meet the nutritional needs of Americans, and for examining relationships between food availability and diet-health risk.

In FY 2007, CNPP began preparing the report *Nutrient Content of the U.S. Food Supply, 1909-2005*. The report shows that food energy continues to rise, moving from a low of 3,400 kilocalories being available in 1090-1919 to a high of 4,000 kcal in 2005. In FY 2007, the interactive version of the 1909-2005 food supply data and a Nutrition Insight on the availability of dietary fiber were disseminated via www.cnpp.usda.gov.

FOOD AND NUTRITION SERVICE

Summary of Budget and Performance Statement of Goals and Objectives

FNS was established August 8, 1969, by Secretary's Memorandum No. 1659 and Supplement 1 pursuant to the authority contained in 5 U.S.C. 301 and the Reorganization Plan No. 2 of 1953. FNS increases food security and reduces hunger in partnership with cooperating organizations by providing children and low-income people access to food, a healthful diet, and nutrition education in a manner that supports American agriculture and inspires public confidence. FNS administers the U.S. Department of Agriculture's 15 nutrition assistance programs. These programs, which serve one in five Americans over the course of a year, represent our Nation's commitment to the principle that no one in our country should fear hunger or experience want. They provide a safety net to people in need. The programs' goals are to provide low-income persons with access to a more nutritious diet, to improve the eating habits of the Nation's children, and to help America's farmers by providing an outlet for food purchased under agricultural support authorities. FNS administers four major programs or program groups: (1) the Food Stamp Program; (2) the Child Nutrition Programs; (3) the Special Supplemental Nutrition Program for Women, Infants and Children; and (4) the Commodity Assistance Programs.

The agency's goals are fully integrated into one goal and three objectives in USDA's Strategic Plan 2005-2010:

USDA Strategic Goal/Objective		Programs that Contribute	Key Outcome
USDA Goal 5: Improve the Nation's Nutrition and Health	<u>USDA Strategic Objective 5.1:</u> Ensure Access to Nutritious Food	<ul style="list-style-type: none"> • Food Stamp Program • Child Nutrition Programs • Special Supplemental Nutrition Program for Women, Infants and Children (WIC) • Commodity Assistance Program • Food Distribution Program in Indian Reservations • The Emergency Food Assistance Program 	<u>Key Outcome 1:</u> Reduce Hunger and Improve Nutrition
	<u>USDA Strategic Objective 5.2:</u> Promote Healthier Eating Habits and Lifestyles	<ul style="list-style-type: none"> • Food Stamp Program • Child Nutrition Programs • Special Supplemental Nutrition Program for Women, Infants and Children (WIC) • Center for Nutrition Policy and Promotion 	<u>Key Outcome 2:</u> Promote more healthful eating and physical activity across the Nation
	<u>USDA Strategic Objective 5.3:</u> Improve Nutrition Assistance Program Management and Customer Service	<ul style="list-style-type: none"> • Food Stamp Program • Child Nutrition Programs • Special Supplemental Nutrition Program for Women, Infants and Children (WIC) 	<u>Key Outcome 3:</u> Maintain a high level of integrity in the nutrition assistance programs

FOOD AND NUTRITION SERVICE

Strategic Objective 5.1: Ensure Access to Nutritious Food

Strategic Objective 5.2: Promote Healthier Eating Habits and Lifestyles

Strategic Objective 5.3: Improve Nutrition Assistance Program Management and Customer Service

Strategic Objective and Funding Matrix

(On basis of appropriation; includes transfers)

(Excludes permanent appropriation and associated staff years)

	FY2007		FY2008		Increase or Decrease	FY2009	
	Actual		Estimated			Estimated	
	Amount	SY	Amount	SY		Amount	SY
<u>Strategic Objective 5.1</u>							
Food Stamp Program	\$37,853,923,000		\$39,443,797,000		\$3,523,449,000	\$42,967,246,000	
Child Nutrition Programs	13,319,868,000		13,869,255,000		550,970,000	14,420,225,000	
WIC Program	4,792,234,000		5,621,194,000		81,000,000	5,702,194,000	
Commodity Assistance Programs	177,572,000		210,288,000		-139,918,000	70,370,000	
Nutrition Programs Administration	47,339,000		48,003,000		2,330,000	50,333,000	
Total, Strategic Objective 5.1	56,190,936,000		59,192,537,000		4,017,831,000	63,210,368,000	
<u>Strategic Objective 5.2</u>							
Food Stamp Program	268,190,000	7	296,198,000	7	29,000,000	325,198,000	7
Child Nutrition Programs	11,058,000	7	15,260,000	7	40,000	15,300,000	7
WIC Program	412,196,000		398,806,000		-1,000,000	397,806,000	
Nutrition Programs Administration	9,795,000	24	9,294,000	26	4,249,000	13,543,000	26
Total, Strategic Objective 5.2	701,239,000	38	719,558,000	40	32,289,000	751,847,000	40
<u>Strategic Objective 5.3</u>							
Food Stamp Program	39,421,000	57	42,559,000	91	13,801,000	56,360,000	91
Child Nutrition Programs	14,670,000	123	16,902,000	133	3,256,000	20,158,000	133
WIC Program	0		0		0	0	
Nutrition Programs Administration	83,118,000	1,075	84,284,000	1,024	2,091,000	86,375,000	1,059
Total, Strategic Objective 5.3	137,209,000	1,255	143,745,000	1,248	19,148,000	162,893,000	1,283
Total, Appropriation	57,029,384,000	1,293	60,055,840,000	1,288	4,069,268,000	64,125,108,000	1,323

Strategic Objective 5.1: Ensure Access to Nutritious Food

Long Term Measure: Increase participation in major Federal nutrition assistance programs; reduce the rate of low-income households with very low food security.

Selected Accomplishments Expected at the FY 2009 Proposed Resource Level:

- The Food Stamp Program will serve an average of 28 million persons per month and reach 66.3 percent of the target population.
- The National School Lunch Program will serve an average of 32.1 million persons per school day and will reach 57.2 percent of children enrolled in school.
- The WIC Program will serve a monthly average of 8.6 million women, infants, and children.

Strategic Objective 5.2: Promote Healthier Eating Habits and Lifestyles

Selected Accomplishments Expected at the FY 2009 Proposed Resource Level:

- USDA will seek to improve Healthy Eating Index scores for people in households with incomes under 130 percent of poverty to 65.4 points.
- USDA will seek to improve Healthy Eating Index scores for the U.S. population to 65.6 points.
- FNCS will seek to distribute 2.5 billion pieces of nutrition guidance.

Strategic Objective 5.3: Improve Nutrition Program Management and Customer Service

Selected Accomplishments Expected at the FY 2009 Proposed Resource Level:

- The Food Stamp payment accuracy rate will be improved to 94.4 percent.

FOOD AND NUTRITION SERVICE

Summary of Budget and Performance Key Performance Outcomes and Measures

USDA Goal 5: Improve the Nation's Nutrition and Health.

Key Outcome 1: Reduce hunger and improve nutrition

USDA is the Federal agency responsible for managing the domestic nutrition assistance programs, which work individually and in concert with one another to improve the Nation's nutrition and health. They provide nutrition for millions of America's children, elderly, working poor and other targeted groups. For a variety of reasons, many individuals and families who are eligible to participate in these programs do not. USDA is committed to improving nutritional intake through increased access to and use of these programs by those in need.

Key Performance Measures:

- The percentage of eligible people participating in the Food Stamp Program and the National School Lunch Program.
- Participation in the major Federal assistance programs.

Key Performance Targets:

Annual Performance Goals and Indicators	Fiscal Year					
	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Target	2009 Target
5.1.1 Rates of eligible populations participating in the major Federal nutrition assistance programs.						
• The Food Stamp Program.	61.3%	*65.1%	*60.9%	62.7%	64.5%	66.3%
• The National School Lunch Program	53.2%	54%	54.6%	55.5%	56.4%	57.2%
• Participation in the major Federal nutrition assistance program.						
Average monthly FSP(millions)	23.9	25.7	26.7	26.5	27.8	28.0
Average daily NSLP (millions)	29.0	29.6	30.0	30.6	31.6	32.1
Average monthly WIC(millions)	7.9	8.0	8.1	8.3	8.5	8.6

*Figures are targets; actual data not yet available

Strategies:

In order to achieve the objective performance targets, USDA will:

- Fund and manage the major nutrition assistance programs to ensure access for all those eligible who wish to participate.
- Increase access to the FSP through multiple, complementary strategies. These include streamlined eligibility policies, outreach and participation access grants, technical assistance to States, and development of education materials for administering agencies, community and faith-based organizations, retailers, and others, with special emphasis on hard-to-serve populations such as the working poor, legal immigrants, and the elderly.
- Improve access to programs that provide nutritious meals during the summer months, when school is not in session.
- Engage with faith-based and community organizations through partnership and outreach to improve nutrition assistance program access.

For the future, we will continue to seek opportunities to ensure access for all those that are eligible to participate in Federal nutrition assistance.

Key Outcome 2: Promote more healthful eating and physical activity across the Nation

The Nation faces significant public health issues related to the quality of America's eating habits, including an increasing prevalence of overweight and obesity. USDA will use its nutrition assistance programs and its broader nutrition education efforts as key opportunities to promote more healthful eating and physical activity across the Nation.

Key Performance Measures:

- Improve the Healthy Eating Index (HEI) scores for people in households with incomes under 130% of poverty.
- Improve the Healthy Eating Index (HEI) scores of the U.S. Population.
- Increase application and usage of nutrition guidance tools.

A nutritious diet that includes the consumption of fruits and vegetables, whole grains and low-fat dairy products, combined with regular physical activity, is a key ingredient to a healthy life. For babies, breastfeeding has been shown to make an important difference in their health, not only in infancy, but beyond.

In FY 2008, USDA will purchase and distribute nutritious foods, deliver targeted nutrition education and provide technical assistance and oversight to ensure meals and other benefits support healthful diets.

Effective promotion of up-to-date, scientifically based dietary guidance is also essential in the campaign to motivate Americans to develop and maintain healthful dietary behaviors. Following on the release of the 2005 *Dietary Guidelines for Americans* and the MyPyramid food guidance system, USDA will continue to implement changes in the nutrition assistance programs to integrate and fully support the new guidance.

Annual Performance Goals and Indicators	Fiscal Year					
	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Target	2009 Target
5.2.1 Improve the Healthy Eating Index (HEI) scores for people in households with incomes under 130% of poverty.	63.5	N/A	64.3	N/A	65.0	65.4
Dollars (\$ millions)						
5.2.2 Healthy Eating Index (HEI) scores of the U.S. Population	N/A	N/A	65.0	65.2	65.4	65.6
5.3.3 Pieces of nutrition guidance distributed	N/A	N/A	1.5 billion	2.6 billion	2.7 billion	2.7 billion

[†]Most recent available data is from 1999-2000; HEI is currently being updated to reflect new dietary guidance.

Strategies:

In order to achieve the objective performance targets, USDA will:

- Improve nutrition education efforts within each of the major nutrition assistance programs, and develop and support an integrated, cross-program nutrition education effort designed to contribute to the improvement of scores on the HEI, reduce overweight and obesity, and address other diet-related problems.
- Partner with Federal health and education agencies, and other public and private sector entities, to promote the use of common messaging, support increased consumption of fruits and vegetables and encourage healthy school nutrition environments.

- Implement program changes to optimize alignment of nutrition assistance programs with the 2005 *Dietary Guidelines for Americans*, and work with providers to improve the nutritional quality of program meals, to maximize program contributions and to improve HEI scores.
- Plan and implement strategies related to the development of the 2010 *Dietary Guidelines for Americans* so that Federal nutrition guidance continues to be based strongly on a preponderance of the scientific literature.
- Implement a continual evaluation plan for MyPyramid to ascertain its use and usability by consumers, applicability of the website software, and to determine whether and what type of enhancements will be needed to encourage behavior changes that promote healthful diets.
- Provide timely and consistent customer support to enhance outreach and promotion of dietary guidance materials and interactive, educational tools.

For the future, we will continue to pursue the above strategies and pursue new opportunities within the nutrition assistance programs and for the general public to promote healthy eating.

Key Outcome 3: Maintain a high level of integrity in the nutrition assistance programs

Effective program management helps ensure that those families and individuals most in need of nutrition assistance receive it and that the funds intended for this purpose are not diminished by waste or program abuse. Improved customer service helps ensure that eligible families and individuals are aware of the lifetime benefits of good nutrition, know about the assistance that is available to them to improve their nutritional intake and have access to apply and receive the nutritional assistance in a timely manner. USDA plans to make use of all available opportunities, including new communication and eGovernment technologies, to serve our customers, work with partners, and administer our programs as effectively as possible.

Key Performance Measure:

- Increase the Food Stamp Payment accuracy rate.

Consistent with the President’s Management Agenda, USDA is strongly committed to maintaining a high level of stewardship and integrity in the nutrition assistance programs and preventing errors.

Annual Performance Goals and Indicators	Fiscal Year					
	2004 Actual	2005 Actual	2006 Actual	2007 Target	2008 Target	2009 Target
5.3.1 Increase the Food Stamp accuracy rate.	94.1%	94.2%	94.0%	94.2%	94.3%	94.4%

Strategies:

In order to achieve the objective performance targets, USDA will:

- Support State efforts to improve food stamp benefit accuracy through oversight, training, technical assistance and “promising practices” information sharing.
- Manage and improve systems to disburse and account for program resources.
- Promote effective program operations at the State and local levels through strong Federal oversight, training and technical assistance.

We will continue efforts to measure erroneous payments and address potential sources of error in the Child Nutrition and WIC Programs. FNS recently completed a nationally representative study of improper payments in the National School Lunch and School Breakfast Programs; we are working on methods to use this data to develop annual estimates. The agency is also updating estimates of certification and vendor error in the WIC Program, and pilot testing methods to estimate meal claiming errors in the CACFP.

Food and Nutrition Service
Full Cost by Strategic Objective
Goal 5: Improve the Nation's Nutrition and Health
Program Level (Dollars in Thousands) 1/

PROGRAM / ACTIVITY	FY 2007	FY 2008	FY 2009
Food Stamp Program Account			
Food Stamp Program	\$33,198,354	\$36,661,895	\$38,456,576
Nutrition Assistance for Puerto Rico (NAP)	1,551,167	1,622,521	1,677,686
Food Distribution Program on Indian Reservation (FDPIR)	77,554	88,477	92,117
The Emergency Food Assistance Program (TEFAP) Commodities	140,000	140,000	140,000
Program Access/ Community Food Project/ Am. Samoa/CNMI	23,816	21,368	21,925
Nutrition Programs Administration (Allocation to this program)	72,508	71,923	76,535
Other Program Costs <u>2/</u>	2,726	2,726	2,726
Total Cost	\$35,066,125	\$38,608,910	\$40,467,565
FTEs	631	638	657
Unit Costs			
Food Stamp Program (Total Annual Cost per Participant) <u>3/</u>	\$1,256.97	\$1,321.42	\$1,376.88
FDPIR (Total Annual Cost per Participant) <u>4/</u>	\$928.48	\$1,039.01	\$1,071.98
Performance Measure: Average monthly FSP participation (millions)	26.466	27.796	27.983
Child Nutrition Program			
Child Nutrition Programs			
School Lunch Program	\$7,836,174	\$8,209,848	\$8,599,755
School Breakfast Program	2,228,842	2,367,186	2,522,286
Child and Adult Care Food Program	2,303,732	2,286,629	2,386,780
Summer Food Service Program	297,933	312,637	328,934
Special Milk Program	14,225	15,006	13,867
State Administrative Expense	162,844	171,178	184,057
Other Mandatory Activities	0	0	
Total, Cash Grants to States	12,843,750	13,362,484	14,035,679
Commodities (Sec 6e Entitlement)	537,057	602,997	638,135
Child Nutrition Program Discretionary Activities	25,378	32,162	35,458
Nutrition Programs Administration (Allocation to this program)	30,422	30,177	32,177
Other Program Costs <u>5/</u>	681,800	631,900	631,900
Total Cost	\$14,118,407	\$14,659,720	\$15,373,349
FTEs	368	367	374
Unit Costs			
Child Nutrition Total Cost per Meal Served (\$/service unit) <u>6/</u>	\$1.57	\$1.57	\$1.61
Performance Measure: Avg. daily NSLP participation (millions)	30.6	31.6	32.1
Performance Measure: Avg. daily SBP participation (millions)	10.1	10.8	11.2

PROGRAM / ACTIVITY	FY 2007	FY 2008	FY 2009
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)			
Cash Grants to States: Food & NSA (inclusive of projected carryout)	\$5,518,577	\$6,176,280	\$6,222,427
Infrastructure Grants	13,577	13,600	13,600
Technical Assistance	399	400	400
Breastfeeding Peer Counselors	15,224	15,000	14,850
Nutrition Programs Administration (Allocation to this program)	28,906	28,672	30,573
Other Program Costs	0	0	0
Total Cost	\$5,576,683	\$6,233,952	\$6,281,850
FTEs	226	215	223
Unit Costs			
WIC (Total Annual Cost per Participant) <u>7/</u>	\$673.11	\$731.68	0.00
Performance Measure: Average monthly WIC participation (millions)	8.285	8.520	8.600
Commodity Assistance Program Account			
Commodity Supplemental Food Program (CSFP) <u>8/</u>	\$107,828	\$139,830	0
The Emergency Food Assistance Program (TEFAP) Administrative Cost	50,310	49,650	\$49,500
Farmers' Market Programs			
Farmers' Market Nutrition Program	22,109	23,860	23,800
Seniors' Farmers' Market Program	16,203	16,200	0
Commodity Assistance (Nuc. Affected Isld, Disaster Asst., NSIP Comm.)	2,756	4,217	4,070
Nutrition Programs Administration (Allocation to this program)	5,561	5,516	5,882
Other Program Costs <u>9/</u>	90,066	90,066	90,066
Total Cost	\$294,833	\$329,339	\$173,318
FTEs	45	44	43
Unit Costs			
CSFP (Total Annual Cost per Participant) <u>10/</u>	\$349.43	\$419.97	0.00
Performance Measure: Average monthly CSFP participation (thousands)	466.094	464.004	0.000
Nutrition Programs Administration Account (Center for Nutrition Policy and Promotion)			
Center for Nutrition Policy and Promotion	\$2,855	\$2,835	\$5,084
Hunger Fellowships (Congressional Hunger Center) <u>11/</u>	0	2,458	0
Nutrition Programs Administration (Allocation to this program)	NA	NA	NA
Other Program Costs	0	0	0
Total Cost	\$2,855	\$5,293	\$5,084
FTEs	23	24	24
Performance Measure: Pieces of nutrition guidance distributed	2.6 billion	2.7 billion	2.7 billion
Total for Strategic Goal 5			
Total Cost (Program, NPA, and Other Program Costs)	\$55,058,903	\$59,837,214	\$62,301,166
FTEs (excludes FTEs associated with CN Permanent Approp.)	1,293	1,288	1,321

Notes

1/ Reflects current and prior year resources, supplementals and recissions as appropriate.

Food Stamp Program Account

2/ Includes FDPIR bonus commodities.

3/ Food Stamp Program Average Monthly Participation Assumptions: FY 2007: 26.466 million; FY 2008: 27.796 million; FY 2009: 27.983 million.

4/ FDPIR Average Monthly Participation Assumptions: FY 2007: 86,637; FY 2008: 87,937; FY 2009: 88,637.

Child Nutrition Programs Account

5/ Includes entitlement, bonus, and 12 percent shortfall commodities purchased in support of the program from Sections 32 and 416 funds.

6/ Unit cost calculated based on full cost of Child Nutrition account divided by all units of service funded under this account.

Special Supplemental Nutrition Program for Women, Infants and Children (WIC)

7/ WIC average monthly participation assumptions: FY 2007: 8.285 million; FY 2008: 8.520 million; FY 2009: 8.600 million.

Commodity Assistance Program Account

8/ CSFP is assumed to end after FY 2008 as requested by FY 2009 President's budget.

9/ Includes bonus commodities for TEFAP, CSFP, Disaster Assistance, Nuclear Affected Island, and other commodity assistance.

10/ CSFP average monthly participation assumptions: FY 2007: 466.094; FY 2008: 464.004, FY 2009: 0.

Nutrition Programs Administration

11/ Congressional Hunger Fellowships directly appropriated to FNS in FY 2008.